



Sustainability Report

for the financial year 2021/22

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We want to make a difference

We all have a shared responsibility for contributing to a more sustainable future for the next generations.

As one of Denmark's leading mobility and convenience providers, we recognize the climate and societal impacts of our activities. We are committed to implementing a sustainable transition of our business, and to invest in new technologies to produce fuels based on sustainable energy sources.

Sustainability is crucial for Circle K, and we are actively working towards making a difference on selected sustainable development goals (SDGs). Over the past year we have refined our sustainability strategy and continued the implementation of initiatives across business areas.

Last year, we invested in the installation of high-speed chargers, and we further developed our strategic partnerships and invested in the production of Power-to-X based on energy from renewable sources. Although we believe that our primary contribution to a positive development lies in the phasing-out of fossil fuels, we have worked on reducing our carbon emissions in other ways too, for example in our stores. All efforts count, and we have to make a difference wherever we can.

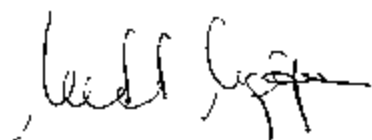
Our employees are the driving force of our operation. In FY2021/22, Circle K employees once again delivered top performance and acted as 'ONE TEAM', which also resulted in a fantastic engagement score. This reflects our strong culture and our focus on succeeding as a team.

Over the past year, we have also supported and collaborated with several charities to improve conditions for vulnerable children and Youth-at-risk and to support the victims of the war in Ukraine.

This sustainability report describes Circle K initiatives – major as well as minor – aiming to contribute to a more sustainable development of society. At the same time, we are unfolding our long-term sustainability strategy and objectives. We must move our transition forward, and over the next years Circle K will work towards leaving a more sustainable future for the next generations.

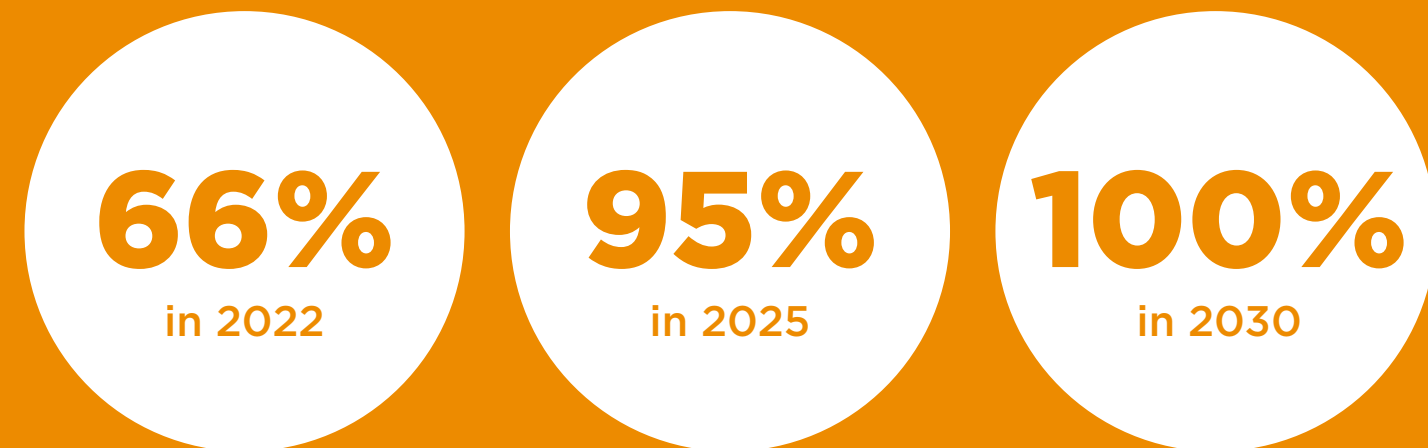
We hope you will enjoy reading the report.

