



Sustainability report

2022





Table Of Contents

1. INTRODUCTION

- 1.1. Sustainability Report Structure
- 1.2. CEO letter
- 1.3. Main Sustainability Highlights

2. ABOUT IKI

- 2.1. REWE Group Overview
- 2.2. IKI Vision, Mission, and Values
- 2.3. IKI Overview
- 2.4. Recognitions and Significant Events During 2022
- 2.5. Memberships and Certificates

3. SUSTAINABILITY JOURNEY

- 3.1. Approach to Sustainability
- 3.2. Sustainability's Governance
- 3.3. Strategic Sustainability Goals
- 3.4. Engaging Stakeholders
- 3.5. Materiality Matrix

4. CORPORATE GOVERNANCE

- 4.1. Approach to Corporate Governance
- 4.2. Ethics and Compliance
- 4.3. Anti-corruption
- 4.4. Tax

5. GREEN PRODUCTS

- 5.1. Quality Control and Healthier Products
- 5.2. Supply Chain and Local Procurement

6. ENERGY, CLIMATE & ENVIRONMENT

- 6.1. Energy & Decarbonization
- 6.2. Resource Management: Materials & Waste

7. EMPLOYEES

- 7.1. Approach to Employees
- 7.2. Approach to Diversity, Equality and Inclusion
- 7.3. Talent Management and Education
- 7.4. Employee Compensation and Benefits
- 7.5. Health and Safety of Employees

8. SOCIAL COMMITMENT

- 8.1. Impacting Local Communities

9. APPENDICES

- 9.1. GRI Table

Sustainability Report Structure

This sustainability report provides an overview of IKI's (IKI Lietuva, UAB, and UAB Greituolis, owner of "LastMile") sustainability efforts throughout the year 2022 (January 1 – December 31). It is the first IKI sustainability report prepared with reference to the Global Reporting Initiative (GRI) standards. The inclusion of GRI references in the report does not indicate that the specific GRIs are reported in the full required scope.

GRI are world's most widely used sustainability reporting standards, which cover topics that range from biodiversity to tax, waste to emissions, diversity and equality to health and safety. GRI Standards are regularly reviewed to ensure they reflect global best practices for sustainability reporting, helping organizations respond to emerging information demands from stakeholders and regulators.

At IKI we are committed to reducing our environmental impact and fostering social

responsibility. Therefore, the report was composed following the identified sustainability material topics and disclosing related strategies as well as initiatives to achieve our sustainability goals.

In this first publication, we engaged with mainly internal stakeholders. However, our intention is to expand stakeholder engagement in future reports, ensuring a more comprehensive representation of diverse perspectives.

For more information, please contact labas@iki.lt



CEO letter



Nijolė Kvietkauskaitė, CEO of IKI Lietuva, is reading a movie trailer for IKI's Sustainability Report

[Opening scene: Dramatic music plays as a camera pans over a bustling grocery store with shopper filling their shopping carts with fresh produce, colorful packaging, and sustainable products.]

CEO (voiceover): *In a world of consumption and convenience, where the choices we make today shape the future we inherit, one retailer dares to make a difference.*

[Quick cuts of employees in action, stocking shelves with eco-friendly packaging, engaging with customers, and promoting sustainability initiatives.]

CEO (voiceover): *Welcome to the world of IKI, where sustainability isn't just a buzzword, it's a way of life.*

[Montage of scenes showcasing renewable energy installations, recycling programs, and partnerships with local farmers.]

CEO (voiceover): *From the fields and vertical farms that yield bountiful crops to the aisles that house mindful choices, we're committed to preserving the beauty of our planet.*

[Powerful shots of natural landscapes, highlighting the importance of protecting the environment.]

CEO (voiceover): *Our journey towards a greener tomorrow has only just begun.*

[Cuts to the CEO standing in front of a large screen displaying data and graphs.]

CEO (voiceover): *Our sustainability report reveals the*

extraordinary strides we've made, the impact we've created, and the future we envision.

[Fast-paced sequences showing the implementation of sustainable practices across all aspects of the business, including green products, charitable work, waste reduction, energy-efficient stores, and carbon footprint reduction.]

CEO (voiceover): *With every step we take, we forge a path toward a better future. We refuse to settle for the status quo.*

[Quick cuts to employees engaging in community events, educational activities, and other social events.]

CEO (voiceover): *Together, we can rewrite the script and leave a legacy that future generations will be proud of.*

[Dynamic shots of customers, employees, and stakeholders coming together, united in their commitment to sustainability.]

