

# 3i Action Capital Markets Seminar

21 March 2024

2024  
1<sup>st</sup> store in Portugal



# Agenda



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10.00-12.00

Action's results and strategy  
Q&A

Simon Borrows  
Chief Executive, 3i

Hajir Hajji  
Chief Executive, Action

Joost Sliepenbeek  
CFO, Action

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12.30-13.15

Action Sustainability Programme  
Q&A

Hajir Hajji  
Chief Executive, Action

Tjeerd Bartels  
Head of Sustainability, Action

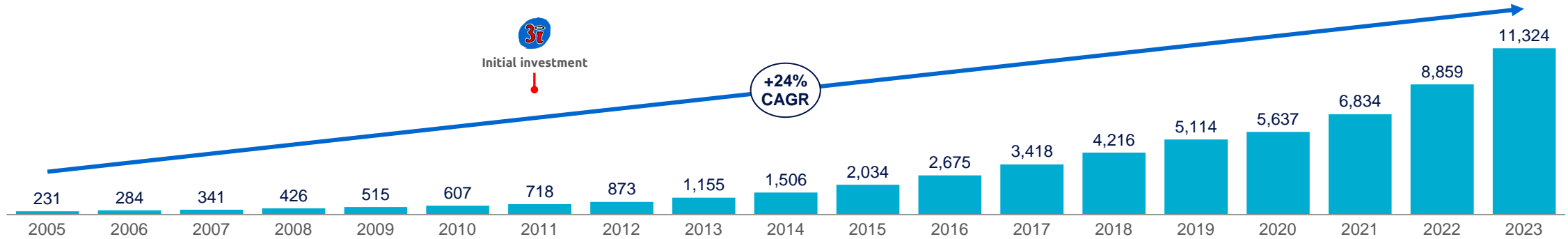
Karl Knight  
Head of Product Quality & Sustainability, Action

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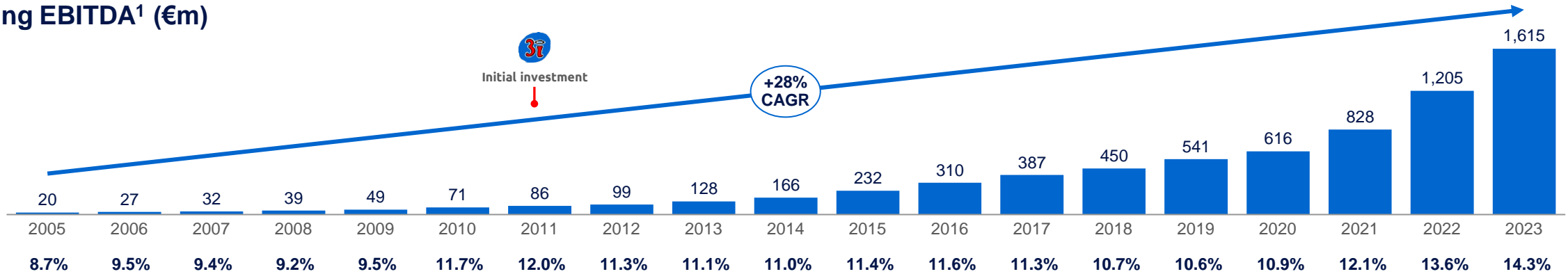
# Action's exceptional track record of growth continued in 2023



## Net sales<sup>1</sup> (€m)



## Operating EBITDA<sup>1</sup> (€m)



Strong and consistent growth in sales and EBITDA, with scale benefits manifesting

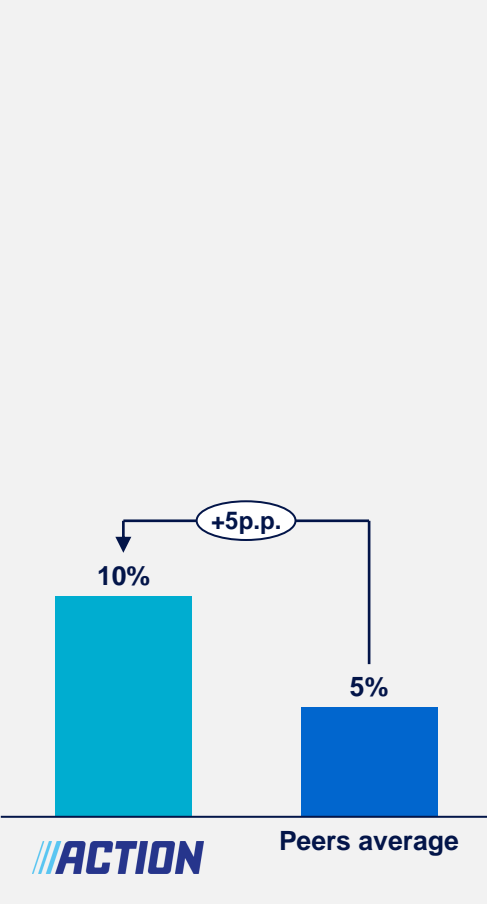
<sup>1</sup> Including impact of 53rd week.

# Action continues to outperform its peers

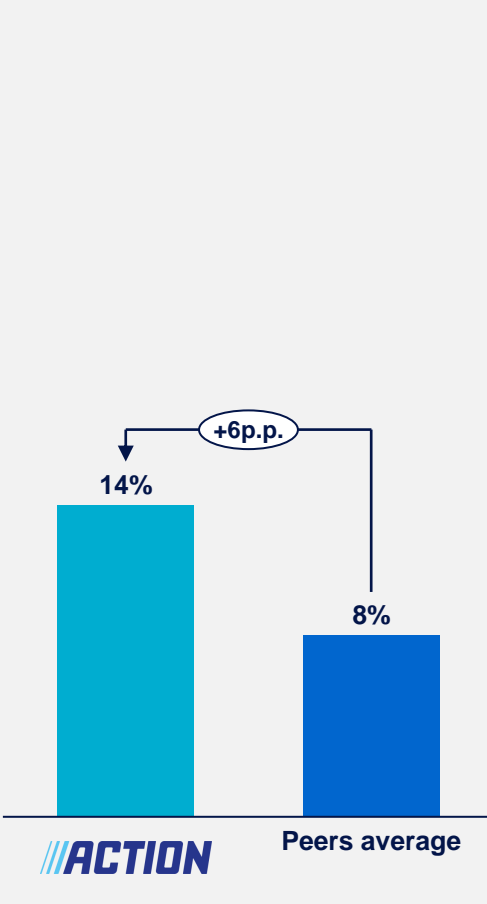
## Performance over last five years



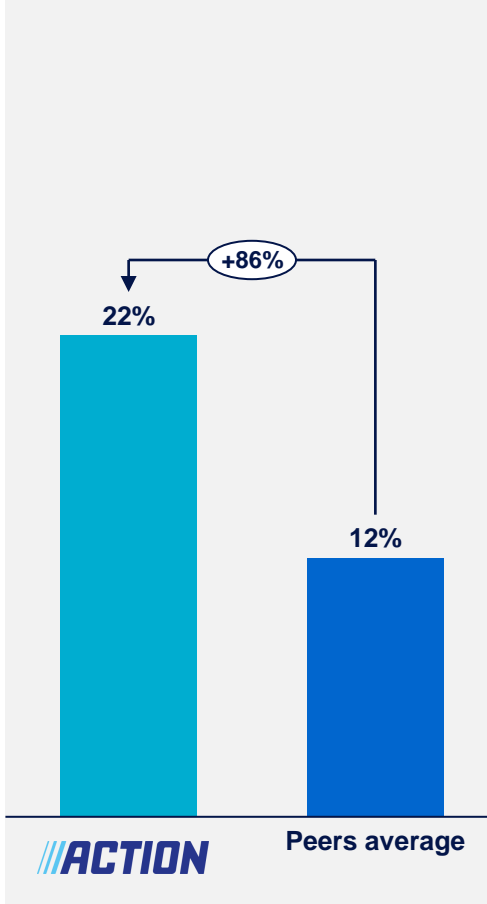
### LfL growth average



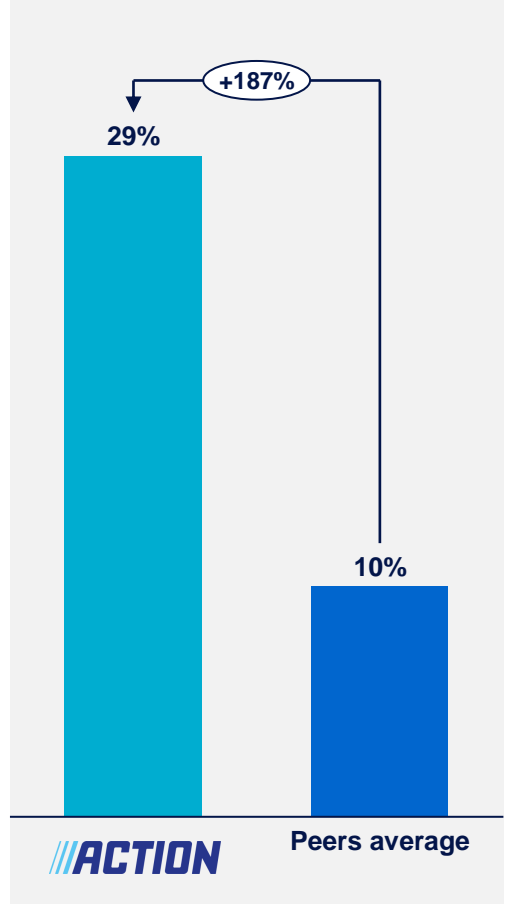
### Store CAGR



### Net sales CAGR



### EBITDA CAGR

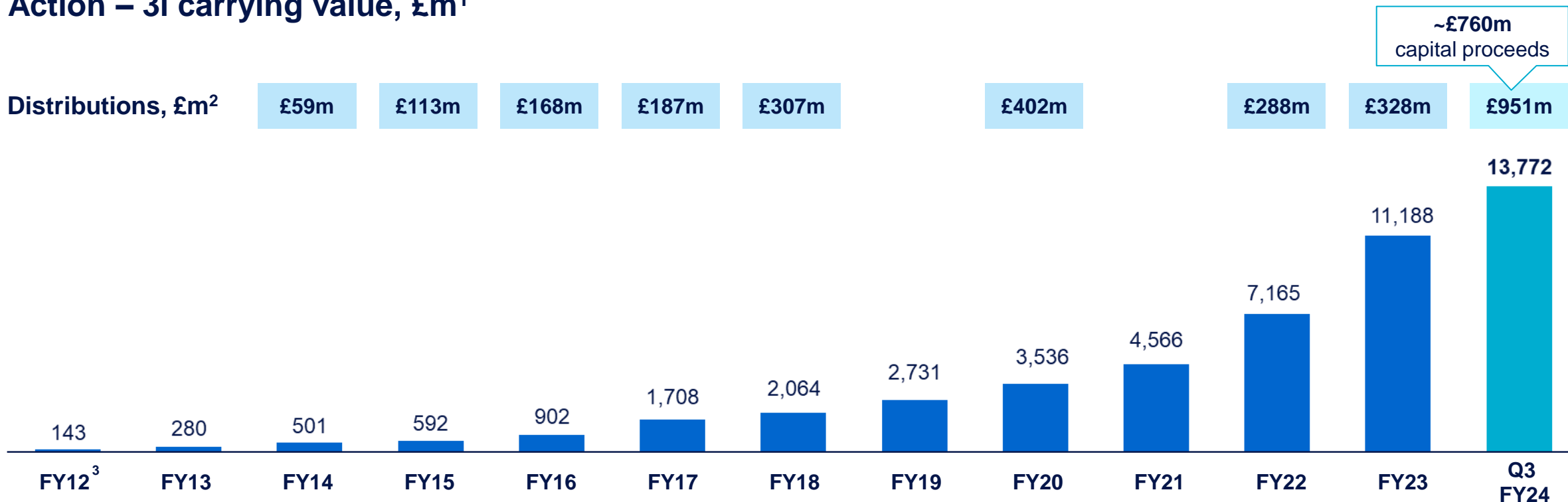


Source: CapIQ. Peers include B&M, Costco, Dollarama, Dollar General, Five Below, Grocery Outlet, Ollie's Bargain Outlet, PEPCO. Action refers to 5Y growth and average to 2023, peers refer to 5Y to latest available LTM (Five Below LTM to Q3 FY2023).

# Exceptional performance drives value for 3i shareholders



## Action – 3i carrying value, £m<sup>1</sup>



Exceptional value growth and **~£2.8bn** cumulative distributions to 3i over the ownership period

Power of **compound growth** beginning to manifest

<sup>1</sup> 3i financial years.

<sup>2</sup> Gross proceeds.

<sup>3</sup> 3i invested £106m in Action alongside EFV and other co-investors in 2011.

# Today's presenters



**Hajir Hajji**  
Chief Executive Officer

- **Joined in September 1997**
- Held variety of management positions at Action
  - Commercial Director (2018 – 2021)
  - Director of Store Operations (2011 – 2018)
  - Head of Sales (2002-2011)
  - Regional Manager (1999-2002)
- As Commercial Director, responsible for global buying, marketing, e-commerce and sustainability
- Played pivotal role in rapid store expansion as Director of Store Operations



**Joost Sliepenbeek**  
Chief Financial Officer

- **Joined in November 2018**
- 25 years of Consumer & Retail experience
- 36 years experience in finance, 24 years as CFO
  - CFO Vion Food Group (2015 – 2018)
  - CFO Van Ganswinkel (2013 – 2015)
  - CFO C1000 (2009 – 2012)
  - CFO HEMA (2007 – 2009)
  - CFO Albert Heijn (1999 – 2003)
  - Various positions at Ahold (1993 – 2007)

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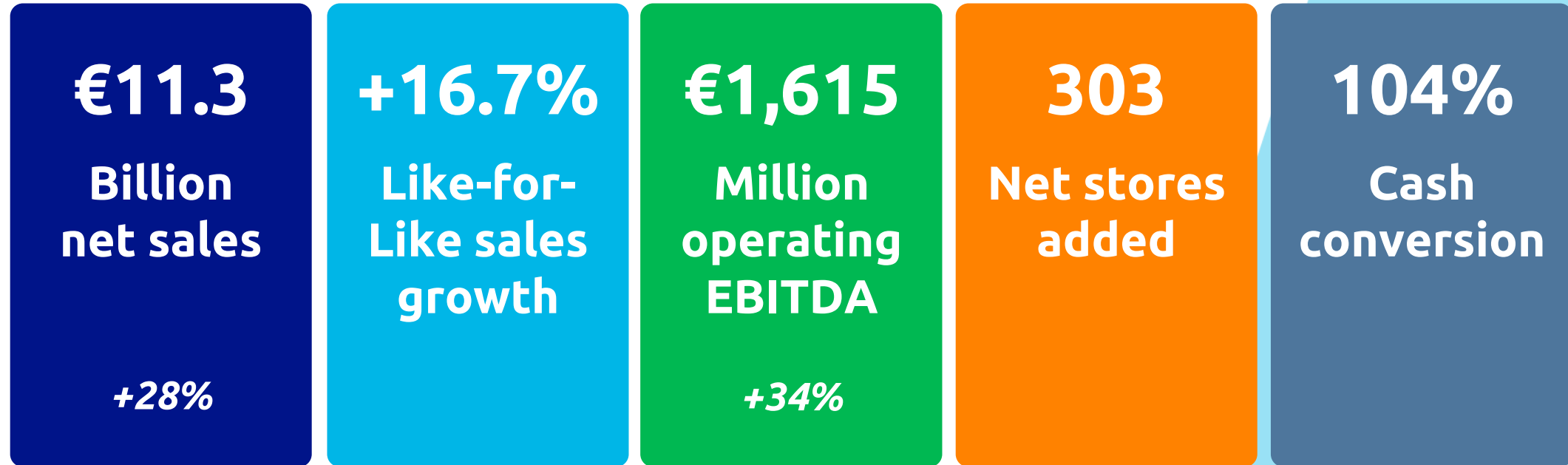
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| <b>3. Strategic update</b>            | <b>Hajir Hajji</b>       |
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# Welcome to Action