METTE UGLEBJERG
CEO, Circle K, Denmark

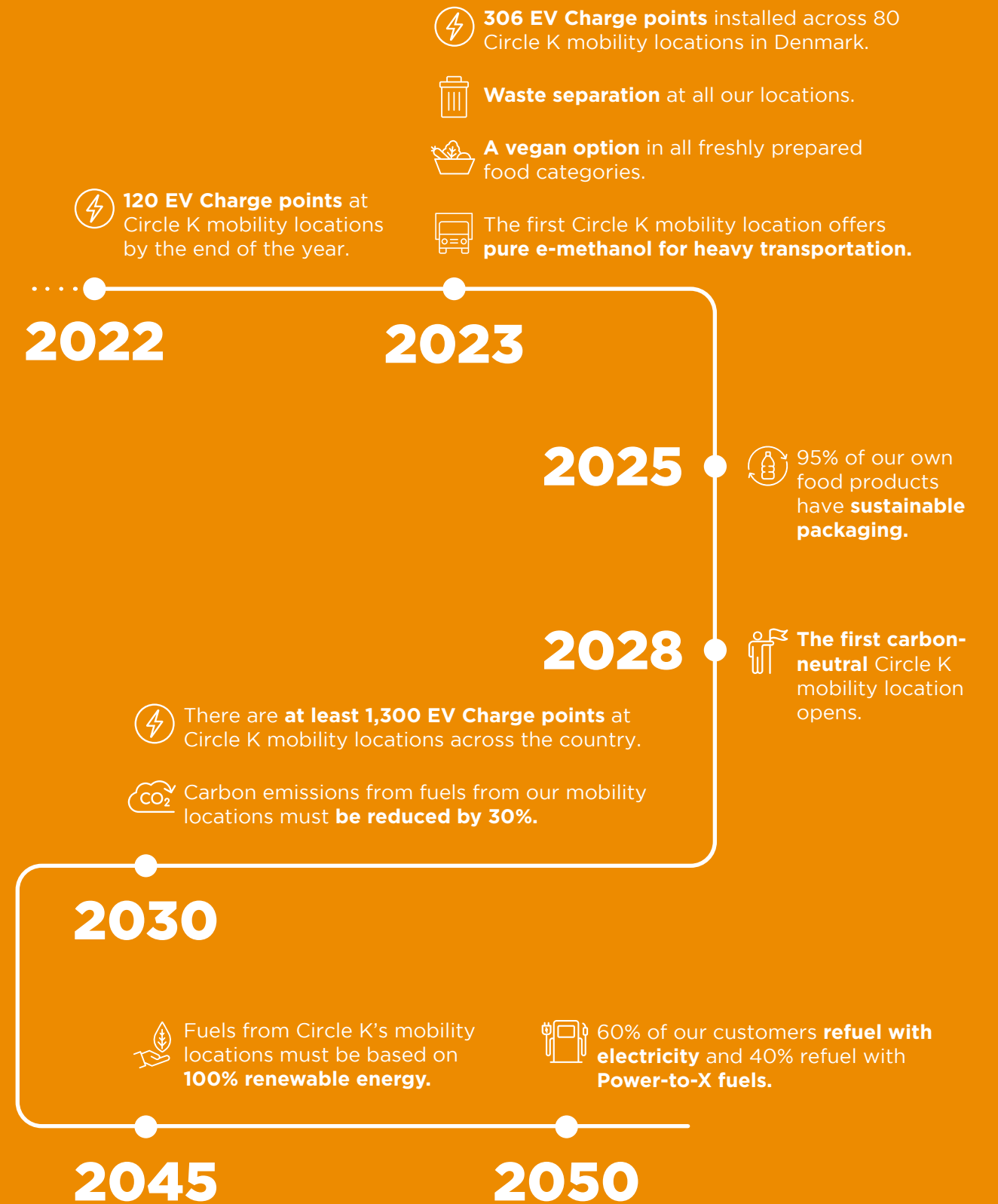


We have set ambitious goals

Carbon emission reduction target for our own distribution:



Our ambitions



The model is based on financial years.

Business model

Circle K Danmark A/S (Circle K) is part of the Canadian Alimentation Couche-Tard group. The group has more than 14,000 convenience and mobility locations and approximately 122,000 employees in 24 different countries around the world.

Circle K operates three separate brands (Circle K, INGO and 1,2,3) in a total of 434 locations across the country. Of these, 225 are mobility locations that offer food,

beverages, and car wash services in addition to fuel under the Circle K brand. We also have high speed chargers at 22 of our mobility locations. Thirty-nine of the INGO mobility locations also offer car wash services.

Circle K employs 2,950 people, 80% of whom are part-time or hourly paid workers. 196 people work at the head office in Copenhagen.