CEO (voiceover): *IKI. A story of a retailer determined to make a difference.*

[Closing shot: IKI logo appears on the screen, accompanied by an inspiring music.]

CEO (voiceover): *Be part of the change. Be part of the journey.*
[Screen fades to black, leaving viewers inspired and eager to discover more about the sustainability efforts of IKI.]

Sustainability Highlights of 2022



87% of energy used was green



49% of Scope 1 & 2 emissions reduction since 2019



8 objects equipped with solar panels



8th most sustainable company in Lithuania

(Sustainability Brand Index 2022)



6 million EUR worth of products donated to Food Bank



100 000 EUR donated to charities



2 million EUR investments in sustainability projects



REWE Group Overview

IKI is a part of the REWE Group – an international group of trade and tourism companies. REWE (Revisionsverband der Westkaufgenossenschaften) was established in 1927 by 17 purchasing cooperatives with headquarters in Cologne (Germany).

The combined business activities are broken down into six business segments:

Retail Germany – 10 retail chains, 6 000 stores, 37,4 billion EUR revenues

Retail International – 5 retail chains, 3 500 stores, 17,3 billion EUR revenues

Convenience – 3 chains, 164 000 sales points, 14,2 billion EUR revenues

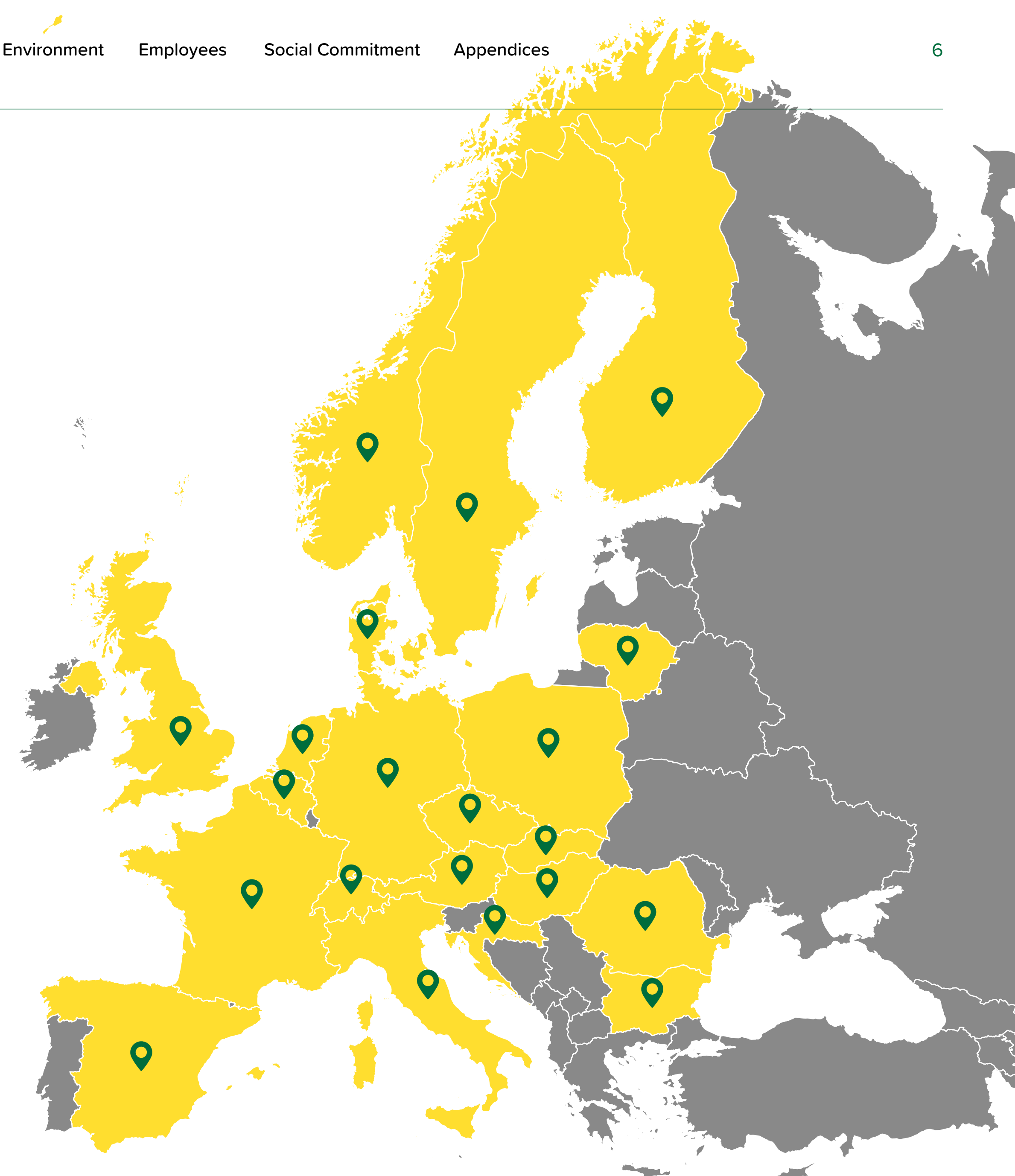
DIY – 2 chains, 320 stores, 2,6 billion EUR revenues