# 2023 marked the 30<sup>th</sup> year of Action and the first €10+ billion sales year



# We adapt in response to changing times and customer needs, using the flexibility of our formula and assortment

Pandemic

Global supply chain crisis

Inflation rises

Energy price increase

Global conflict

2020



+9%

2022



+30%

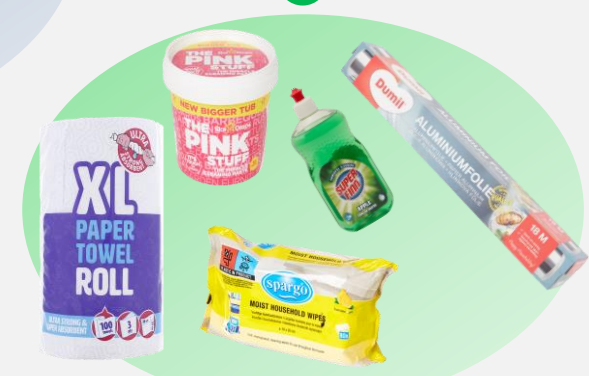
+23%

+28%

2021



2023



+XX% % annual net sales growth<sup>1)</sup>

# Key drivers contributing to our 2023 performance



**EXPANSION**



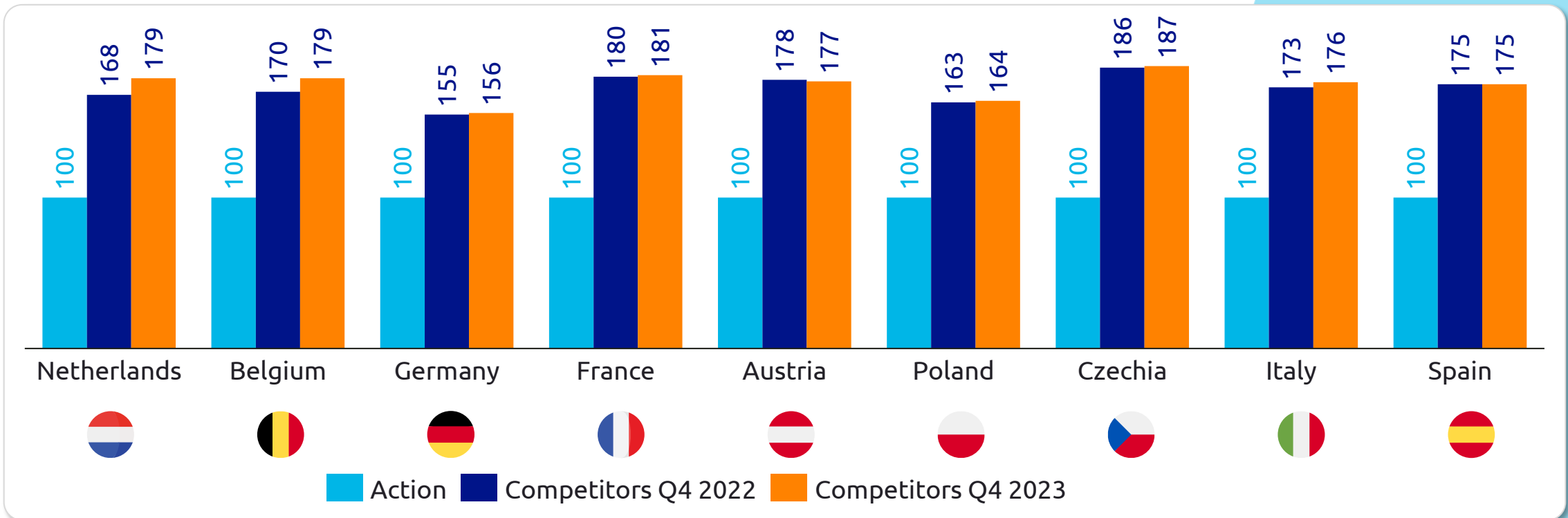
**FOCUS ON DAILY  
NECESSITIES**



**LOW PRICES AND  
PRICE REDUCTION**

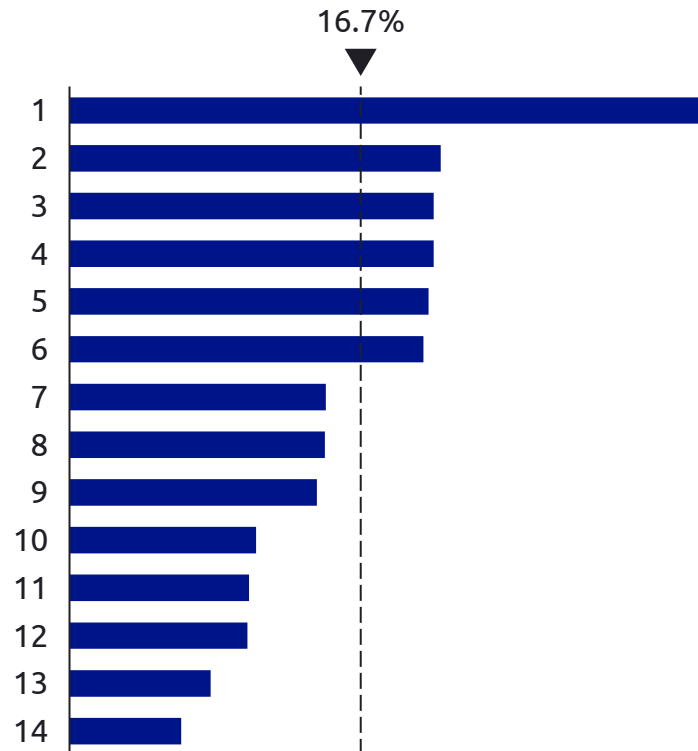
# We have a strong price position versus competitors

## Price index<sup>1)</sup> versus competitors by country



# Strong performance across all categories

## 2023 Like-for-Like growth by category



## Our categories



# Disciplined pricing and cost control enabled us to manage the impact of inflation

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Price and  
assortment  
management



Cost discipline

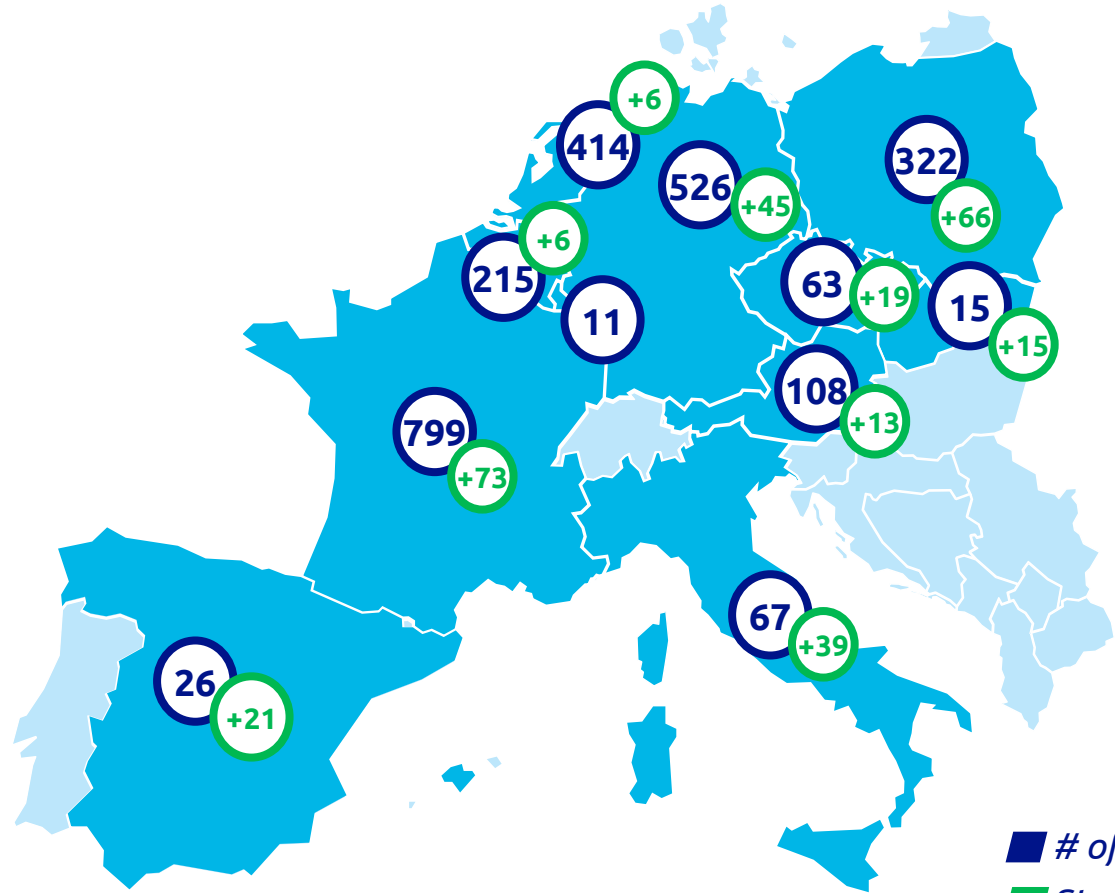


Strong supply  
chain  
performance



Scale benefits

# We added 303 stores across Europe



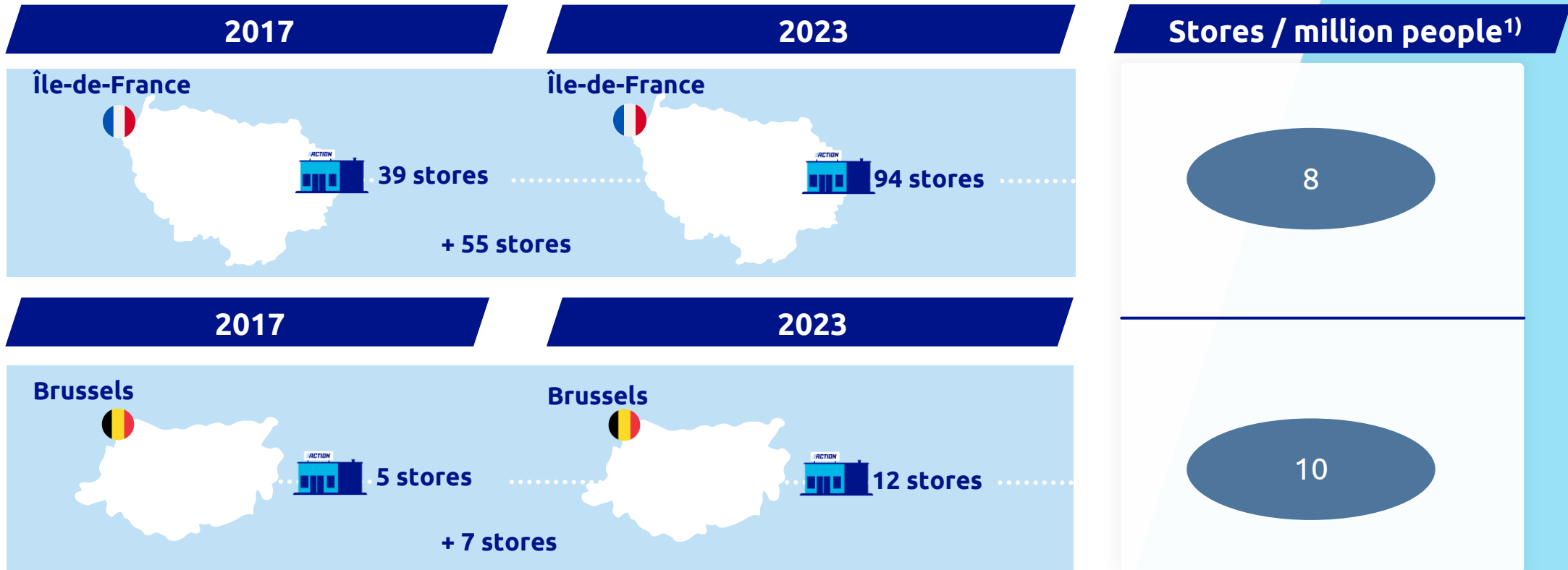
**2,566** stores at the end of 2023

**+303 stores added vs. 2022**  
Record number of store openings

■ # of stores at the end of 2023

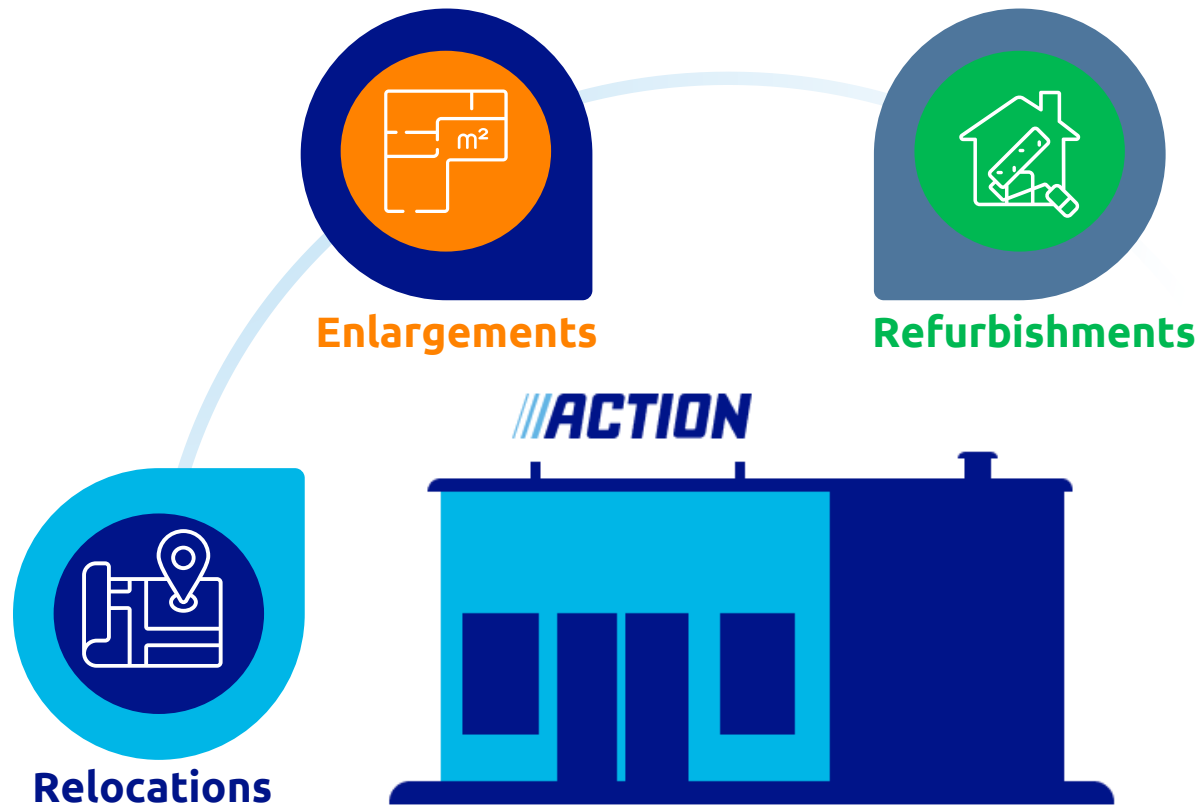
■ Stores added in 2023

# In the past years, we have expanded our footprint in urban areas, yet there are still significant opportunities for growth





# We continue to maintain and modernise our stores to stay relevant for our customers



## Relocation store Purmerend



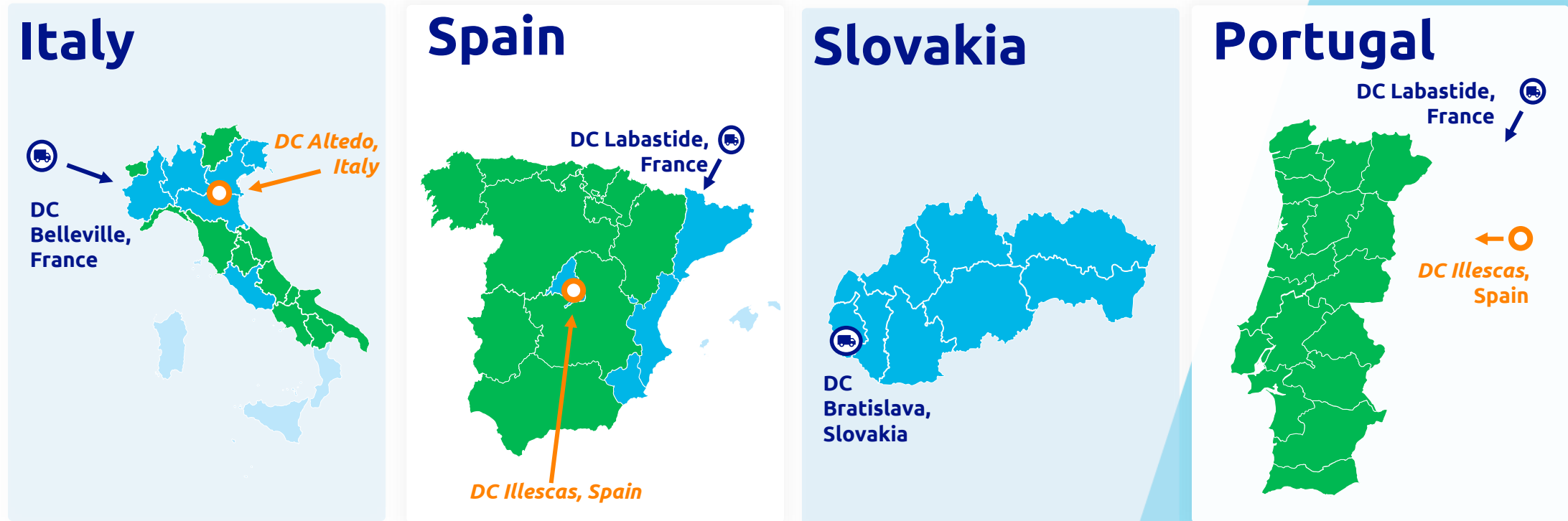
Before



After



# Recently opened countries delivered a strong performance



- Presence at the end of 2023
- Search areas for 2024 openings
- Planned DCs for 2024
- 🚚 2023 DCs

# We made significant progress with our Action Sustainability Programme in 2023

## People

**3,183**  
colleagues promoted

**8,988**  
new jobs created

**>65,000**  
training participants



## Planet

**46%**  
carbon emissions reduction on  
scope 1 & 2 vs. baseline 2021

**150**  
owned trucks are driving on HVO  
(hydrated vegetable oil)

**25,821t CO<sub>2</sub>e**  
saved through ECO delivery ocean  
shipping



## Product

**100%**  
sustainably sourced cotton

**20%**  
packaging weight reduced on  
fixed assortment

**4.85%**  
product circularity increase vs. 2022



## Partnerships

Continued strategic partnerships  
with SOS Children's Villages and  
Johan Cruyff Foundation