434

locations in Denmark



14,000

locations worldwide



225

stores



2,950

employees in Denmark

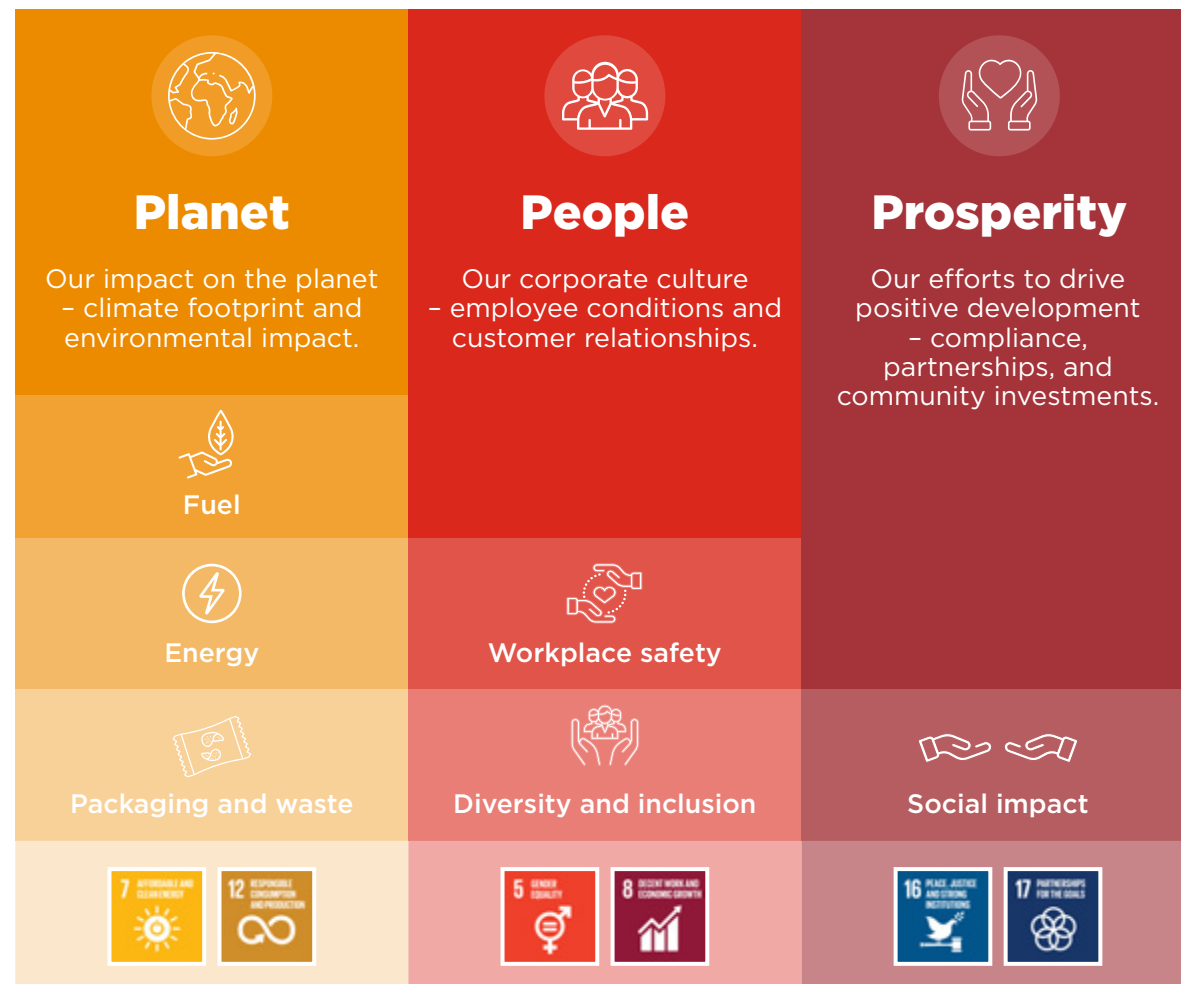


Sustainability framework

The climate on Earth is under pressure from climate change. Being a leading Danish supplier of fuel and energy, we recognise our responsibility and our obligation to contribute to a sustainable future. We want to take the lead in the green transition of the fuel industry.

Our work is based on our overall sustainability strategy, which rests on three pillars: **Planet, People and Prosperity.**

We are continuing our work to develop our sustainability strategy, promote sustainability and translate it into specific actions in our business. To this end, we have identified six sustainability initiatives that we believe can make a difference and which are important to us as well as to our customers, employees, and other stakeholders.





Planet

We are on a journey towards a cleaner and safer future. Circle K wants to contribute to building a more sustainable future for both our planet and the people.

This section describes our initiatives aimed at reducing our climate footprint and our environmental impact. At Circle K, we invest in renewable energy, install high-speed chargers, and work to reduce our use of resources such as energy, water, plastic, etc.





Mobility

Fossil energy is a source of emissions, and it is essential that we power our transport with more sustainable energy and fuel in the future. We want to take the lead in the green transition of our industry, and by installing high-speed charge points and supporting Power-to-X initiatives within fuel, we have taken an important step towards a fossil-free future.

We need policymakers to provide technology-neutral framework conditions to ensure that all technologies can be brought into play. This is also a prerequisite for being able to attract the necessary investments in technologies that will address the challenges associated with the green transition.

Our target is a 30% reduction in our greenhouse gas footprint from our fuel offer by 2030 and climate neutrality by 2045. This is an ambitious goal.

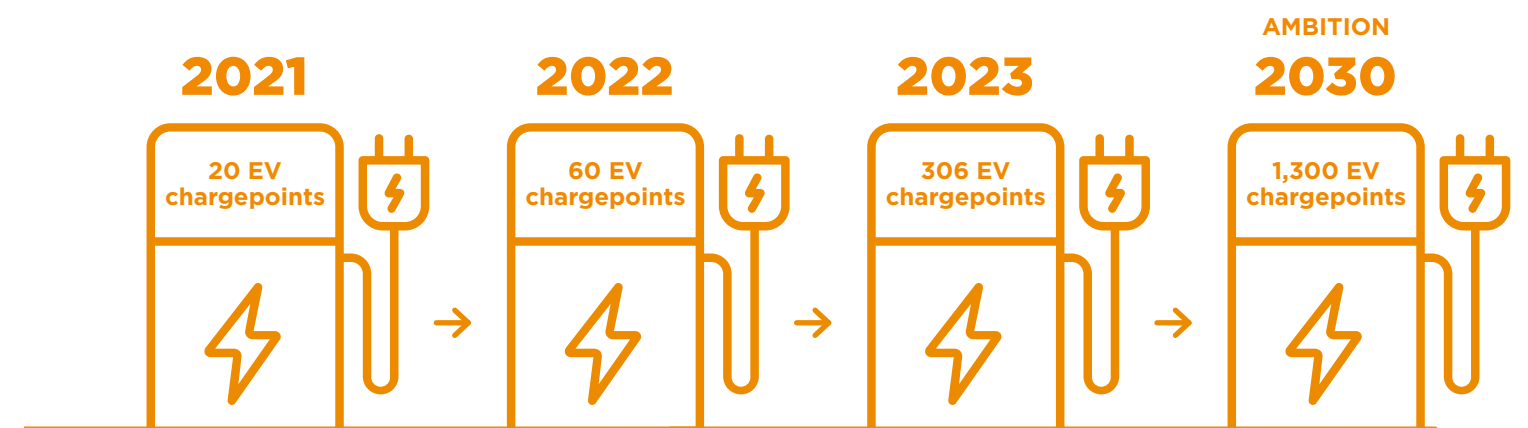
EV Charge points

The demand for EV charge points is increasing. Circle K started introducing high-speed charge points (300kW) at our mobility locations in December 2020, and since

then we have rolled out EV Charge points across the country, including in the major Danish cities.