Travel and tourism – 19 companies, 5,7 billion EUR revenues

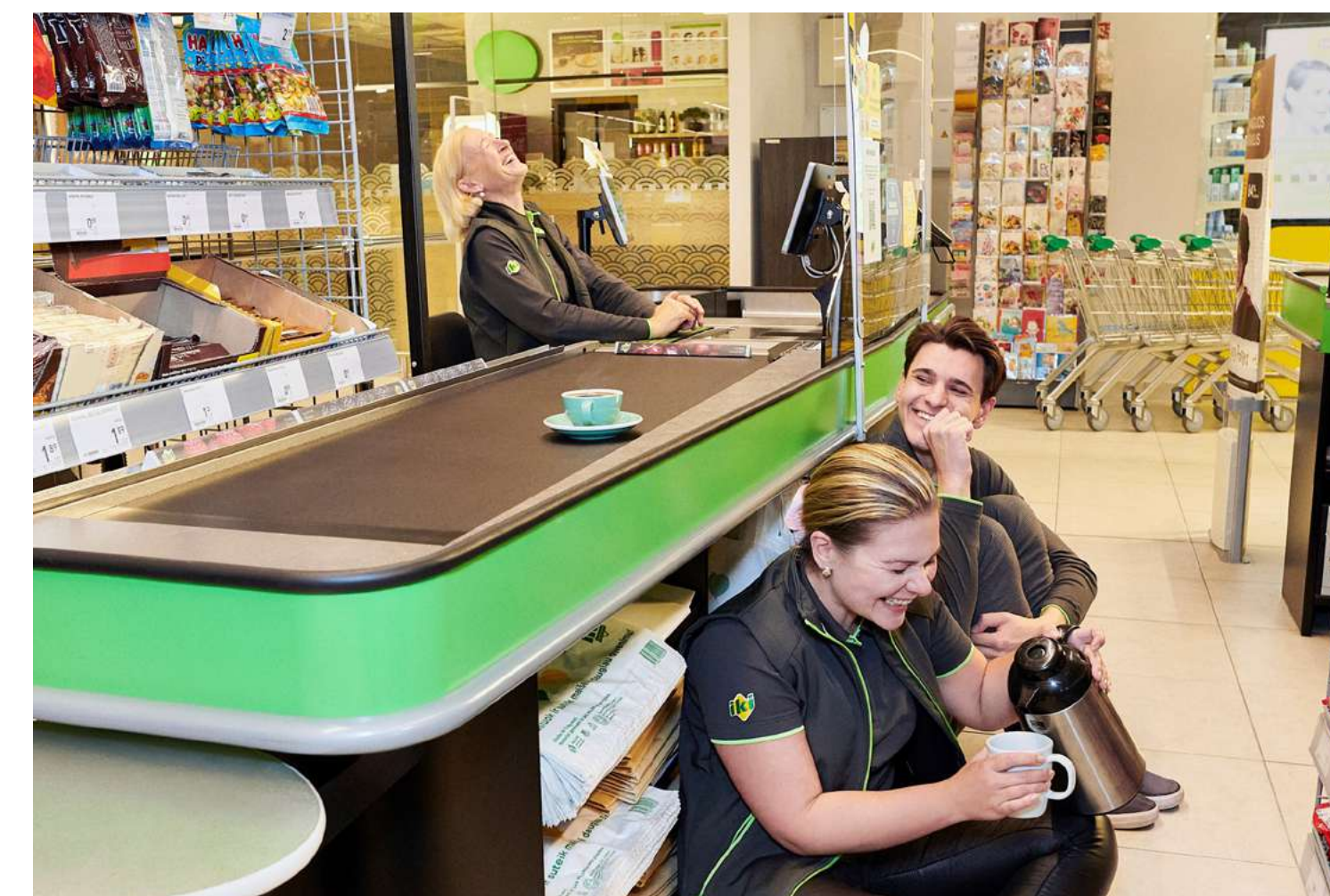
Other – 2 companies (internal subsidiaries, energy services and procurement services)