One-off support for disaster  
affected areas



# Our success is based on our engaged teams



155 nationalities



72% ♀  
28% ♂



8,988 new jobs

69,040 colleagues<sup>1)</sup>

3,183 promotions



>65,000 training participants



Voice of Action

94% response rate

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# Action's strategy remains simple and consistent

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**Strengthen our  
unique customer value  
proposition**



**Drive international  
geographic expansion**



**Maintain a simple, efficient and  
scalable operating model**



**Make sustainability accessible**



**Treasure our people and values**

# Flexibility and simplicity enable scaling at low cost

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**Big volume purchases**



**No fixed assortment**



**No high street locations**



**Efficient logistics**



**Simple business model**



**Standardised store processes**



**Low overhead costs**



**Low marketing expenditure**

# Action offers an assortment of 14 complementary categories

~6,000 items across 14 categories

- Food & Drink
- Do It Yourself
- Stationery & Hobby
- Household Goods
- Laundry & Cleaning
- Personal Care
- Garden & Outdoor
- Toys & Entertainment
- Pets
- Decoration
- Linen
- Clothing
- Health
- Multimedia

SKUs per category range between ~100 and ~800

Award-winning products



Ziki socks  
3-pairs  
**295**  
€ 0,98/st

Max & More  
setting spray  
**159**  
€ 21,20/l

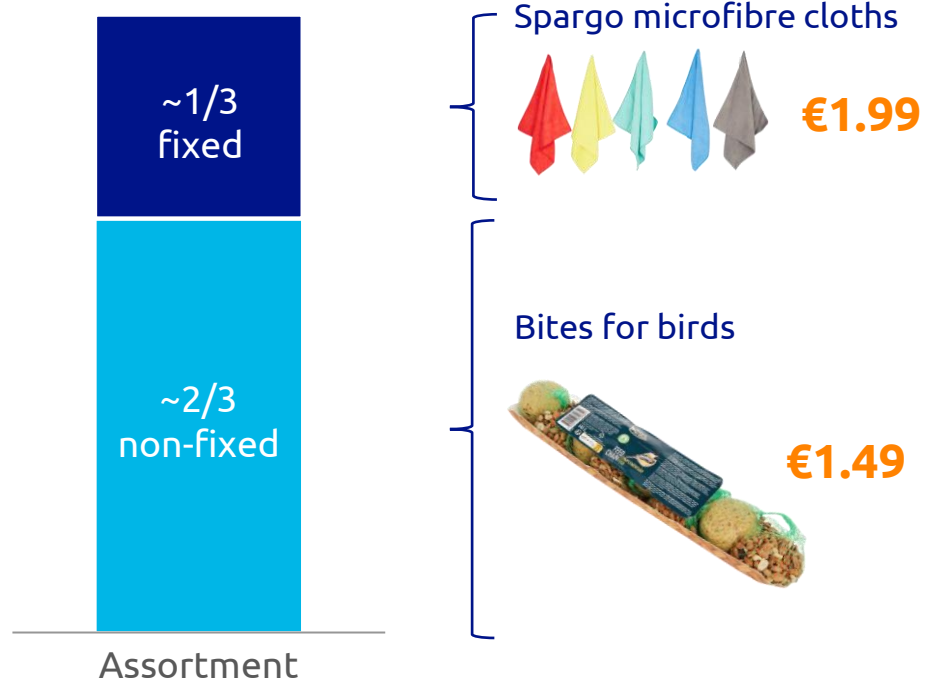
Superfinn  
degreaser  
**168**  
€ 2,24/l

Strong Private Label offering



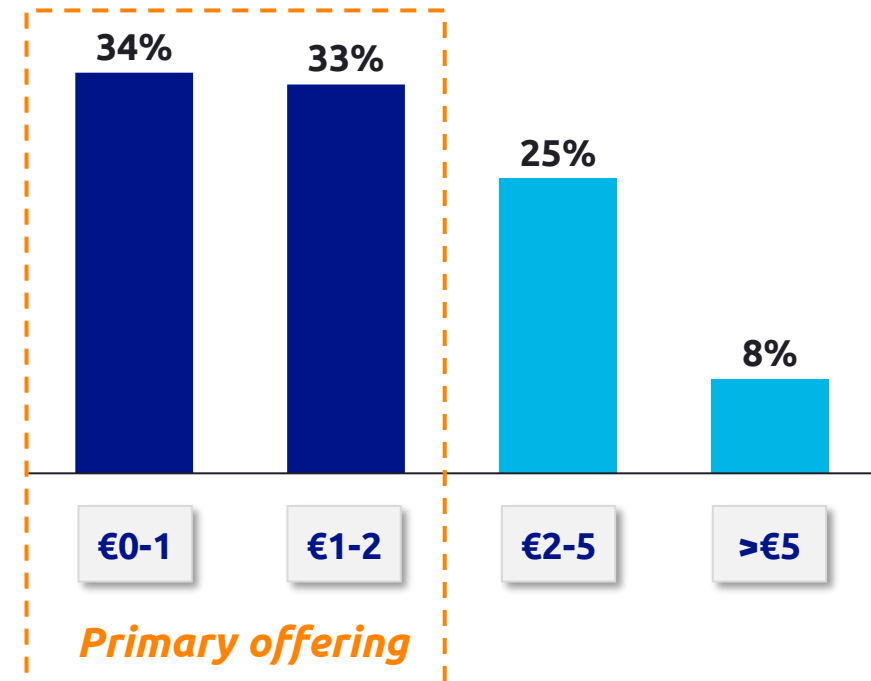
# Customers can find new products at every visit

## Surprising assortment



150 new articles each week

## Low price points<sup>1)</sup>



Main focus on items below €2

# Investment in our private label offering results in award-winning products



**134**  
€ 1,79/l



## Superfinn cleaner

- Best buy 2023 Consumer Association Netherlands
- Tested to remove limescale well for a low price

**459**  
€ 30,60/l



## Zenova sunmilk

- Green choice 2023 Consumer Association Netherlands
- Tested for improved formula that is reef friendly and octocrylene free

**595**  
€ 5,95/st



## Mini Matters food set

- Favourite product award 2023 in Germany
- Appreciated for its sustainable aspects and value for money

**299**  
€ 2,99/st

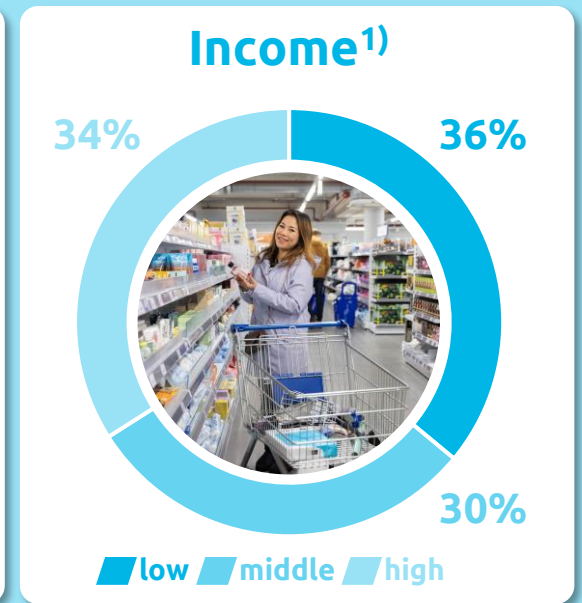
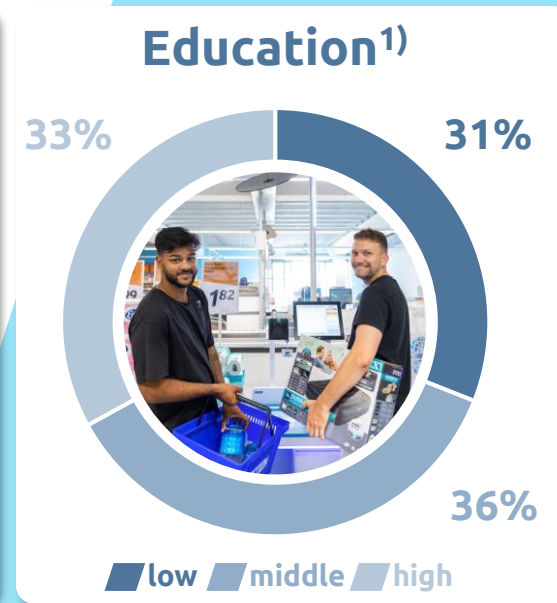
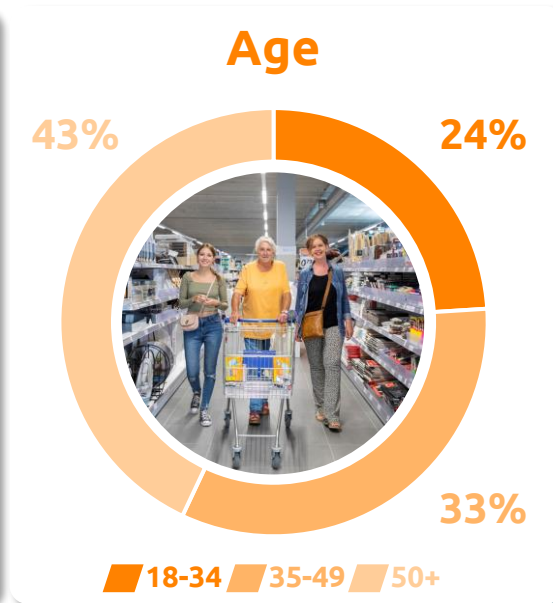
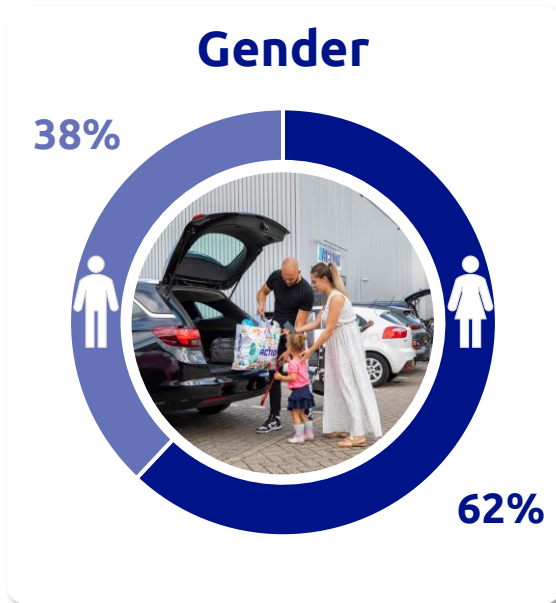


## Hotel Royal towel

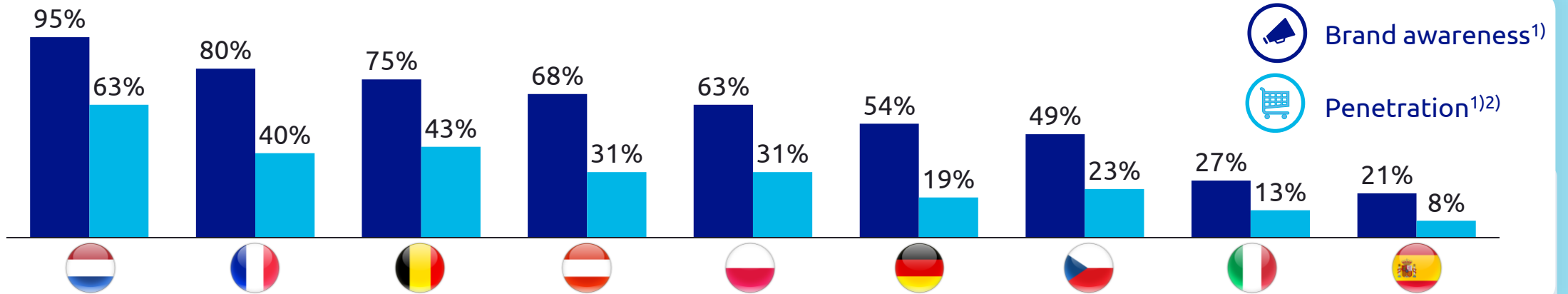
- Best product of the year 2023-2024 in Belgium
- Favourite due to the soft and BCI certified cotton

# Action's brand and formula appeal to everyone

## Customers that visited Action stores



# Our brand proposition is appreciated across countries



## Selection of 2023 prizes awarded by customers



# Our sourcing mix is essential to our customer proposition



## A-brands

- Drive quality perception and traffic
- Strong contributor to price perception



## Importers and wholesalers

- Essential to customer proposition for newness and seasonal items
- Strong flexibility in terms of stockholding position



## Direct sourcing

- Enables low price and newness proposition
- Direct control of full sourcing process
- Strong flexibility at supplier level

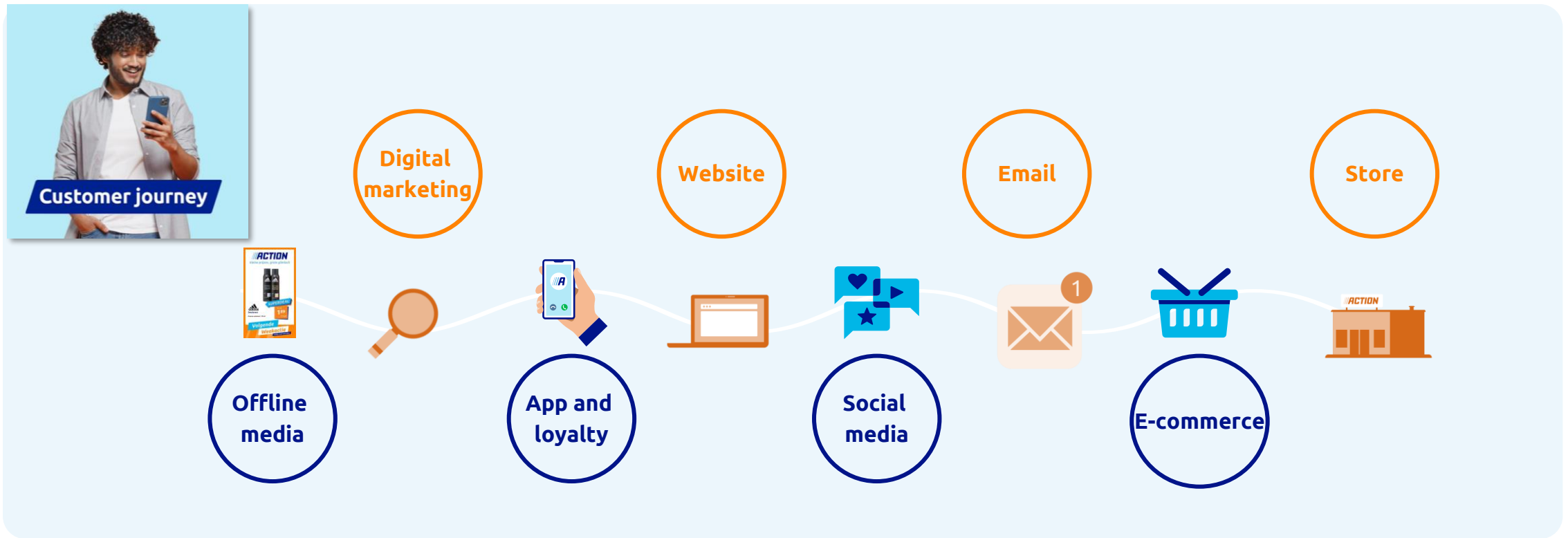


## Stocklot traders

- Essential for low price and treasure hunt experience

# We have strong touchpoints in place to drive store traffic

## Research online, purchase offline customer journey



# Our longer-term ambitions and objectives across the four pillars of our Action Sustainability Programme

The Action Sustainability Programme is guided by the UN Sustainable Development Goals

## People

- Provide training and growth opportunities for our employees
- Keep our workforce diverse, reflecting the neighbourhoods we operate in
- Maintain high employee satisfaction

## Planet

- Reduce emissions from own operations by 60% by 2030 (vs. 2021 baseline)
- Set scope 3 near-term targets in line with the Science Based Targets initiative
- Minimise waste from operations