Today, we have 60 EV Charge points (150-300kW) across 22 different mobility stations all over the country (at the end of FY2021/22). Although our payment solution was not ready until April 2022, we installed the EV Charge points as soon as the infrastructure and mobility locations were ready for them in 2020.

We invest heavily in expanding our EV charging network across Denmark, and with an ambition to be leading within this field. By May 2023, we will have installed 306 EV Charge points across 80 Circle K mobility locations. Our long-term ambition is to roll out 1,300 chargers by 2030. Circle K is currently planning to invest a total of more than DKK 1 billion in high-speed charge points.



Power-to-X

As one of Denmark's largest energy and fuel companies, we have a responsibility to drive, explore, and develop new fossil-free transport solutions. The need for fossil-free fuels is particularly strong within heavy transportation, where the reduction potential is really high. Land transport generates almost 40% of Denmark's carbon emissions, and 25% of these emissions come from approximately 40,000 heavy transportation. This is one of the reasons why we are investing in the development of Power-to-X technologies that can produce fuel from renewable sources.

E-methanol is a liquid fuel produced from sustainable energy sources, and it holds great promise for the green transition of the mobility sector. Therefore, in November 2020 we entered into an agreement with European Energy to purchase 50 million litres of e-methanol for direct distribution among our customers and to be used as an additive to petrol and diesel. The transition requires investments, and Circle K has committed to buying e-methanol for a nine-figure sum of Danish kroner.

Initially, the fuel will be used for our own transport. However, our aim is, within the next two to three years, to start offering e-methanol to our customers at our mobility locations.

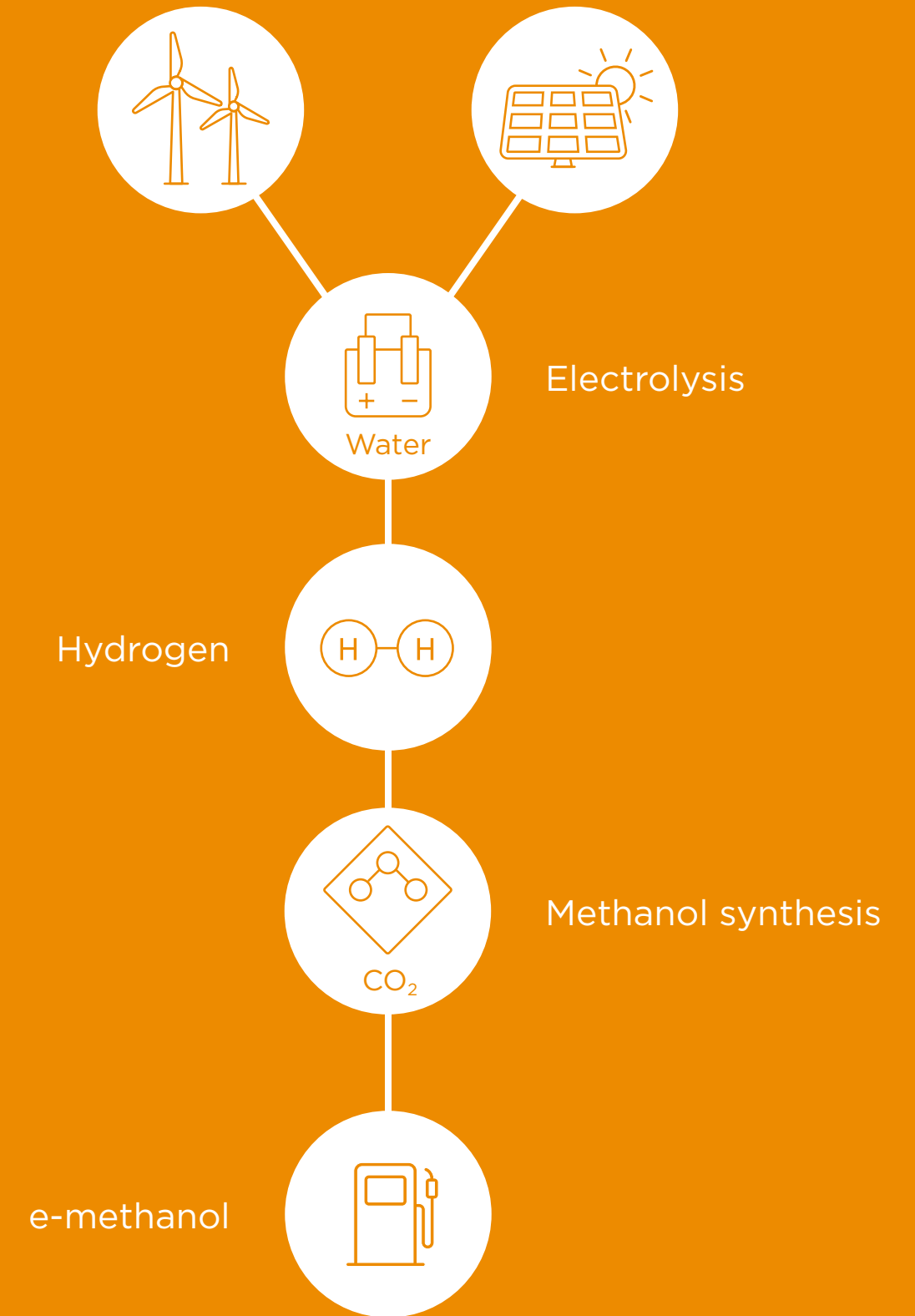
At the end of March 2022, we and our partners Green Hub Denmark, Aalborg University, Port of Aalborg, Danish Center for Carbon Neutral Transport, and European Energy hosted an event attended by, among others, Minister for Transport Trine Bramsen to showcase passenger cars and Europe's first lorry powered by e-methanol.