21 countries

- ◆ Net Sales – 84,8 billion EUR
- ◆ Net Profit – 503,5 million EUR
- ◆ Investments – 2,8 billion EUR
- ◆ 384 000 employees



IKI Vision, Mission, Values



Our Vision

THE MOST FAVORITE STORE
in every neighborhood
& community we serve

Our Mission

MAKE DAILY LIFE EASIER
by providing the most
convenient way of shopping -
anytime, anywhere

Our Values

INCLUSIVENESS
Everyone is important,
everyone is accepted

TRUST
Always true to our
word

POSITIVITY
Always see a
glass as half full

WINNING SPIRIT
Always ahead of
ever-changing world

IKI Overview

Net Sales – 819,9 million EUR

Net Profit – 6,53 million EUR

Investments – 53,3 million EUR, out of which:

30 million EUR investments in store openings (7 stores) and reconstructions (27 stores)

7 million EUR investments into operational efficiency initiatives (self-checkouts, electronic shelf labels, etc.)

2 million EUR investments into sustainability initiatives (solar panels, LED lighting, etc.)

86% of procurement budget was spent on local suppliers

Established in 1992, IKI has steadily grown over the years and currently is the second largest retail chain in Lithuania. In 2022, IKI operated 237 stores in Lithuania, catering to the diverse needs of its customers.

The shareholders of IKI are REWE-Beteiligungs-Holding International GmbH a controlling shareholder with 93,75 % of the shares, and Unilec S.A - 6,25 %.

Since September 2021, IKI has acquired the e-commerce platform “LastMile” and a controlling stake in UAB “Greituolis”, the company behind the “LastMile” platform. Following this transaction, IKI now holds 67% of the shares. The startup “LastMile” platform offers customers delivery within a few hours. Buyers can choose products from over 40 partner stores, with a combined assortment of more than 30 000 items. Additionally, “LastMile” provides a pickup service at physical IKI stores in Vilnius, Kaunas, and Klaipėda, and coastal areas.



237 stores



22 stores Click & Collect e-Commerce infrastructure



3 autonomous stores



174 000 sq.m. sales area



300 000 customers per day



2 warehouses



3 regional bakeries



1 deli center

Recognition and significant events during 2022

QUDAL Medals

In 2022, the IKI was awarded with four international QUDAL medals for maintaining its high-quality standards. The medals were for the highest-quality seafood and fish and fresh meat departments, and the highest-rated products of our private label brand. Awards are given out every two years. In the year 2020, IKI has been also awarded two QUDAL medals.

QUDAL® - the gold accolade that is the QQuality meDAL™ is awarded for products and services that on the market, according to the experience and opinion of consumers, offer the greatest level of quality.

Last year, IKI was awarded QUDAL medals when respondents answered the questions “Indicate the name of the supermarket chain whose fresh meat department, based on your or your relatives’

personal experience and opinion, has the highest quality in Lithuania” and “Indicate the retail chain which, according to your or your relatives’ personal experience, the name of the highest quality in Lithuania”.



Recognition and significant events during 2022

Autonomous Vehicles

In 2022, IKI made history as the first company to use a driverless car for commercial purposes in Lithuania. The autonomous vehicle was tested in Balsiai, Vilnius for three months and was completely free of charge. Customers were able to order food and receive an SMS with a unique code. The driverless car would then arrive, and the customer could enter the code to unlock the car. The car would wait for 10 minutes, and if no one showed up, it would drive away. One of the benefits of this technology is that several locations could be serviced on the same trip.



Recognition and significant events during 2022

Autonomous Stores

The first autonomous IKI store opened in 2022. It is a full-size convenience store that operates without cashiers or waiting lines. With over 400 different products, including a coffee machine, fruits, bakery, refrigerated items, and ice cream, customers can simply walk in, grab what they need, and go. The store uses artificial intelligence technology that automatically detects items taken from the shelves and creates a virtual shopping cart, which the customer can pay for using the app or a credit card. This innovative store has successfully revolutionized the shopping experience in Vilnius, providing customers with a fast, easy, and seamless way to shop.



Recognition and significant events during 2022

New HQ

IKI has moved to a new headquarters building in 2022.