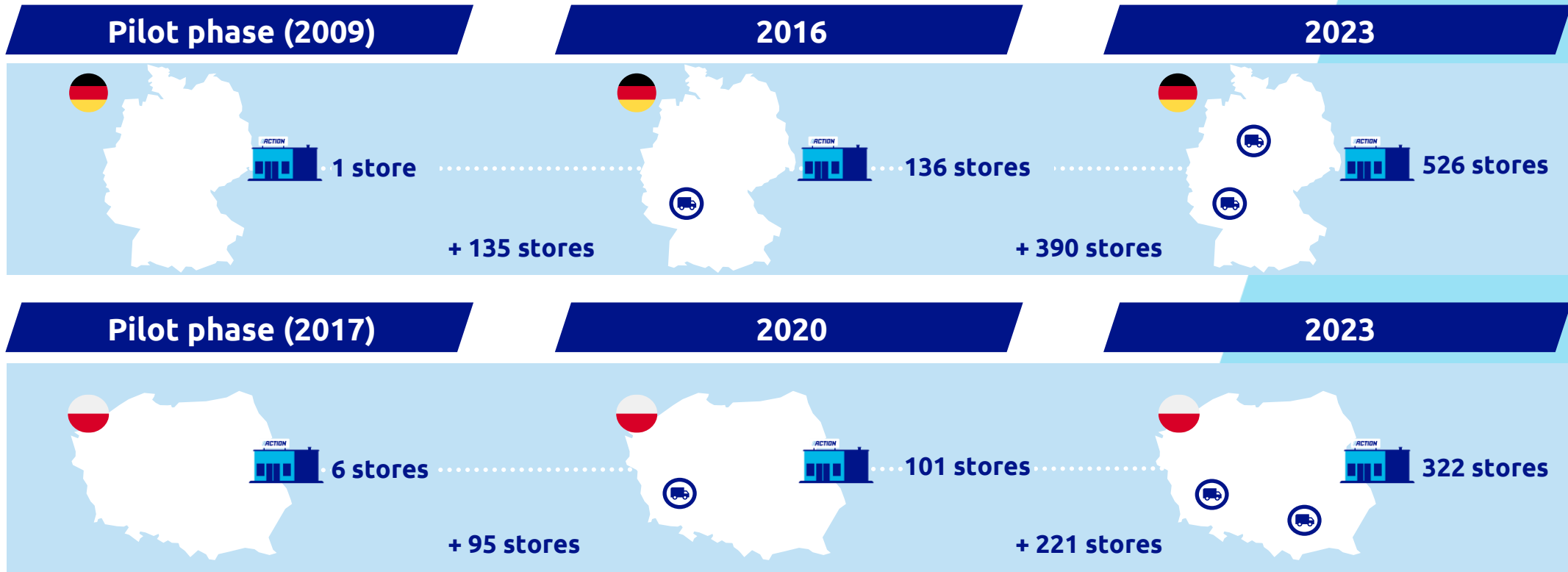
## Product

- Deliver a 100% transparent supply chain by 2030 (all tiers)
- Clear policy and commitments towards sourcing sustainable raw materials
- Decrease our packaging footprint through reduction, recyclability and recycled content

## Partnerships

- Continued partnership with SOS Children's Villages
- Extended partnership with Johan Cruyff Foundation
- Relief goods and financial emergency aid when disaster strikes













# Action's entry strategy has been able to adapt to different markets



 Distribution centre

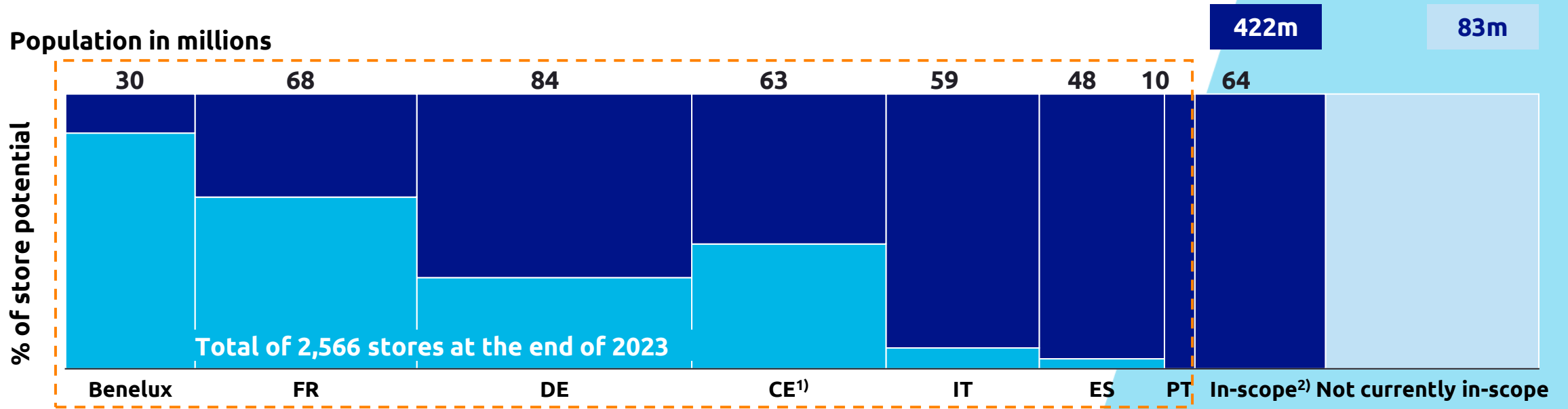


# Current markets include a number of growth engines

	Stores per million people <sup>1)</sup>		# stores end of 2023	Entry year
<i>More mature countries</i>	23	Netherlands 	414	1993
	18	Belgium 	215	2005
	17	Luxembourg 	11	2015
	12	France 	799	2012
	12	Austria 	108	2015
	9	Poland 	322	2017
	6	Germany 	526	2009
	6	Czechia 	63	2020
	3	Slovakia 	15	2023
	1	Italy 	67	2021
<i>Recently entered countries</i>	<1	Spain 	26	2022
	2024	Portugal 	February 2024	

**2,566**  
stores at the end of 2023

# Both existing and new markets show significant further growth opportunities across Europe



Current estimate of additional white space potential in existing and identified in-scope<sup>2)</sup> countries is ~4,700 stores

 % of current store potential filled

 Action existing markets

# We are building our distribution network further to support our growth

- Existing DCs
- Planned DCs<sup>1)</sup>
- Hubs

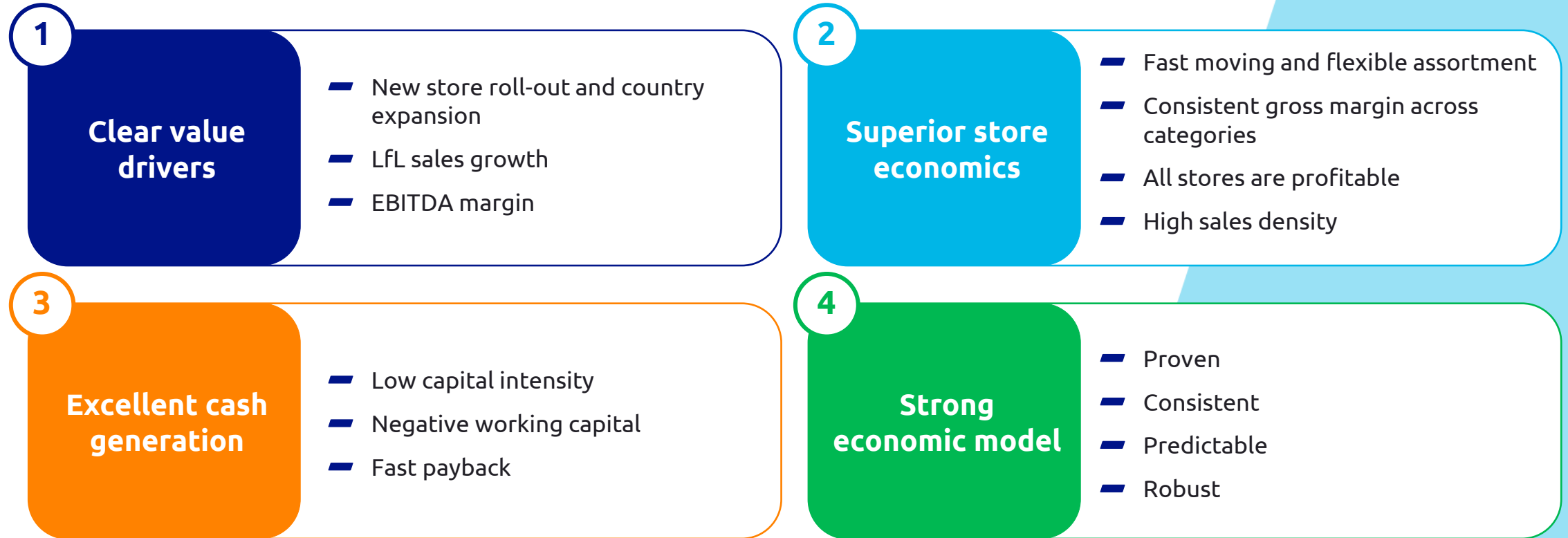


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# Our repeatable financial model remains unchanged



Delivered with discipline and tight control

# Financial performance was again strong in 2023

The reason is simple...

One single and successful format

Proven to travel across borders

First class store opening teams and processes

Significant white space opportunity

... and the economics are extremely attractive

1

<1 year average historical payback on new store CAPEX

2

All stores are profitable<sup>1)</sup>

3

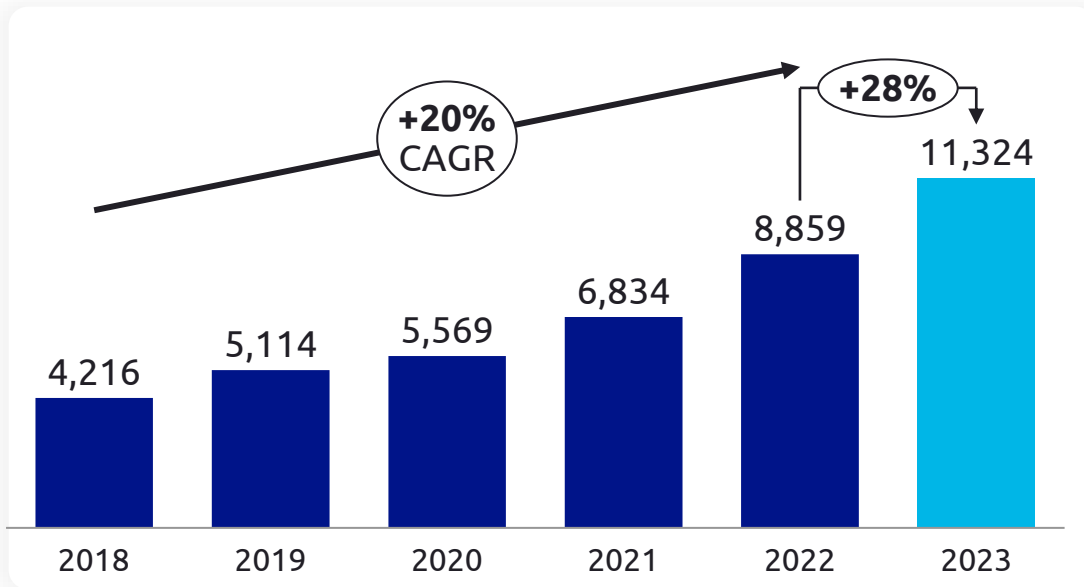
Store expansion self-funding

4

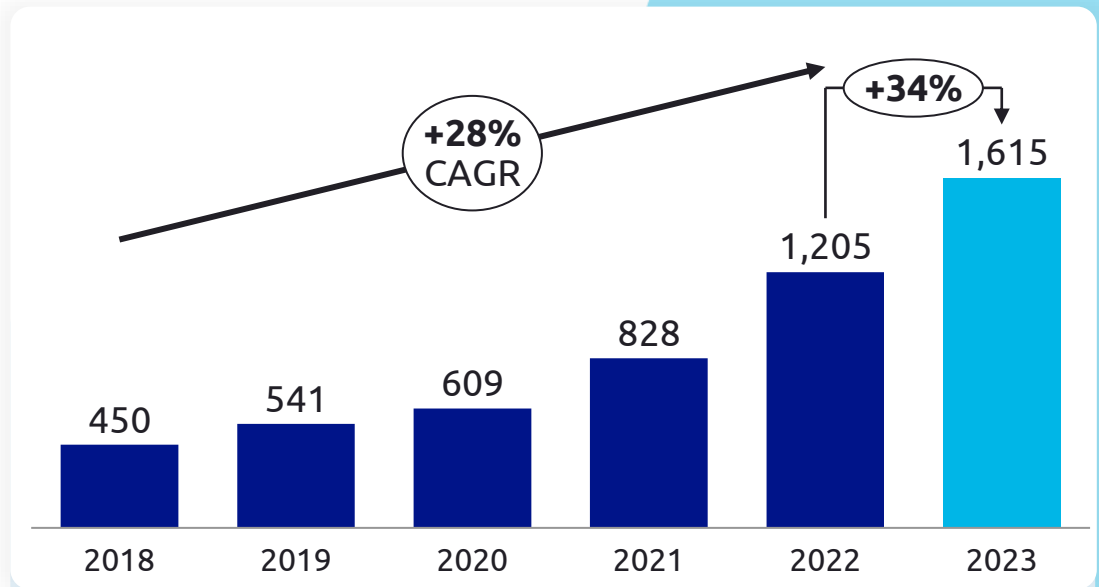
Increasing operating leverage through size and scale

# Strong sales and EBITDA growth in 2023

## Net sales (€m)



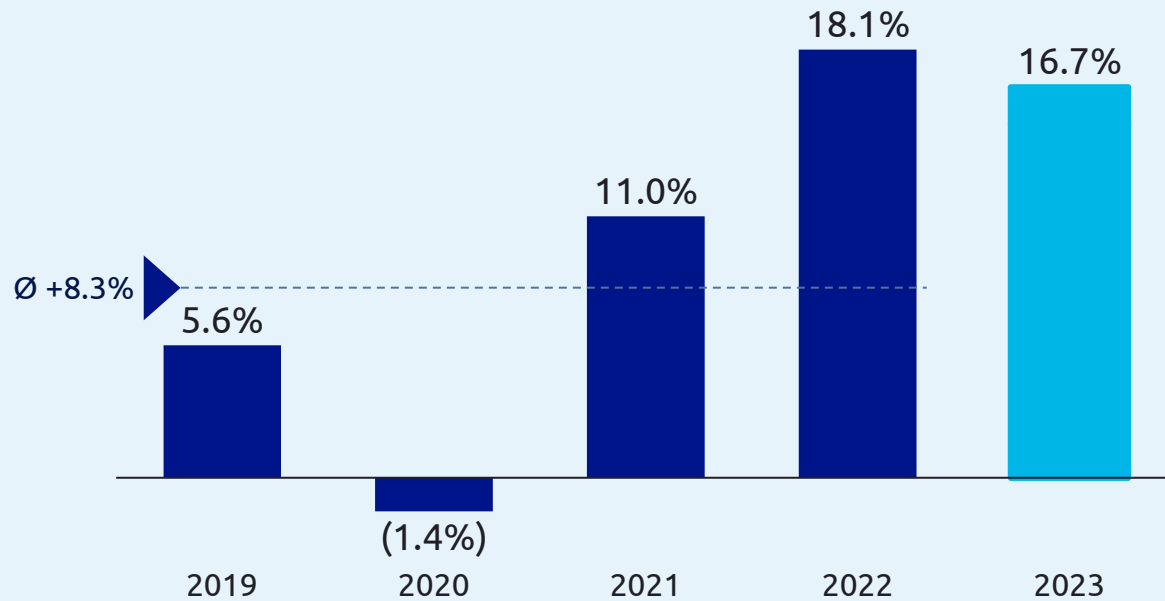
## Operating EBITDA (€m)



## EBITDA margin (%)



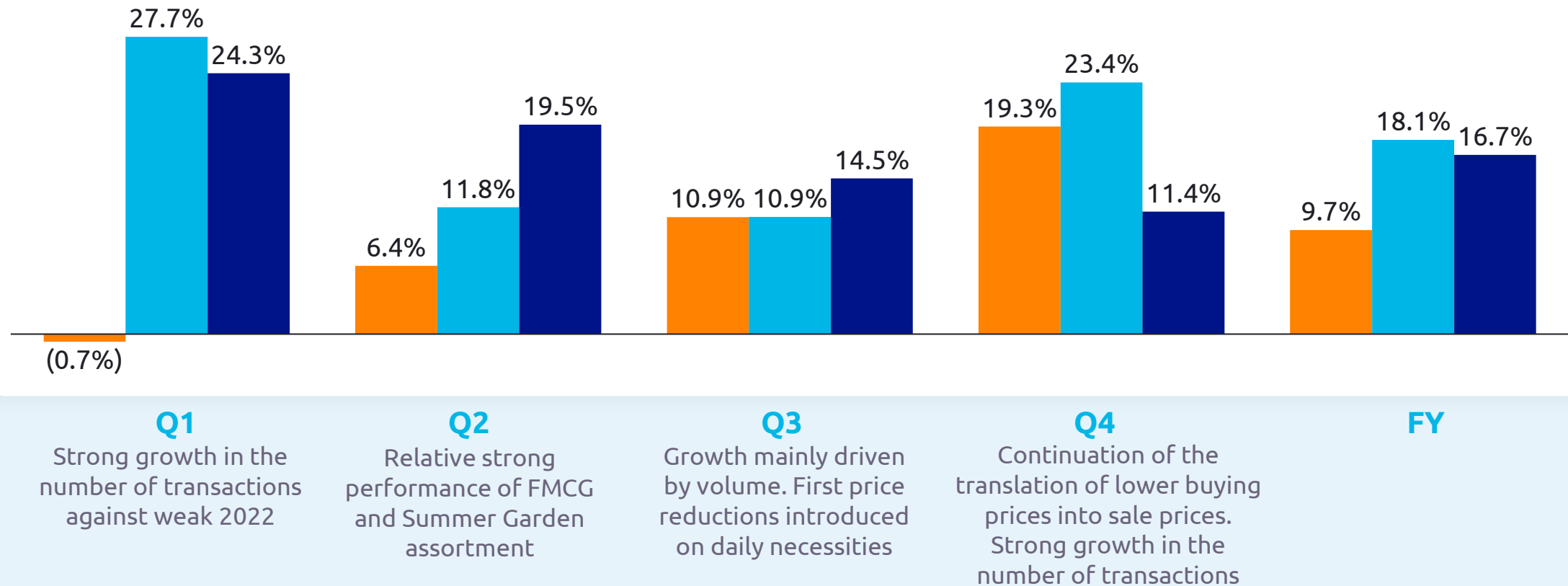
# 2023 LfL growth mainly driven by increase in transactions