How e-methanol is made

Power-to-X goes by many names, for example electro-fuels, liquid power, or PtX for short. Basically, it is the same thing; namely, the process in which electric current is converted into fuel through electrolysis. We simply convert CO₂ into a liquid fuel such as e-methanol.



Renewable energy





HVO

HVO (Hydrotreated Vegetable Oil) is also a biofuel produced from renewable energy sources which represents an important potential in the phasing-out of fossil energy. HVO biofuel reduces emissions by up to 90% compared to fossil fuels. The great advantage of HVO biofuel is that it can be used in most existing diesel engines for lorries and can thus be put into use today. Circle K's HVO biofuel is a product made from recycled

cooking oil, and it is therefore 100% free of fossil fuel and palm oil. However, the supply of HVO is far from enough to satisfy the demand, which means that the price is much higher than the price of fossil fuel.

In January 2021, Circle K introduced HVO100, which is currently sold at eight locations across our network – and two more will follow soon. The aim is to offer the commercial vehicle segment a green alternative. In FY2022/23, Circle K will also implement HVO biofuel in its own distribution network. The goal is for HVO to cover more than 50% of the existing diesel consumption, which corresponds to 18 fully operating lorries.

This year, we have continued our partnership with the bus company Kombardo Expressen, replacing more than one million litres of conventional diesel with HVO biofuel in the operation of their buses between Zealand and Jutland via the Molslinjen ferry connection. Kombardo Expressen has almost 20,000 departures annually, transporting approximately 750,000 passengers. This corresponds to almost six million kilometres travelled per year.

How HVO is made

HVO stands for hydrotreated vegetable oil. As the name suggests, hydrotreated used cooking oil or animal fat is used in the manufacturing process. HVO is a synthetic fossil-free diesel fuel that does not release new carbon dioxide into the atmosphere.

HVO is made in a two-step process: First, the 100% recycled raw material such as vegetable oil (for example used cooking oil from deep frying) or animal fat from slaughterhouse waste is hydrotreated. Then the product is hydrogenated. This creates a chemical reaction that allows HVO to achieve the same properties as traditional fossil diesel.

Circle K sells HVO biofuel which is free from palm oil and PFAD (palm fatty acid distillate).



Energy and water consumption

Although fuel constitutes the greatest reduction potential, we are also working to reduce the climate footprint from our operations. Energy is consumed in stores and offices, and our car washes use fresh water – a resource that may become scarce even in our part of the world. Therefore, we are implementing several measures in our operations to save both energy and water.

Since 2010, Circle K has worked systematically to reduce electricity consumption at our facilities. This has included installing an energy management system (EMS), providing us with insights into what drives consumption and, also, the option to control lower energy consumption.

Car wash

In FY2021/22, we installed new water treatment plants at seven car wash locations covering a total of ten car wash machines. This means that we only use 10-30 litres of water per car wash compared to a facility without water treatment, which uses about 110 litres per car wash, thus reducing the water consumption per wash cycle by up to 60% at these locations. We will continue to install new, efficient car washes in FY2022/23.

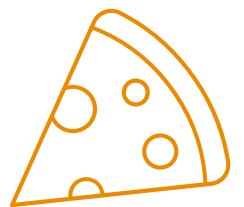
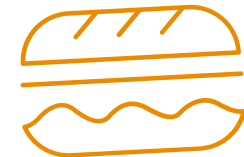


Packaging and waste

Reducing waste and increasing recyclability are important steps towards reducing the climate footprint of our stores. In FY2021/22, Circle K therefore prepared a food packaging guide for the stores, describing how to reduce the amount of packaging used, and we also implemented waste separation at several locations. Many of our stores are already separating their waste into ten different waste types, including food waste, paper and plastic. At the same time, we are aiming to minimise the packaging used for convenience foods.

Our long-term target is a 95% increase in sustainable food packaging of our own products by 2025. We are working to reduce the amount of plastic by optimising the packaging of our food. Among other things, we have already removed the plastic lids from all salads. During 2022/23, we will be testing new solutions to reduce the consumption of plastic in coffee cups and lids. We also want to separate waste at all of our mobility locations during 2022/23.

The goal of using as little packaging as possible and of using packaging with the lowest possible climate footprint will be realised partly by reducing the use of packaging that is only used once and partly by optimising the packaging. Therefore, in 2022/23 we will be relaunching our thermo cups as an alternative to paper cups for customers buying coffee. At the same time, we have had a strong focus on replacing our food packaging with more sustainable alternatives, but there is scope for further improvements. Packaging is an important focus area for Circle K, and in collaboration with our suppliers of packaging and third-party products, we will continue to work on smarter and more sustainable solutions.



Food and beverages

We are continuously working to develop our food offering, including more vegetarian or vegan alternatives, and we are working to increase the share of organic and Fairtrade-certified products. By 2023, we will ensure that all our *made-on-site* food categories include a vegan or vegetarian alternative, making it easy for our customers to buy a meat-free meal.

Our coffee is Rainforest Alliance certified and 100% organic. From 1 February 2022, it has furthermore been possible to choose oat milk as an alternative to cow's milk in the coffee machines in 175 of 225 stores. This means that we offer a vegan and more climate-friendly alternative in these stores.

At the end of FY2021/22, our assortment of teas went from being organic only to also being Fairtrade. We also offer organic alternatives to selected other beverages.

About 95% of all chicken products sold in our stores are based on higher-welfare chicken from Danish production. By May 2023, we aim to offer 100% higher-welfare chicken in our stores. We are in constant dialogue with our suppliers of beef and pork about ensuring a high level of animal welfare. Our beef burger is already produced from higher-welfare beef, and we are working to procure more of this type of meat. All eggs used in our food products come from free-range chickens.

Circle K's bread and bakery products do not contain palm oil. Our ambition is to find alternative ingredients that can replace palm oil, if at all possible. In the long term, our goal is to only sell third-party products containing certified palm oil.



Food waste

Food waste is one of the largest sources of wasted resources globally. At Circle K, we are committed to striking a healthy balance between being able to offer fresh foods and reducing food waste.

Besides having a strong focus on product selection and production management to align the amount of food with projected sales, we have significantly reduced food waste through our collaboration with Too Good To Go. Last year, we handed out more than 100,000 Too Good To Go bags, reducing our food waste by approximately 120 tonnes.

To further prevent food waste, we are testing a concept that involves selling a selection of our products with limited shelf life at half price.

By May 2023, we will offer 100% higher-welfare chicken in our stores





People

Our employees make a huge difference every single day – they are the driving force of our operation, and act as ‘One Team’ every day. At Circle K, we all work together to keep our customers happy – and to create a great workplace with lots of opportunities. We want to be one of the most preferred retail employers, and creating a safe and inclusive workplace remains a high priority for us. We want all of our employees to feel safe and that they can be their authentic selves at work.

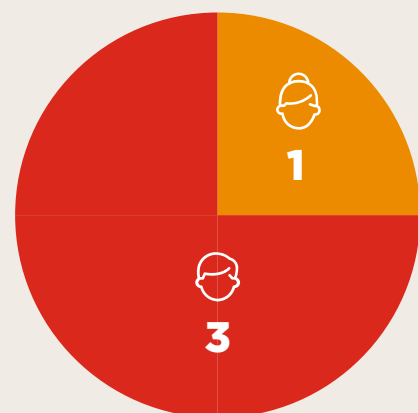
This section describes initiatives aimed at making Circle K a workplace where employees continue to thrive and are empowered to support the company’s objectives. We want to be a safe workplace with an inclusive culture for our 2,950 employees across the country.



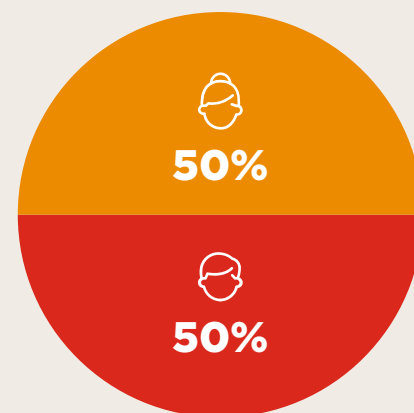
Gender balance

Circle K strives to improve the gender balance at all organisational levels. The Board of Directors consists of three men and one woman. This means that we have achieved gender equality. The management team consists of four women and four men. At management level, the gender distribution is 62% men and 38% women. The overall gender distribution in the Danish organisation is 52% women and 48% men.

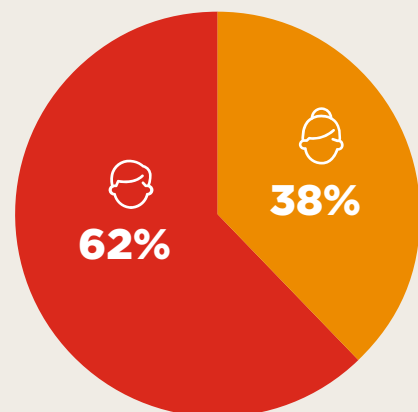
Board of Directors



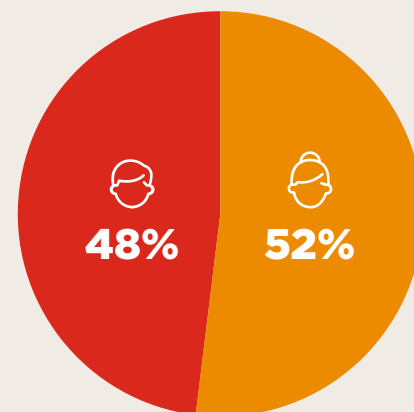
Management team



Management level



Danish organisation



Employee engagement

Our values define who we are as a company, shape our culture, and make Circle K a great place to work. They describe how we interact, what we expect of each other, how we work together, and how we make decisions. Our employees champion our values, encouraging customers to choose Circle K by creating value for them.