- 2023 LfL growth was significantly above 2019-2022 average (+8.3%)
- Transaction volumes accounted for ~89% of the LfL increase over the year



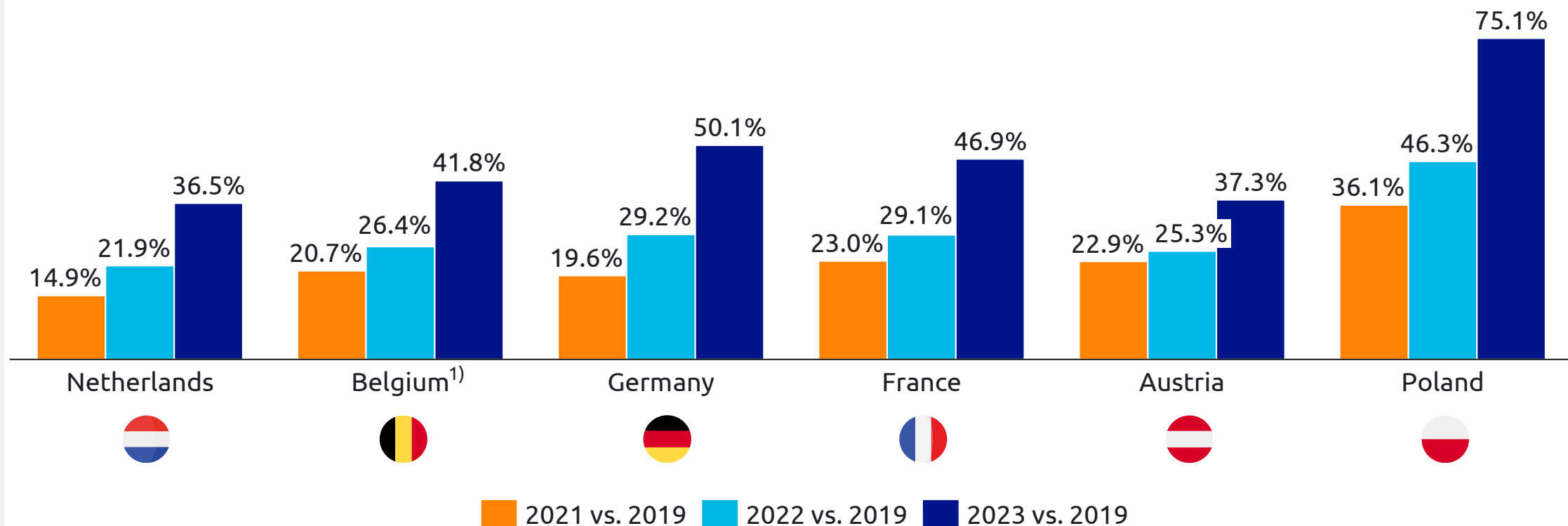
# Strong LfL performance in all quarters



■ Normalised 2022 
 ■ Reported 2022 
 ■ Reported 2023

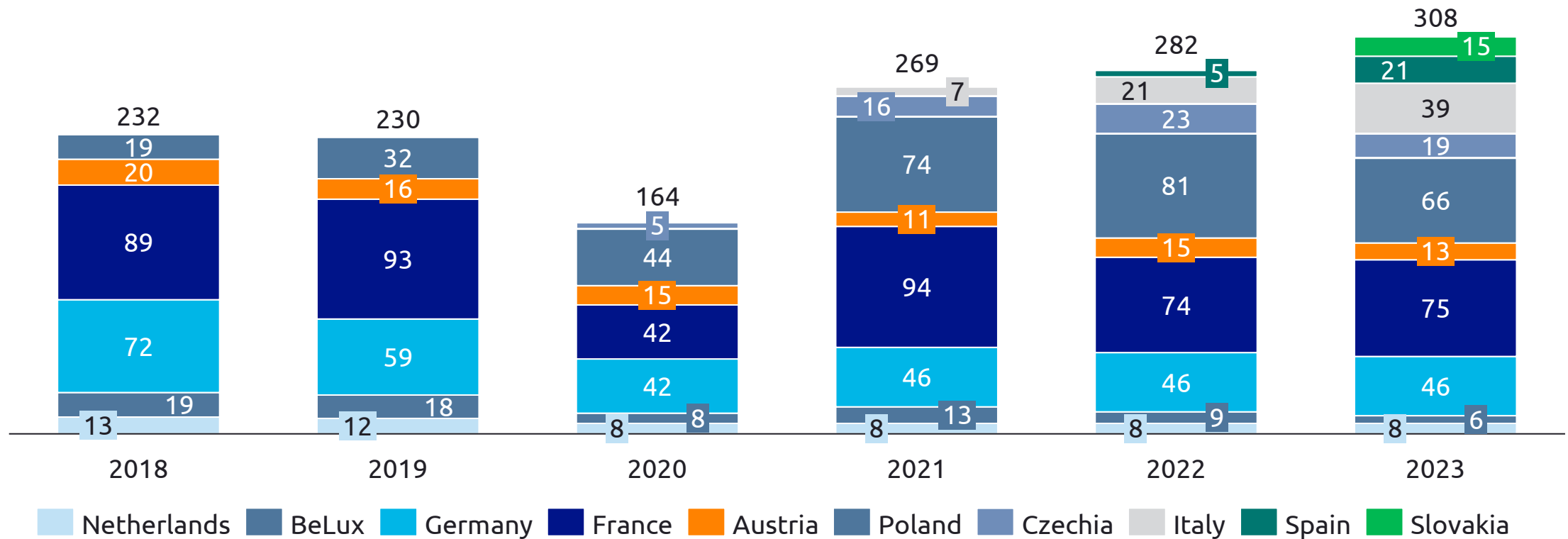
# Continued strong sales growth in all countries

Sales growth by country – stores opened before 2019 and only for periods opened with full assortment



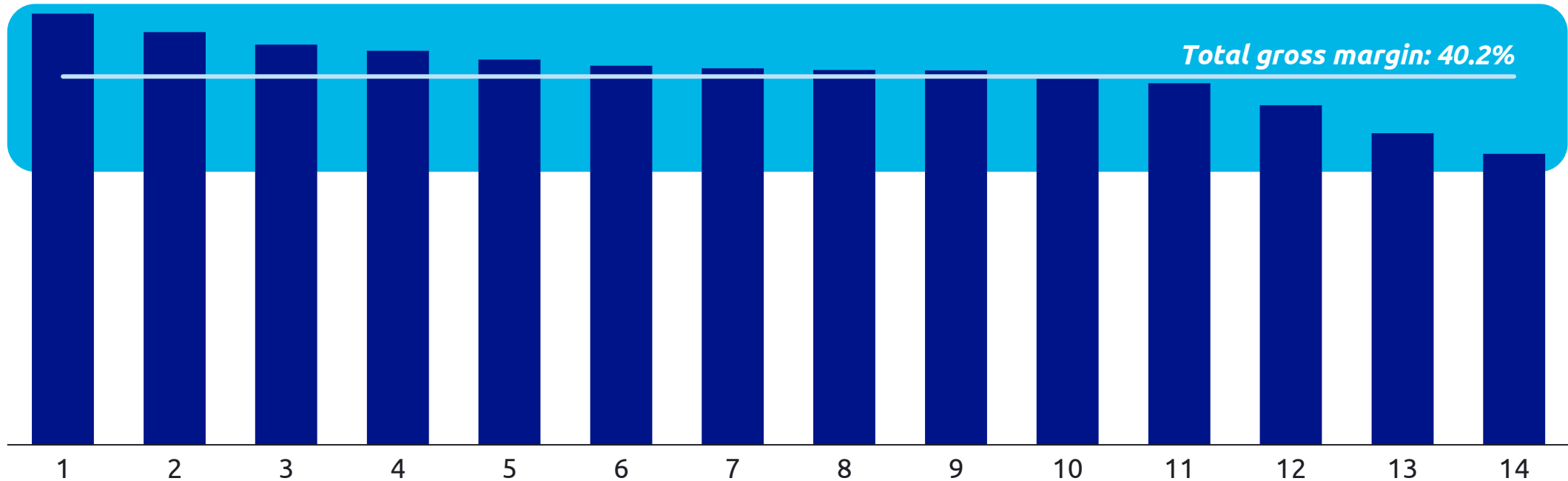
# Store expansion: another record year

## Store opening development by country<sup>1)</sup>



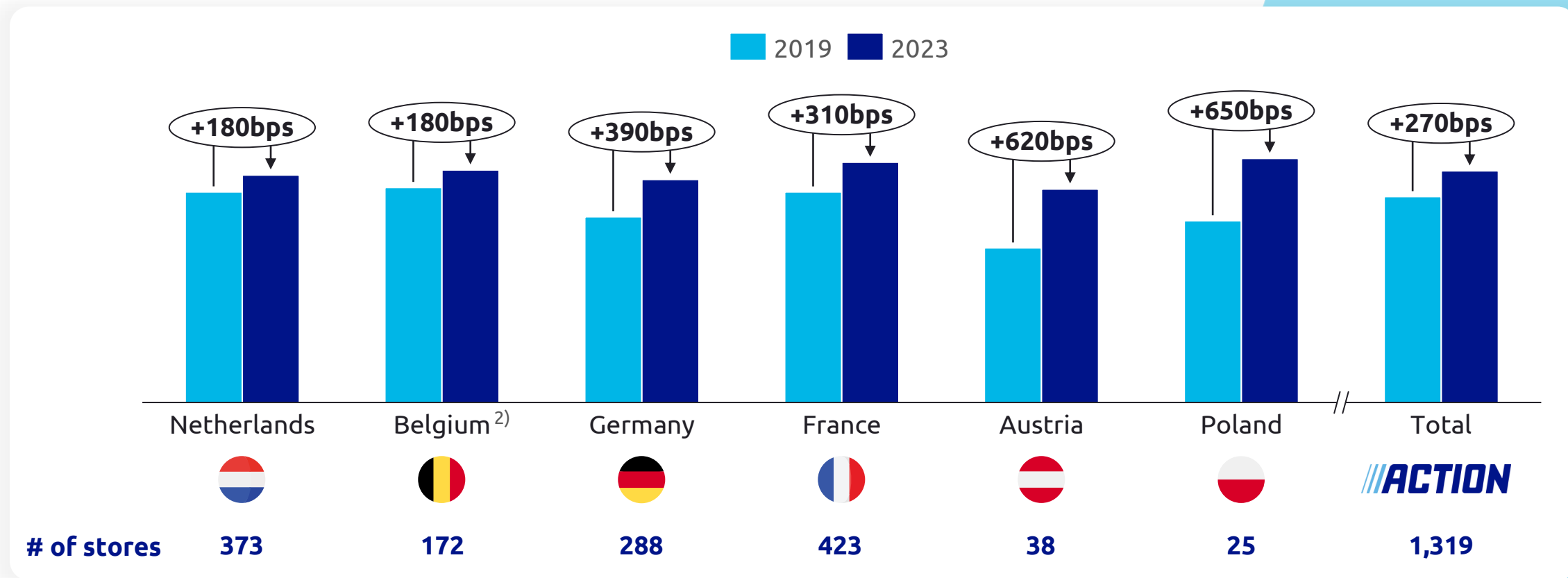
# Good margins across all categories

Gross margin by category (%) – 2023



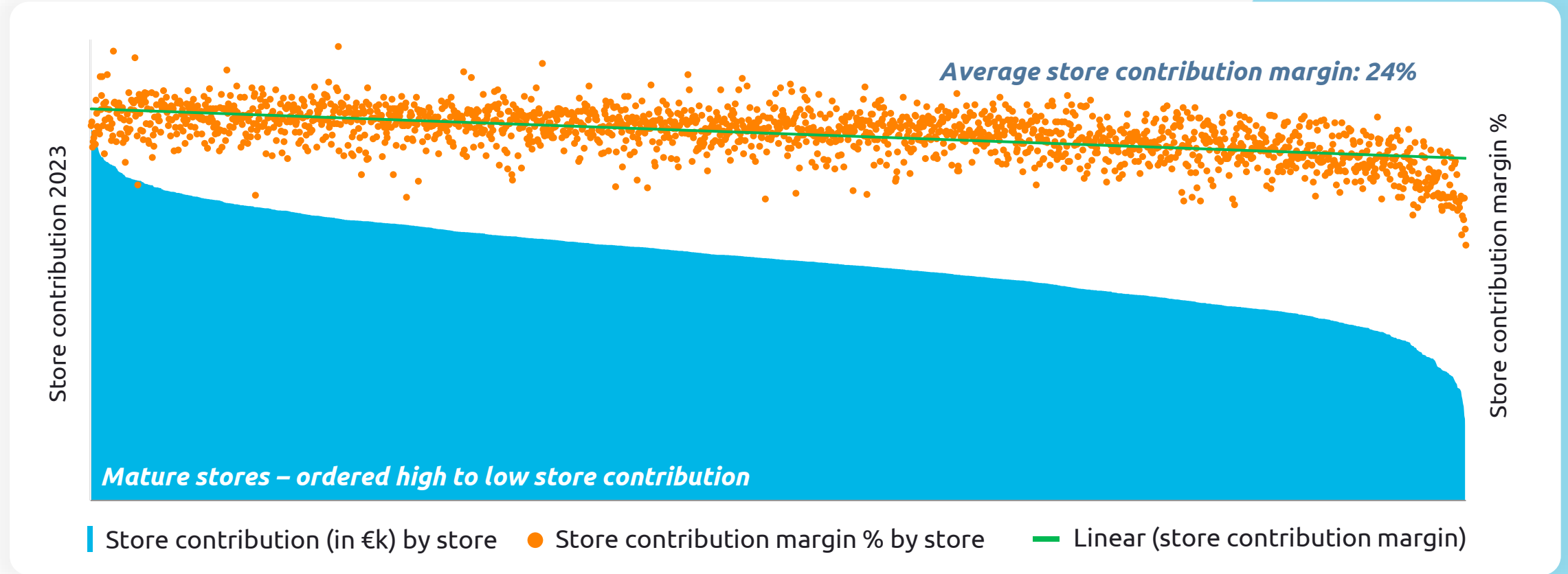
# Good operating leverage in all countries

Store contribution margin<sup>1)</sup> 2023 versus 2019 (based on stores opened before 2019)



# All mature stores are profitable

Store contribution (€k) and store contribution margins (%)<sup>1)2)</sup>



1) Calculated using mature stores, which are all stores opened before 1 January 2022

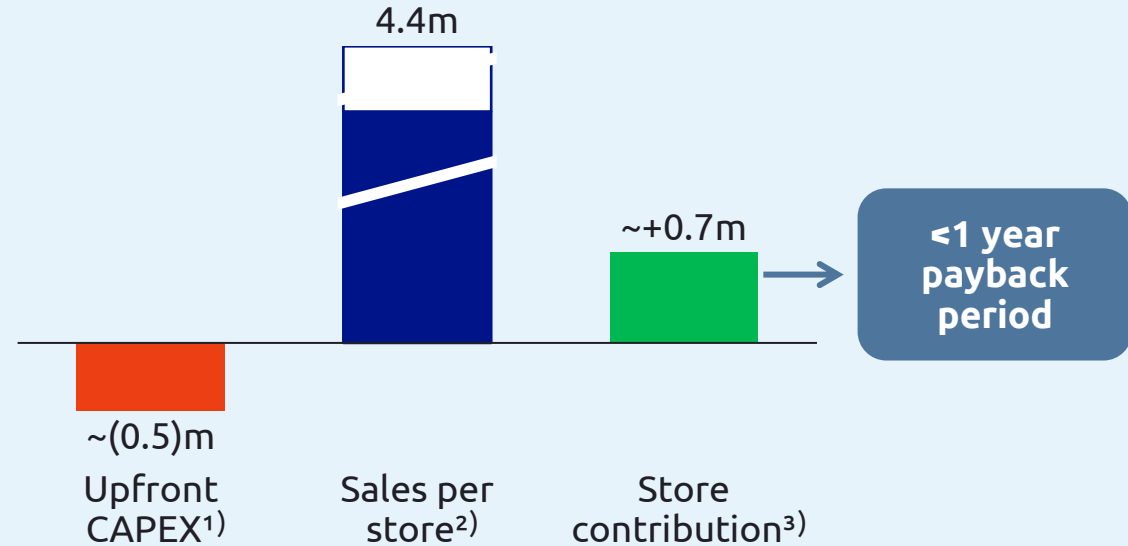
2) Store contribution = gross margin less margin adjustments and direct operating expenses (e.g. personnel, rent, other housing costs and general expenses), excluding supply chain and central HQ costs

# Attractive payback periods for new stores

- Rapid sales ramp-up post-opening
- Real estate discipline driving low rental costs
- Individual store payback varies depending on size of store and geography