Circle K works to ensure great employee leadership by setting specific targets and communicating clearly about expectations and development opportunities. Our performance management cycle ensures that each employee has annual performance and development targets. The development plan is based on an empowerment approach.

We use Gallup's myVoice employee survey to monitor the well-being of our teams. The results of the survey are compared with the results of engagement-increasing initiatives in our teams. We conducted another great engagement survey this year, in which we maintained the high level of last year's survey, achieving an engagement score of 4.23 out of 5. We very much value our employees' constructive feedback. It helps us identify potential improvement areas, which we can prepare action plans for in the individual teams.

At Circle K, we are constantly developing our employees. That is why our Retail Academy and our internal career ladder are important to us. They help ensure targeted talent development, assisting leaders and aspiring leaders in strengthening their knowledge, engagement, and sense of self in relation to their leadership role.

We are also offering a talent development programme called 'My Journey' to 12 talents in our Service Office. Both initiatives are intended to secure a pipeline of qualified candidates for leadership and other key positions to prepare our organisation for the future. We expect 148 future leaders and all of our Sales Market Managers to complete a development programme in the coming financial year.

Our values

One Team

Do the Right Thing

Take Ownership

Play to Win

At Circle K, we consider inclusion and diversity to be a continuously important agenda. In 2022/23, we want to:

- attract more young people to our service office by cooperating with educational institutions
- cooperate with disability organisations and underline the possibilities of attracting and hiring people with disabilities in our stores
- ensure bias-free recruitment processes by adjusting the way we post job ads and train our leaders
- develop and introduce an age management policy.

Diversity and inclusion

We want to be a workplace where all employees feel safe, respected, and capable of realising their full potential. As a supplement to our other activities, we encourage a focus on minimising bias through townhall meetings, team sessions, eLearning, etc.

Circle K strives to improve the gender balance at all organisational levels.

The target is a 60/40 gender distribution, and to achieve that we are focusing on creating gender equality in positions with advancement opportunities – especially at Sales Market Manager level where the gender gap is widest. Our efforts are supported by continuously evaluating employees, competence mapping, competence dialogues, work-life balance, and open dialogues on how to avoid bias.

We aim to foster a culture that allows team members of all backgrounds to bring their authentic selves to work and grow in their careers. To this end, our voluntary employee-led Business Resource Groups, or BRGs, play a significant role in encouraging courageous conversations, raising awareness about unconscious bias, and sharing experiences across our network.

In 2022, our multiple BRGs organised a number of activities and campaigns across the company. Recognising team members' unique perspectives and celebrating their diverse backgrounds are essential to creating a truly inclusive workforce.



Workplace safety

Our ambition and target is zero robberies and work-related injuries. We are continuously working to achieve this. In order to increase the sense of security at those of our locations that are at high or medium risk of robberies, we have invested in optimised, safety-enhancing outdoor lighting. All our stores use the closed cash management system SafePay, meaning that employees do not have access to cash, and we have implemented the Chemical Manager system to support risk assessments, reporting, and workplace instructions.

Circle K works systematically to minimise risks and improve the working environment, among other things by reducing the number of robberies at our stores. Our baseline is FY2020/21 when we experienced eight robberies. This number decreased to five in FY2021/22, and we expect a further decrease in the coming financial year due to new security measures.

At the same time, we are training our employees in handling situations that involve risks. Therefore, employees must complete mandatory training on safety and anti-robbery measures, and at several of our locations we have also trained our employees in conflict de-escalation techniques.



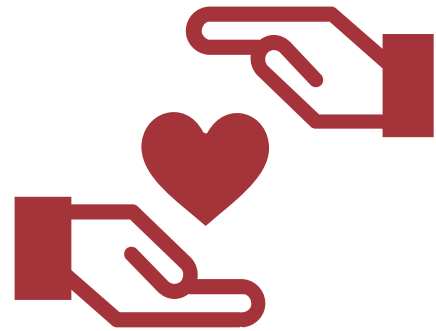


Prosperity

We cooperate closely with our business partners, mutually helping each other create positive social impact and make sustainable choices.

This section provides a description of the charitable initiatives and organisations that Circle K supports and cooperates with to improve the conditions of vulnerable children and young people and aid those affected by the war in Ukraine.





Børns Vilkår

Since 2009, we have cooperated with the Danish charity Børns Vilkår about the BørneKaffe (children's coffee) campaign. The campaign has donated more than four million Danish kroner to BørneTelefonen (an anonymous children's helpline). Donations have gone towards increasing BørneTelefonen's opening hours so that it is now open 24/7.

This year, the BørneKaffe campaign ran in all our stores from December 2021 until April 2022. BørneKaffe is a match-funding campaign, which has already received the Fundraising award. For every cup of coffee sold during the campaign, the customer donated DKK 2.50, a donation that was matched by Circle K, which also donated DKK 2.50.