## Historical average payback of stores

Amounts in €m



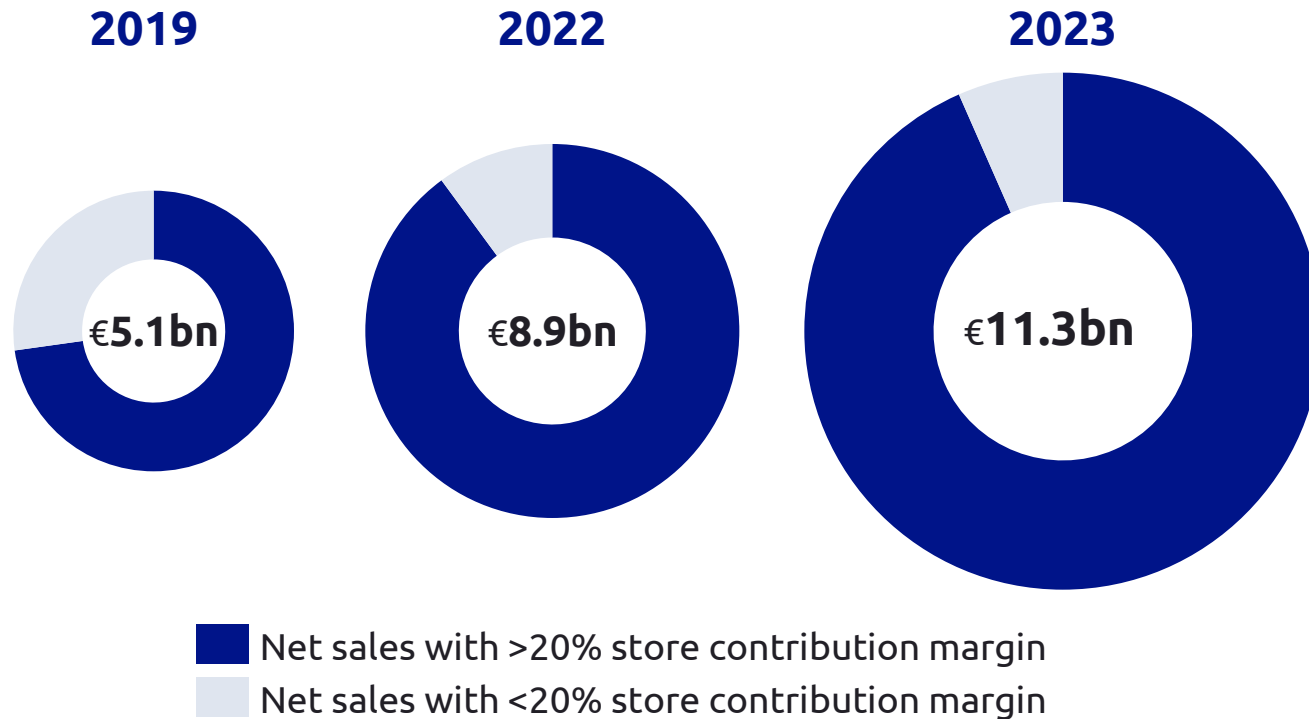
1) Including pre-opening costs for new stores, excluding positive impact NWC

2) Total bar represents average sales per store in 2023; dark blue area is average first year sales of stores added 2020-2022

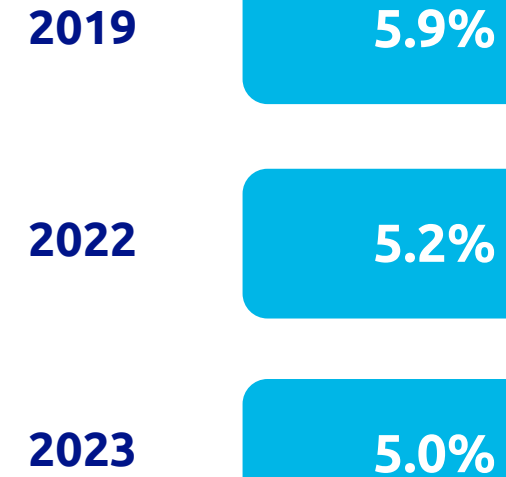
3) Based on 1<sup>st</sup> year avg store contribution of new stores 2020-2022. Store contribution = gross margin less margin adjustments and direct operating expenses, excluding supply chain and central HQ costs

# Scale effects increasingly benefit margins

## Proportion of sales with store contribution margin<sup>1)</sup> >20%



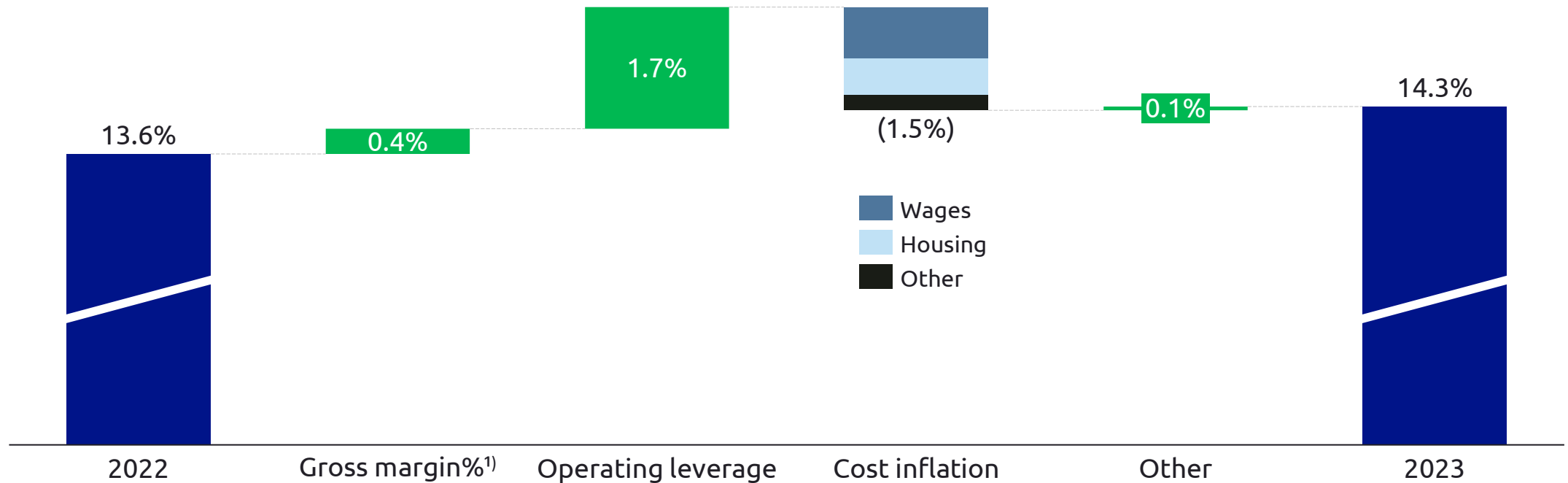
## Supply chain costs as % of net sales





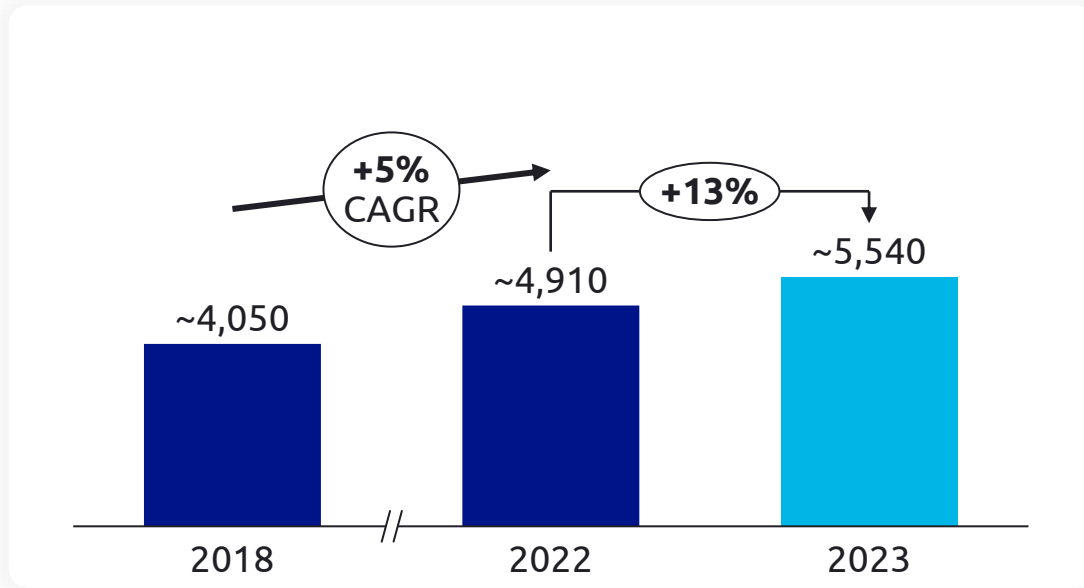
# EBITDA margin improved mainly as a result of operating leverage

## EBITDA margin development

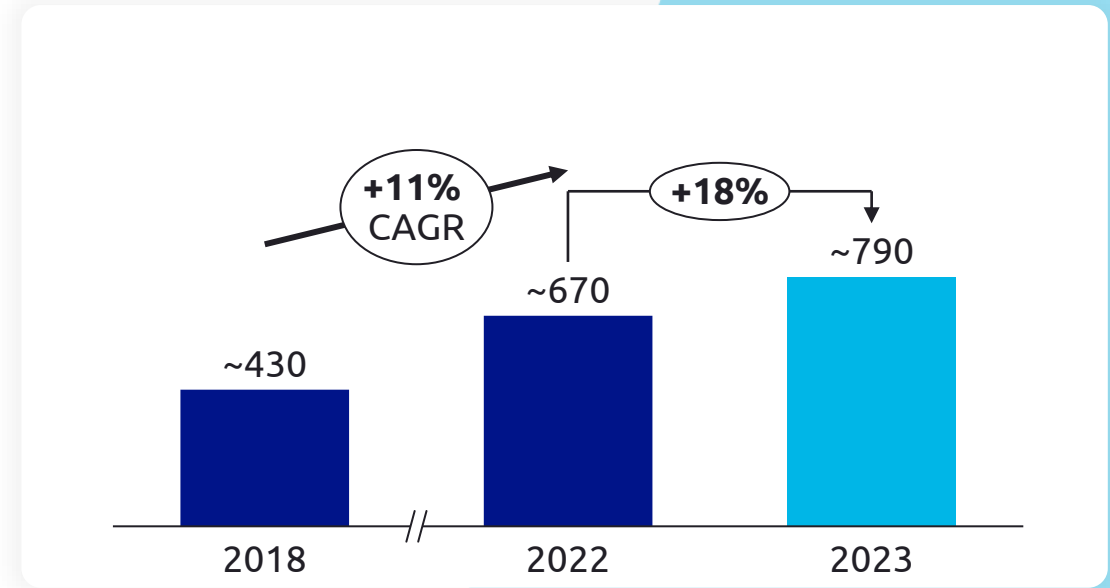


# Strong improvement in profitability per square metre

Net sales / square metre (€)<sup>1)</sup>

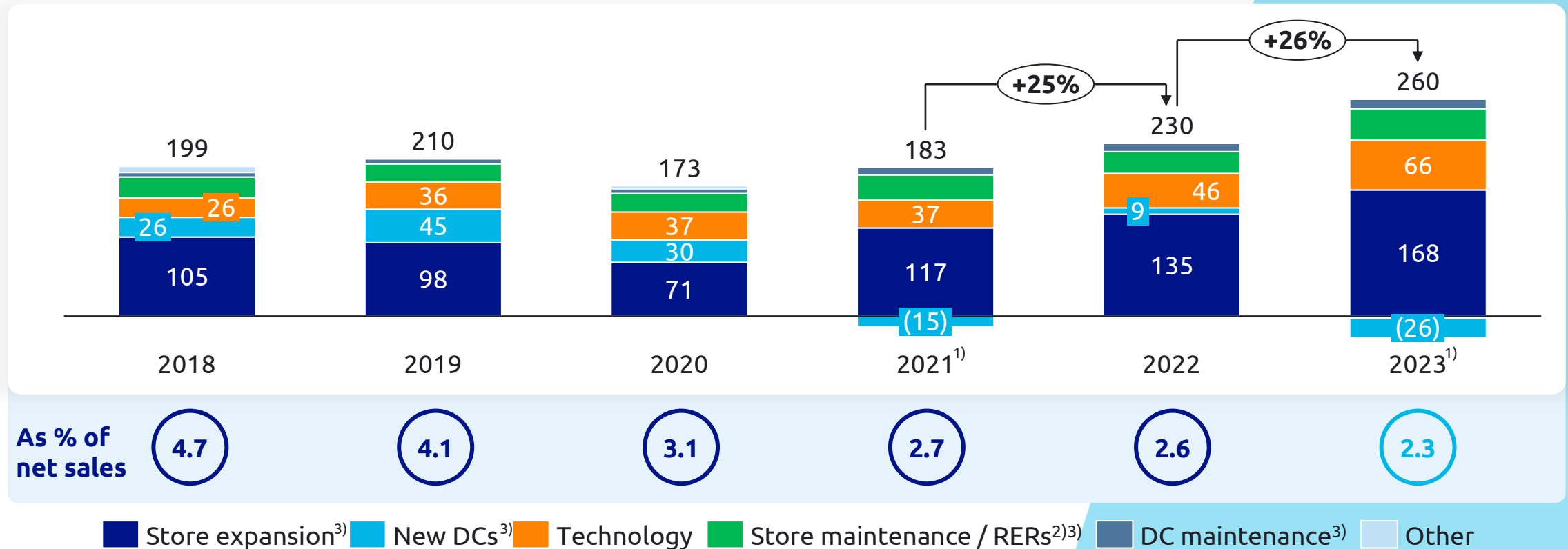


Operating EBITDA / square metre (€)<sup>1)</sup>



# Continued investment in our expansion

## CAPEX development (€m)



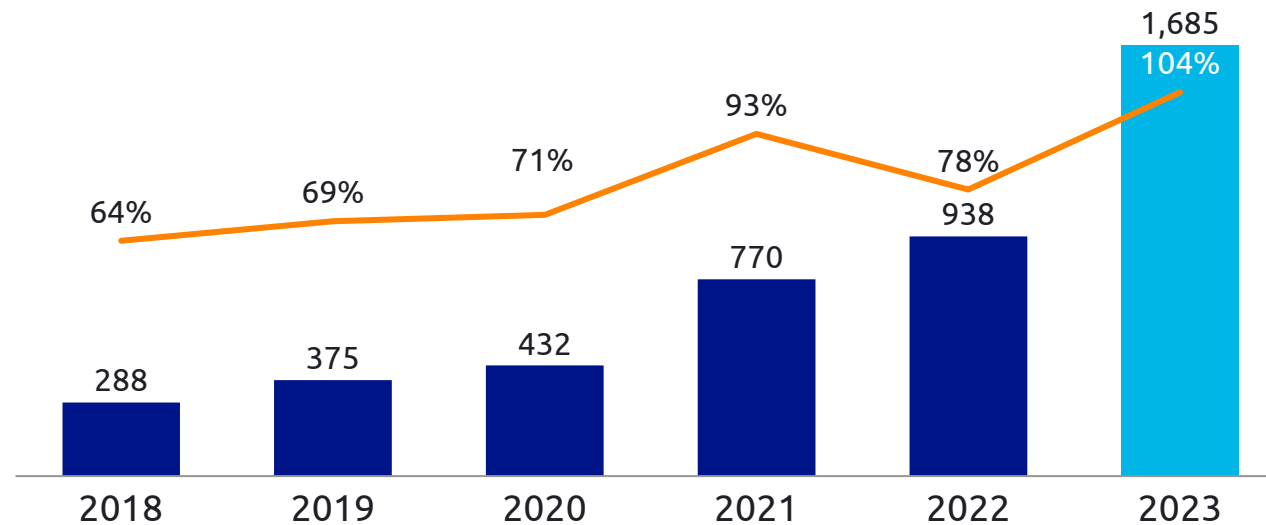
1) The net CAPEX for new DCs (incl. technology) is negative due to the sale of the DCs in Osta (2021) and Verrières-en-Anjou (2023), which were subsequently leased back

2) Refurbishment, enlargement and relocation

3) Store expansion, new DC, store maintenance / RERs and DC maintenance CAPEX includes all related technology spend

# Strong cash flow: 2023 cash conversion of 104%

## Cash conversion (€m and % of operating EBITDA)



- Operating cash flows positively impacted by low ending inventory in 2023 and sale and leaseback of DC Verrières-en-Anjou
- Cash and cash equivalents at the end of FY 2023 was €1,087m

As % of net sales

6.8

7.3

7.8

11.3

10.6

14.9

■ Operating cash flow (including CAPEX for new DCs) — Cash conversion = operating cash flow / operating EBITDA

# Successful \$1.5bn USD TLB issuance

## Transaction overview

<b>Size</b>	— \$1.5bn
<b>Pricing</b>	— 325bps margin
<b>Maturity</b>	— 2030
<b>Cost</b>	<ul style="list-style-type: none"> <li>— Fully hedged back to Euro</li> <li>— 70% fixed at an all-in Euro cost of 6.3%</li> </ul>
<b>Rating</b>	<ul style="list-style-type: none"> <li>— BB stable (upgraded) – S&amp;P</li> <li>— Ba2 stable (upgraded) – Moody's</li> </ul>

## Leverage

	P9	2023 EOY
<b>Senior debt<sup>1)</sup></b>	€3,125m	€4,544m
<b>Cash and cash equivalents</b>	€941m	€1,087m
<b>Leverage<sup>2)</sup></b>	1.4x	2.0x

# Overview of high-level financials

	2021	2022	2023	Change (vs 2022)
<b>Net sales (€m)</b>	6,834	8,859	11,324	+27.8%
<b>LfL sales growth (reported)</b>	11.0%	18.1%	16.7%	
<b>Operating EBITDA (€m)</b>	828	1,205	1,615	+34.0%
<b>EBITDA margin</b>	12.1%	13.6%	14.3%	
<b>Cash conversion<sup>1)</sup></b>	93%	78%	104%	
<b>Number of stores (end of year)</b>	1,983	2,263	2,566	+303
<b>Leverage (SFA definition)<sup>2)</sup></b>	2.4x	1.7x	2.0x	

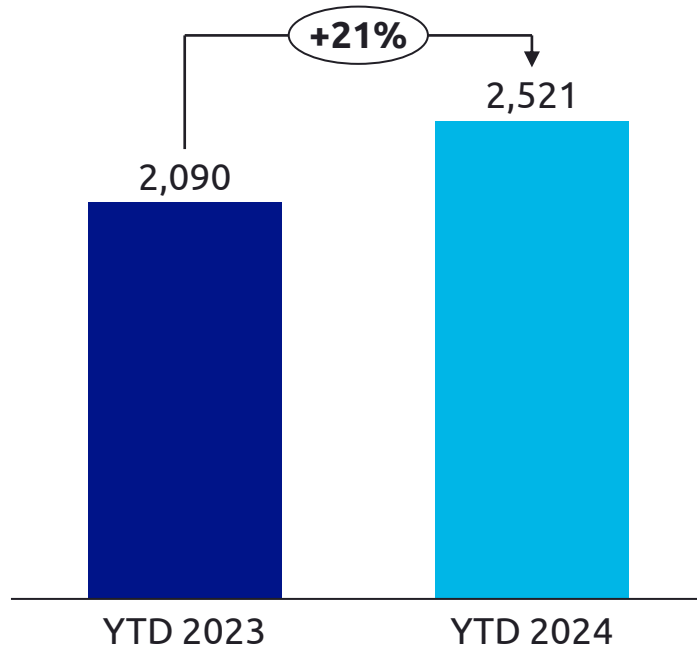
# Agenda

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- |                                       |                          |
|---------------------------------------|--------------------------|
| <b>1. Introduction</b>                | <b>Simon Borrows</b>     |
| <b>2. Business performance update</b> | <b>Hajir Hajji</b>       |
| <b>3. Strategic update</b>            | <b>Hajir Hajji</b>       |
| <b>4. Financial performance 2023</b>  | <b>Joost Sliepenbeek</b> |
| <b>5. Trading update</b>              | <b>Joost Sliepenbeek</b> |
| <b>6. Wrap up</b>                     | <b>Simon Borrows</b>     |

# Current trading 2024: very strong start of the year

## Net sales to week 11 (€m)



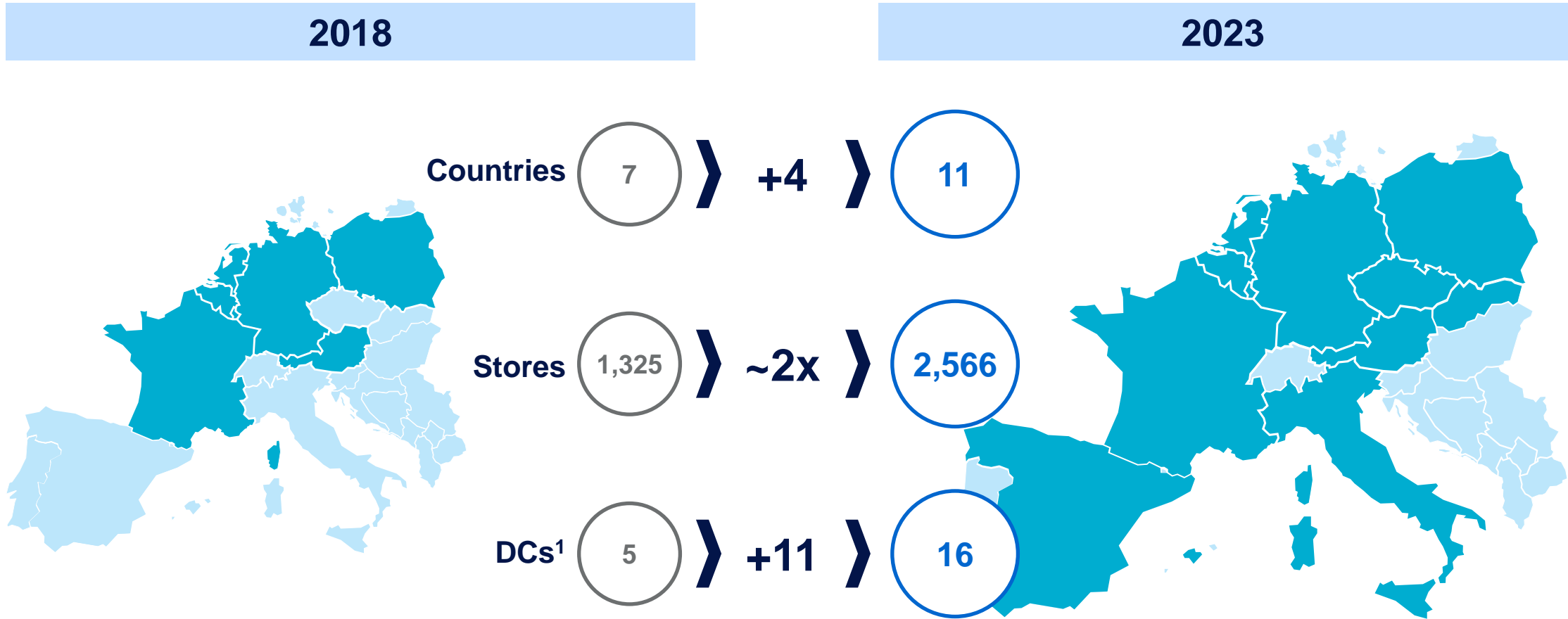
- Sales growth of 21% versus same period in 2023
- 9.6% LFL sales growth for the first 11 weeks of 2024
- 2024 store expansion plan on track with 32 stores added year-to-date
- Cash and cash equivalents at €1.1bn



# Agenda

- |                                       |                          |
|---------------------------------------|--------------------------|
| <b>1. Introduction</b>                | <b>Simon Borrows</b>     |
| <b>2. Business performance update</b> | <b>Hajir Hajji</b>       |
| <b>3. Strategic update</b>            | <b>Hajir Hajji</b>       |
| <b>4. Financial performance 2022</b>  | <b>Joost Sliepenbeek</b> |
| <b>5. Trading update</b>              | <b>Joost Sliepenbeek</b> |
| <b>6. Wrap up</b>                     | <b>Simon Borrows</b>     |

# Impressive growth in Action's footprint over the last 5 years



<sup>1</sup> The number of DCs in 2023 includes three Hubs.

# Scale has supported exceptional growth in unit economics



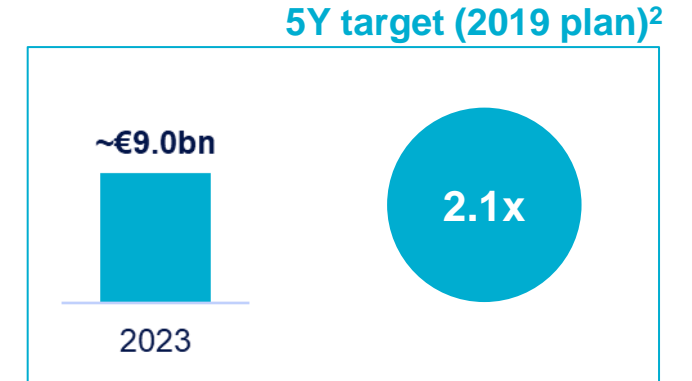
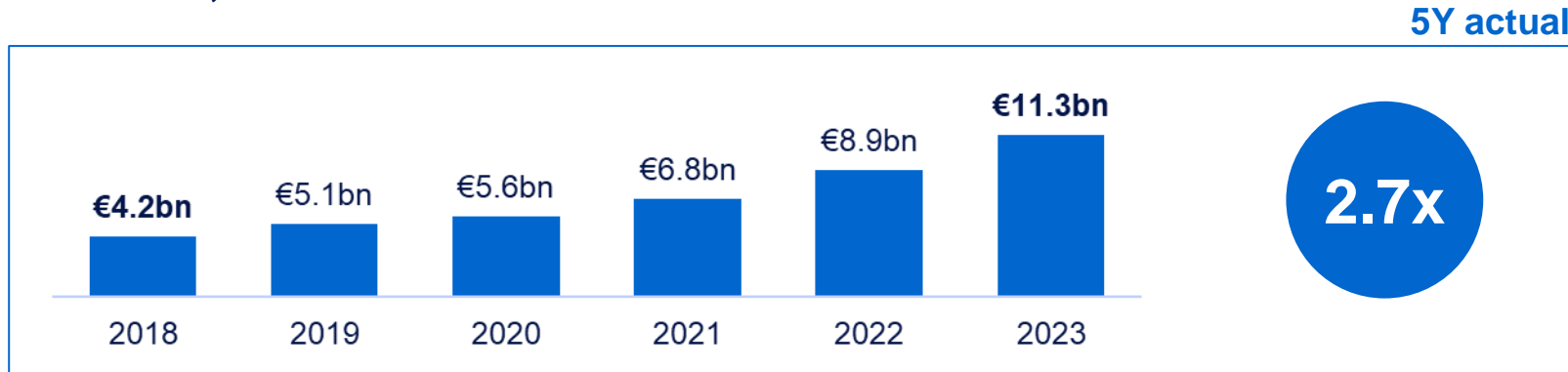
Store payback **now less than 12 months**

<sup>1</sup> Based on the average number of stores during the year.

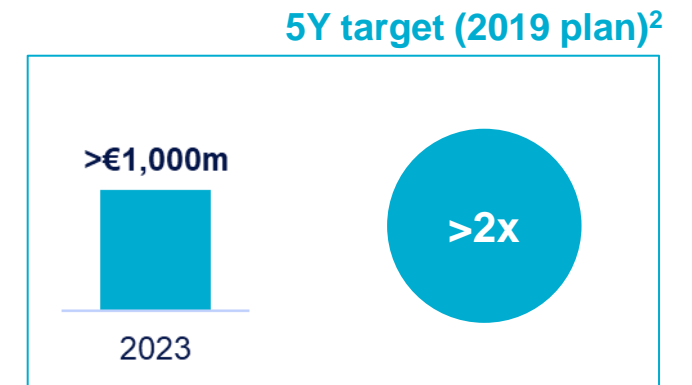
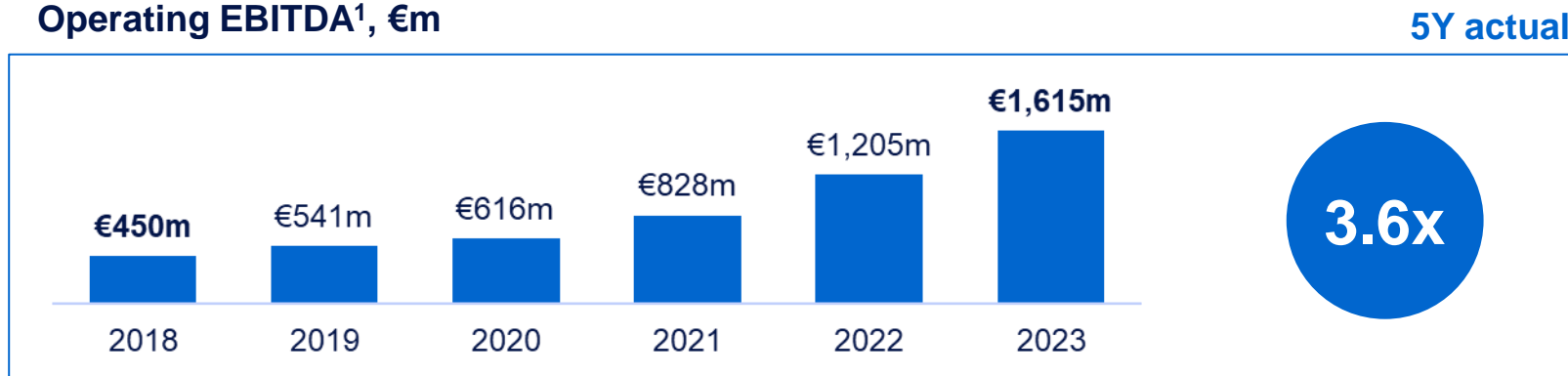


# Action has significantly outperformed its 2019 business plan

## Net sales<sup>1</sup>, €bn



## Operating EBITDA<sup>1</sup>, €m



■ Actuals   ■ 2019 Business Plan

<sup>1</sup> Including impact of 53rd week.  
<sup>2</sup> 2019 plan based on 2018 starting actual numbers.

# Continued strong growth trajectory over the next 3 years

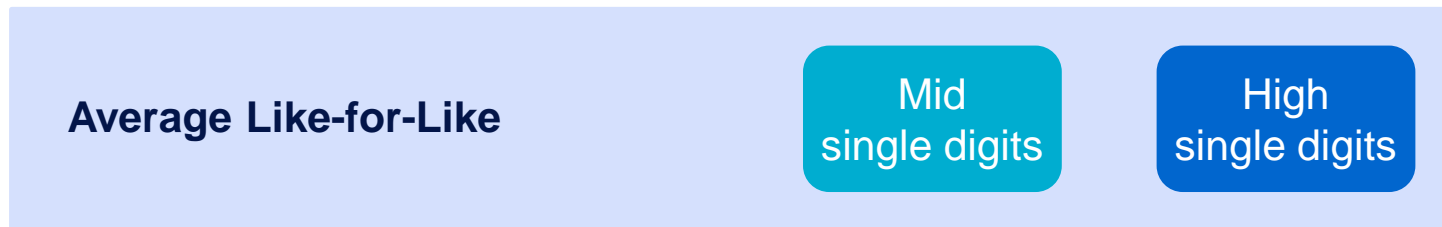


## 4-year targets communicated in 2023 CMD



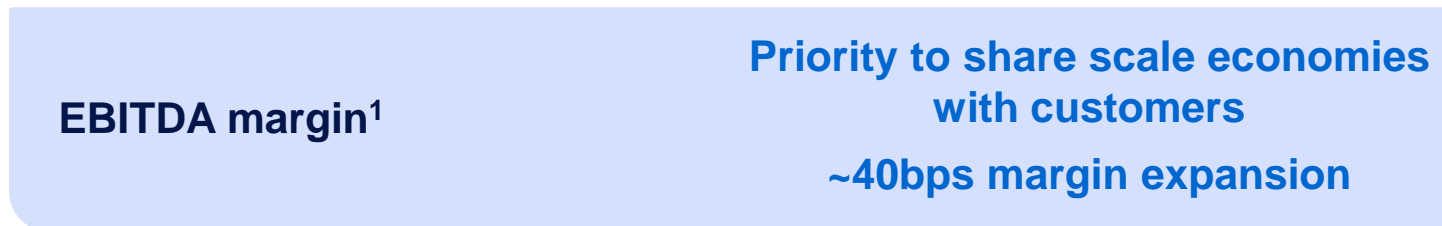
## Outlook

**Guidance unchanged**  
*(2023 – 303 added)*



**Guidance unchanged**  
**Possible upside in 2024**

## 4-year target communicated in 2023 CMD



## Outlook

**Guidance updated**  
**15% by 2026**

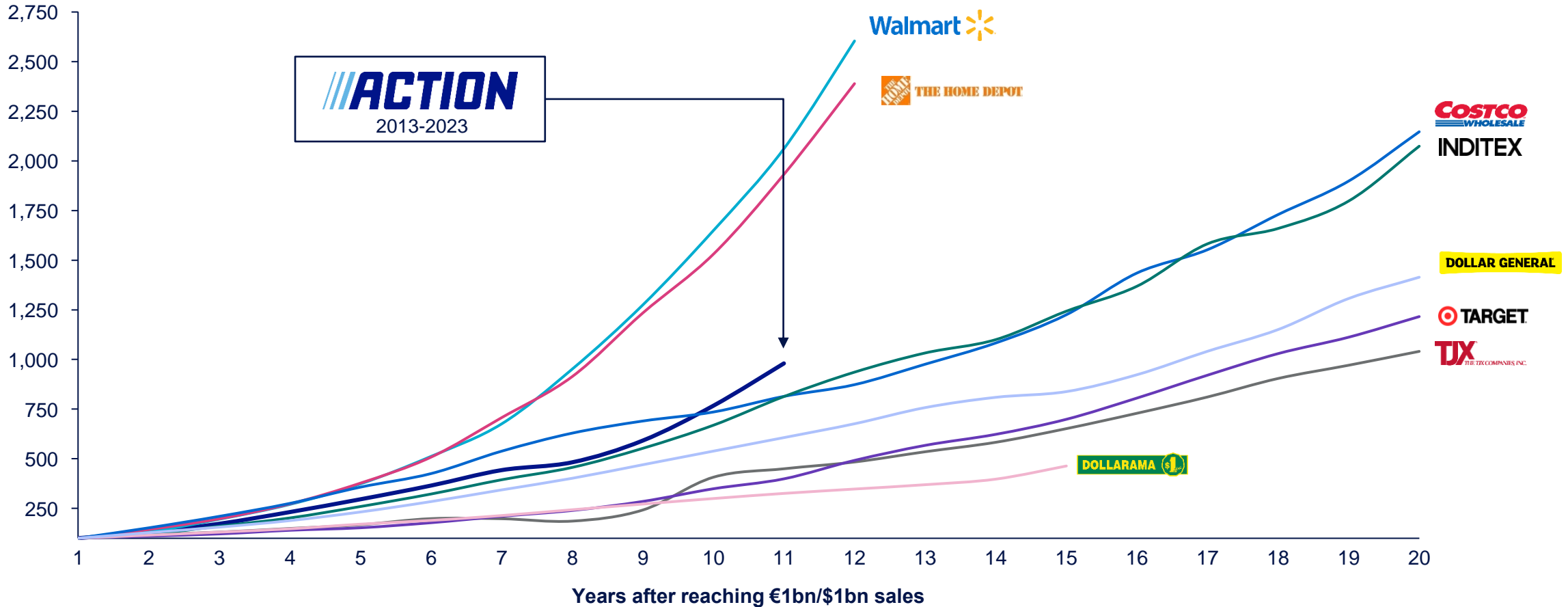
Low High

<sup>1</sup> Cumulative over 4 years.