In FY2021/22, Circle K raised a total of DKK 1 million, which went towards financing Børns Vilkår's new counselling initiative HØRT targeted at young people aged 15 to 24, and we will continue our partnership with Børns Vilkår in the coming financial year.

CSR

Circle K is impacting the communities in which we operate in many ways. Our procurement processes greatly impact the sustainability of our supply chain. Therefore, we apply a due diligence process to our cooperation with suppliers in which we assess business integrity, quality, health and safety, employee conditions, human rights, environmental issues, and ethical practices. Our suppliers are obliged to complete our supplier declaration to confirm their commitment to observing our environmental, social, and management requirements.

Another significant impact area is the people working in our stores and in our service office. We strive to build an inclusive, diverse, and safe workplace devoid of any form of discrimination. Being respectful of all people, our business partners, and customers is a precondition for driving a sustainable business and attracting the right talent. In line with previous years, in FY2021/22 we did not experience any incidents involving human rights violations.



Julemærkefonden

Our INGO brand has been cooperating with the Danish charity Julemærkefonden for four years going on five, supporting their work with vulnerable children. Every year, Julemærkefonden helps 1,000 children achieve improved quality of life without bullying, loneliness, and general poor wellbeing. INGO donates a fixed annual amount of DKK 250,000, and in 2021 the brand collected a further DKK 67,000 in an internal collection among its employees. In FY2021/22, we also ran campaigns and fundraising activities directed at our customers. Through its sales of the 'Julemærkevask' at its car wash facilities, INGO collected another DKK 125,000 for Julemærkefonden.

INGO will continue its cooperation with Julemærkefonden in the coming financial year.

Donation to Hellebroen

In December 2021, we donated DKK 50,000 to the Danish charity Hellebroen, a private charitable organisation aiming to help young homeless and vulnerable people aged 18 to 29 in a concerted manner. The organisation runs a drop-in centre, a shelter, a halfway house, and a co-working office space where young people can work and make money. The Hellebro drop-in centre supports approximately 120 young people. The donation went towards making the Christmas season more festive during difficult times, making it possible to offer food and washing facilities to the young people as well as new clothes, coats, sleeping bags, etc.



Ukraine

The war in Ukraine is a devastating crisis that affects everyone deeply. At Circle K, we want to contribute nationally as well as through initiatives targeted at the countries in which we operate. The initiatives already implemented comprise:

- Circle K and its owners Alimentation Couche-Tard have donated USD 1.5 million to the Red Cross, which corresponds to more than DKK 10.5 million.
- When war broke out in Ukraine, Danish Circle K employees organised an internal collection. A total amount of DKK 136,000 was donated to Save the Children's disaster relief, which responds by offering protection, food, water, and medical aid for Ukrainian children affected by the war.
- In March 2022, we initiated an in-store collection in all of our 225 stores. When the collection ends, Circle K will match the amount collected. The collection runs across all other European Circle K companies, and the funds will go towards the Red Cross's relief efforts in Ukraine.
- We donated free fuel to the organisations Helpukraine-denmark and Blue Yellow Buses, both of which have helped Ukrainian citizens out of war-torn areas and provided humanitarian relief. Both humanitarian aid organisations have been issued with a DKK 20,000 Circle K Fleet Card and granted further discounts on fuel bought using the cards all over Europe.



Compliance

Data ethics

We prioritise information security and proper storage of the data we receive from employees, customers, and suppliers. In its Privacy Policy, Circle K has laid down the framework and principles governing the collection, processing, and storage of personal data to ensure that data subjects enjoy a high level of protection at all times. Employees with access to personal data complete annual in-depth training on the rules for proper protection and secure processing of personal data. Circle K has appointed a DPO (Data Protection Officer) whom all employees know and whom they must notify in case they detect or suspect a data breach.

In order to strengthen information security further, in 2022/23 we will develop a policy and principles for good data ethics that ensure responsible and transparent data management.



Anti-corruption and fraud

We have adopted an ethics code of conduct (the 'code'). The code enhances and clarifies our ethical expectations and covers important topics such as integrity, confidentiality, protection of our property and assets, conflicts of interest, fair treatment of customers, suppliers, competitors and employees, insider information, and insider trading. It is truly meant to be a guide that helps us make the right decisions.

The code applies to everyone at Alimentation Couche-Tard and its subsidiaries, including Circle K Denmark.

We ensure that everyone adheres to the code by:

- Giving new employees a copy of the code when they are hired, requiring their signature
- Hosting management information sessions
- Providing annual training in the code
- Investigating any incident or complaint in an objective and timely manner
- Introducing timely corrective measures if and when required.

We consider corruption and fraud in our supply chains to be low. We carry out supplier screenings on the majority of our suppliers in which the risk element is assessed. We only work with suppliers who comply with our code of conduct

In FY2021/22, with a view to ensuring widespread understanding and compliance with the code, Circle K rolled out a company-wide online training programme on the code to its entire global workforce. The goal for 2023 is 100% completion of the training including all employees at all our locations and in our service office.

In FY2022/23, we will continue our previous work with integrating our code of conduct into our daily routines and everyday life.

In addition to the code, we have also adopted a Whistle-blower Policy. This policy allows our employees and external stakeholders to raise concerns in confidence and anonymously if desired.