# Action continues to perform in line with best-in-class retailers, with a long growth runway ahead



## Top-line growth since €1bn/\$1bn sales (20 years window, rebased to 100)



Source: CapIQ.

Costco starts from \$2bn+ revenue due to data availability. TJX starts from the oldest available revenue information (FY1988/CY1987).

# Agenda



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10.00-12.00

Action's results and strategy  
Q&A

Simon Borrows  
Chief Executive, 3i

Hajir Hajji  
Chief Executive, Action

Joost Sliepenbeek  
CFO, Action

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12.30-13.15

Action Sustainability Programme  
Q&A

Hajir Hajji  
Chief Executive, Action

Tjeerd Bartels  
Head of Sustainability, Action

Karl Knight  
Head of Product Quality & Sustainability, Action

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3i provides long-term capital backing and strong governance



## Governance



3i provides active and responsible governance with a focus on the ASR agenda

## Long-term vision



3i brings an ambitious, growth-orientated long term mindset to Action

## Investment



Prioritisation of investment in Action's infrastructure continues to drive value creation for all stakeholders

## Values



3i leadership protects and supports Action's customer values and culture



A group of six ACTION employees, three men and three women, are standing in a store aisle. They are all wearing dark blue polo shirts with the ACTION logo on the chest and light blue accents on the sleeves. The aisle is filled with shelves of products, including hanging umbrellas and LED light bulbs. A sign above the shelves reads "osvětlení".

**ACTION**

**Thank you**

**For your attention!**

# Appendix: impact of IFRS16 on Action 2023 financials

## Income statement<sup>1)</sup>

In €m	Excluding IFRS 16	Including IFRS 16	IFRS 16 impact
Operating EBITDA	1,615	1,939	+324
Adjusting items	(4)	(4)	-
Depreciation and amortisation	(205)	(494)	(289)
<b>Operating income</b>	<b>1,406</b>	<b>1,441</b>	<b>+35</b>
Finance costs	(166)	(204)	(38)
<b>Profit before tax</b>	<b>1,240</b>	<b>1,237</b>	<b>(3)</b>
Taxes	(327)	(327)	-
<b>Net profit</b>	<b>913</b>	<b>910</b>	<b>(3)</b>

## Balance sheet<sup>1)</sup>

In €m	Excluding IFRS 16	Including IFRS 16	IFRS 16 impact
Non-current assets	1,411	1,417	+6
Right-of-use asset <sup>2)</sup>	-	1,050	+1,050
Current assets	1,227	1,194	(33)
Cash and cash equivalents	1,087	1,087	-
<b>Assets</b>	<b>3,725</b>	<b>4,748</b>	<b>+1,023</b>
Equity	(3,163)	(3,200)	(37)
Financial debt <sup>2)</sup>	4,397	4,397	-
Lease liabilities <sup>3)</sup>	-	1,077	+1,077
Current liabilities	2,290	2,273	(17)
Other non-current liabilities	201	201	-
<b>Liabilities</b>	<b>3,725</b>	<b>4,748</b>	<b>+1,023</b>

**///ACTION**

# Action Sustainability Programme Update

21 March 2024



# Today's presenters



**Hajir Hajji**

CEO

- **Joined in September 1997**
- Held variety of management positions at Action
  - Commercial Director (2018 – 2021)
  - Director of Store Operations (2011 – 2018)
  - Head of Sales (2002-2011)
  - Regional Manager (1999-2002)
- As Commercial Director, responsible for global buying, marketing, e-commerce and sustainability
- Played pivotal role in rapid store expansion as Director of Store Operations



**Tjeerd Bartels**

Head of  
Sustainability

- **Joined in January 2012**
- Key responsibilities
  - Leading overall sustainability programme
  - Coordinating overall sustainability strategy
  - Leading central sustainability team
- Fulfilled variety of management positions at Action
  - General Manager NL (2017 – 2020)
  - Head of Store Operations (2013 – 2017)
  - Business Developer (2012 – 2013)



**Karl Knight**

Head of Product  
Quality &  
Sustainability

- **Joined in December 2016**
- Key responsibilities
  - Leading Product pillar
  - Product quality, sustainability, safety & regulatory affairs
  - Leading team of 35 international colleagues
- Previous employment at Marks & Spencer:
  - Head of Product Technology (2011-2016)
  - Technical Manager (2007-2011)

# Agenda

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**1. Introduction**

**Hajir Hajji**

**2. People, Partnership and Planet**

**Tjeerd Bartels**

**3. Product**

**Karl Knight**

**4. Q&A**

**All**

# Action's strategy remains simple and consistent



**Strengthen our  
unique customer value  
proposition**



**Drive international  
geographic expansion**



**Maintain a simple, efficient and  
scalable operating model**



**Make sustainability accessible**



**Treasure our people and values**

# Focus areas of the Action Sustainability Programme

The ASP is guided by the UN Sustainable Development Goals

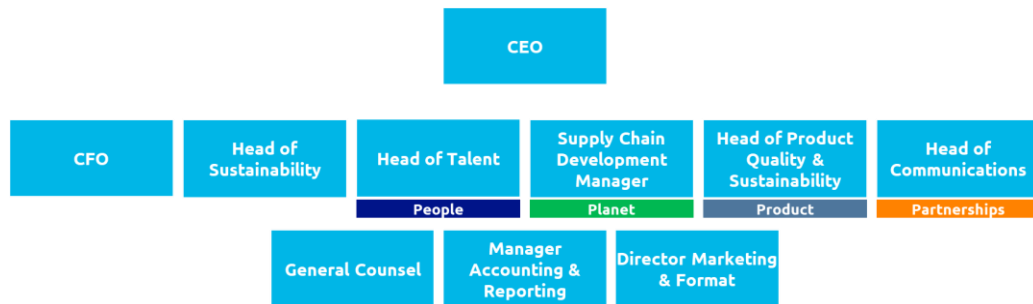


# Action Sustainability Programme Governance

ASP led by the CEO while maintaining close alignment with the board

## ASP Committee

Sustainability aspirations are widely integrated within the company



## Governance

- The ASP Committee approves the sustainability strategy and targets, and tracks progress. The Committee meets on a monthly basis
- The programme is executed in the various business domains and working groups
- The Board is updated on the strategy and progress three times per year
- The broader organisation is kept up to date on progress through webinars, newsletters and the annual masterclass



# Agenda

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**1. Introduction**

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**All**

# People | People are proud to work for Action

Action offers employment and attractive career opportunities to a growing number of people across Europe



Foster the development and internal promotions of employees

Care for our employees' well-being

Engage employees so they act as ambassadors

Focus on promoting diversity, equity and inclusion

# Partnership | Action is a responsible partner to society and communities

We work with partners to support our ambition that every child should be able to develop in a safe and loving environment and where the following basic needs are met: health, housing and education

- Our contribution increases as our company expands and grows
- For every new store opening we support a child, for every new DC and country we support an entire village



We offered one-off support during disasters over the past 2 years:

- War Ukraine: €1m
- Earthquake Turkey & Syria: €1m
- Earthquake Morocco: €1m

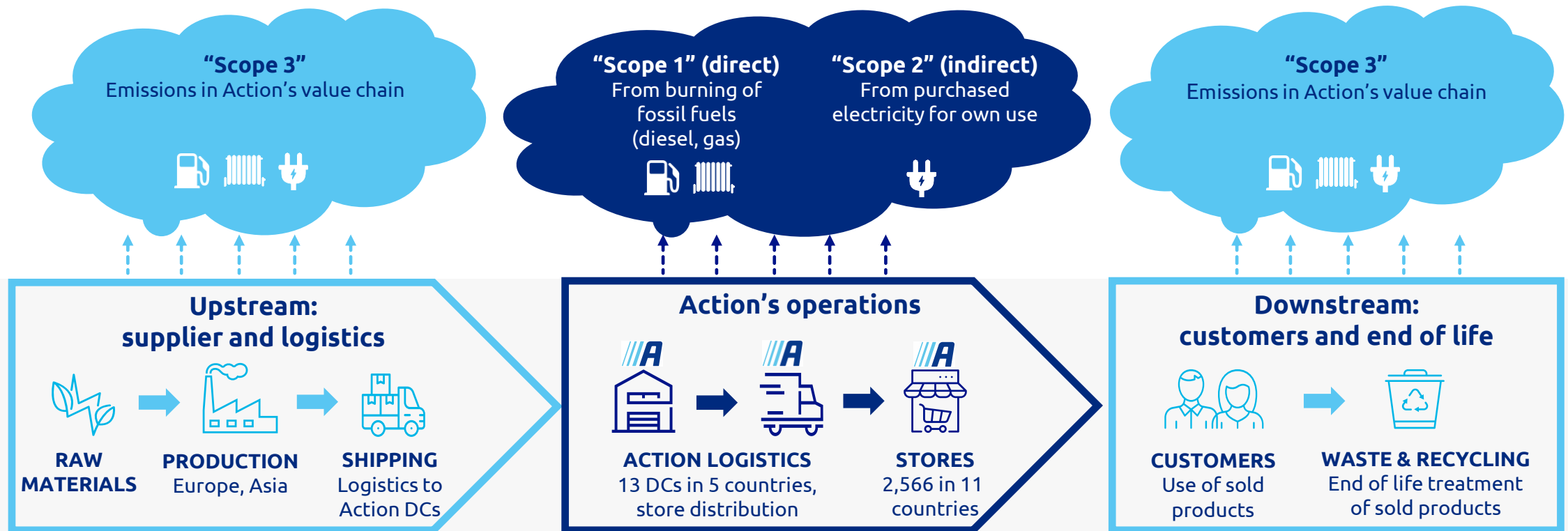


We build and maintain long-term focused partnerships...

...and we support in crisis and emergency situations

# Planet | Reduce GHG emissions across the value chain

We have clear visibility and plans on scope 1 & 2, and have started developing our strategy for scope 3



# Planet | Reduce our scope 1 and 2 GHG emissions

We are committed to reducing our scope 1 & 2 GHG emissions by 60% by 2030 vs. 2021 baseline



## Distribution centres

- Solar panels installed at 2 more DCs, bringing the total number to 7
- Renewable energy generated equates to ~63% of total energy usage of all DCs



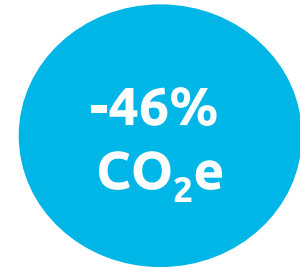
## Transport

- Reduced transport emissions through use of biofuels (and zero emission vehicles). 150 owned trucks on biofuels in 2023
- Piloted new zero-emission electric trucks in NL and DE

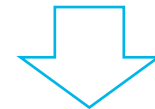


## Stores

- 300 stores disconnected from the gas supply
- All new stores added had no gas connection
- 90% of our electricity consumption comes from green sources
- Installed LED lighting in more than 99.8% of our stores
- 74 of our stores have solar panels



versus baseline year 2021



On track to deliver our 2030 commitment to reduce 60%

# Planet | Reduce our scope 3 GHG emissions

We have started developing our scope 3 emission strategy, including a baseline calculation, commitment to SBTi and first reduction initiatives

## 1 Baseline calculation

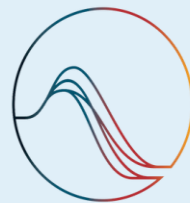
In 2023 we performed a first calculation of our scope 3 emissions for the baseline year 2021

Action carbon footprint*	
Scope 1	19,399
Scope 2	28,232
Scope 3	5,493,467
<b>Total</b>	<b>5,541,098</b>

\*In tonnes CO2 equivalent, 2021

## 2 Commitment

On March 4, 2024 we wrote to the SBTi to indicate our commitment to set up near-term science based targets



SCIENCE  
BASED  
TARGETS

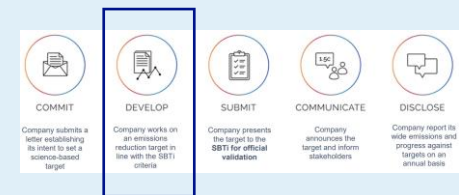
## 3 Intermediate actions

Agreements in place with ocean freight carriers to use eco-fuels for shipments from Asia to Europe



## 4 Next steps

This year we will start developing science based targets, covering scope 1, 2 and 3



# Agenda

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**All**

# Product | Delivering a 100% transparent supplier base

A transparent supply chain is the foundation that we build all other commitments on

## Supplier base – 2023 status

Suppliers

686

Factories

3,054

Countries

53

- Final manufacturing factory (tier 1) is our first priority - we aim to achieve full supply base (all tiers) transparency by 2030
- Working towards 100% tier 1 final factory transparency in 2024 (currently 88%)
- Social compliance audits required for all factories
- We have an unannounced spot check programme to verify factory performance
- We have maintained our European sourcing (45% volume) despite significant volume increases on previous year

## Product origin<sup>1)</sup>

Europe

45%

49%

China

6%

Rest of Asia



# Product | Sustainable sourcing and production

## Clear policy and commitments towards sourcing sustainable raw materials



### Cotton

- 100% sustainably sourced
- Ranked among top 25 global purchasers of sustainable cotton<sup>1)</sup>
- Since adoption:
  - 27m kg cotton sourced
  - 41m m<sup>3</sup> water saved
  - 25,000 kg pesticides avoided



### Timber

- 95% sustainably sourced
- On track to deliver 100% by end of 2024
- Making good preparations for new EU Deforestation Regulation requirements



### Cocoa

- All Action private labels already 100% Fairtrade
- Target all cocoa sustainability sourced by 2025
- €599K Fairtrade farmer premium in 2023, representing:
  - ~15% total premium paid NL
  - ~1.4% total premium paid globally



### Plastic

- Commitment that 35% by weight is recycled material by 2025. This is for all products except A-brands
- Working on new innovations to trial plastic alternatives

# Product | We embed the circularity philosophy

We are committed to make improvements every year

## Our achievements and objectives



### Circularity plans in place in all categories<sup>1)</sup>

- We delivered circular improvements of +4.85% across all categories in 2023
- Committed to embed circular data into all products



### Collaboration is critical

We have strategic partnerships with Circle Economy, CTI and TU Delft to support our progress



### Circularity is helping us with new opportunities

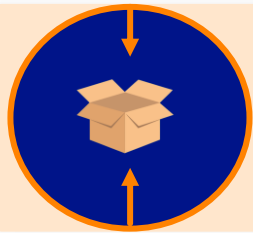
In 2023 we launched our first circular product using 5,000kg of distribution centre waste and damaged goods



# Product | Working towards sustainable packaging

Three primary commitments to improve our packaging footprint

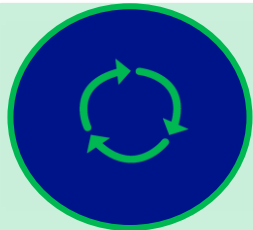
## Commitments



### Reduction

Action will reduce primary packaging weight used for fixed assortment by 25% by 2025 vs. 2019 (relative commitment)

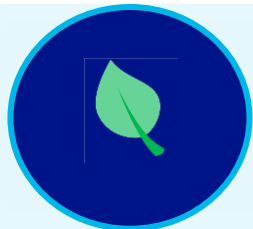
We have so far achieved ~80% of this



### Recyclability

By 2025 Action commits to all of its product packaging being recyclable

We have achieved this in Private Label



### Sustainability

By 2025 all cardboard packaging will be sustainably sourced

Currently 90% of Direct Import cardboard packaging is FSC certified

## Examples of packaging successes

### From glass to plastic

Saving 619,000kg



-51%  
CO<sub>2</sub>e

### Inner wall reduction

Saving 210,000kg



# Agenda

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## Q&A

**///ACTION**



**Thank you**

**For your attention!**