When designing the interior spaces of the new administration office and adapting to the changed habits of employees, a lot of attention was paid to the installation of workplaces. They are located on different sides of the building, ensuring natural lighting. A lot of attention was paid to creating comfortable and modern urban infrastructure near the office. An A lane has been installed on Pilaitė Avenue, also, bus stops, pedestrian paths, a bicycle path, elevators for the disabled in the underpass have been arranged. Many green areas have been established near the office and existing trees preserved.

A lot of attention has also been paid to the comfort of people with disabilities, ensuring the possibility

for them to independently enter the building and all the main premises.

Total investment in a modern three-story 5 850 sq.m. m area building and the surrounding infrastructure amounts to 10 million. euros. The building (as all IKI's newly built facilities) complies with the A++ energy efficiency class.



Recognition and significant events during 2022

Logistics Center Relocation

1.1 million EUR was invested in the installation of the new 10 900 m² IKI's logistics center in Vilnius where about 160 warehouse, transport, farm, administration and accounting employees are working.

The new IKI logistics center is built in such a way that logistics work takes place in it as efficiently as possible: LED lighting was installed, the center also operates sorting equipment, which allows waste to be reused, and other environmentally friendly solutions to be adopted.



Certificates

At IKI, a significant focus is placed on ensuring high standards of product and service quality, particularly regarding food safety systems of our private label products. These systems involve a thorough and systematic control and supervision of the entire production process - from the sourcing of raw materials to the final product - all of which is verified through certification. The list of certificates required for suppliers producing our private label products is listed below.

An important part of IKI's business operations is energy management, where IKI follows and implements practices as defined in the ISO5001:2018 standard (issued by TÜV AUSTRIA)



Memberships

IKI participates in the work of the following business associations:

Association of Lithuanian Trading Companies (since 1997, break 2010-2013)

German-Baltic Chamber of Commerce (since 2015)

Association Investors' Forum (since 2018)

Association French-Lithuanian Chamber of Commerce (since 2015)

„Green Point“ (since 2006)

Approach to Sustainability

The sustainability strategy was set on the REWE Group level back in 2019 with respective short- and long-term goals followed by other group companies, including IKI. As of today, IKI has developed the sustainability strategy for 2023-2026 focusing on 5 strategic pillars: Green Products, Energy, Climate & Environment, Social Commitment, Employees, and Governance. The key issues of each of the company's sustainability commitment pillars define further actions required to achieve strategic sustainability goals.



We are making our ranges more sustainable by:

- ◆ Promoting regional produce
- ◆ Offering more organic products
- ◆ Reducing packaging

We are committed to protecting the environment and the climate through:

- ◆ Economical use of energy
- ◆ Reduction of harmful emissions
- ◆ Waste management

We value and support our employees through:

- ◆ Fair and unified compensation and benefits system
- ◆ Flexible working models that facilitate a healthy work and life balance

We support local communities via:

- ◆ Donations
- ◆ Social initiatives
- ◆ Partnerships and collaborations
- ◆ Educational activities

We ensure sustainability governance through the integration of sustainability principles into IKI's corporate governance

Sustainability's Governance

The sustainability strategy of IKI undergoes regular review and considers all available information, including surveys of customers, competitor benchmarking, analysis of political debates, and market trends. In 2022, REWE Group conducted a sustainability customer survey in all REWE International AG countries of operations (Austria, Bulgaria, the Czech Republic, Italy, Lithuania, Romania, and Slovakia). Also, major upcoming local and EU-level legislative initiatives were in-depth assessed in terms of potential business impacts, significance to stakeholders, and IKI readiness to comply with the requirements.

The strategic pillars of IKI's sustainability strategy serve as the joint roadmap for the commitment to sustainability.

The implementation of this strategic framework is embedded in IKI governance by clearly defined responsibilities of internal stakeholders.



The sustainability strategy implementation is owned by the Sustainability Manager, and each business function focuses on the topics that are important to its operations and business model. The general principles and responsibilities are outlined.

Strategic Sustainability Goals

At the core of REWE Group's and IKI's business philosophy and strategy lies a strong commitment to sustainability. The company actively seeks to contribute to the UN's 17 sustainable development goals by thoroughly implementing them through a range of initiatives and projects.

IKI has identified eight priority SDGs where it has direct impact. In the process, we were informed by the results of a comprehensive examination of the value chain conducted on the REWE Group level as well as local IKI business practices and strategic goals.

Based on the strategic sustainability goals, IKI is committed to:



Reducing absolute greenhouse gas emissions by 30% by 2030, and becoming carbon neutral by 2040



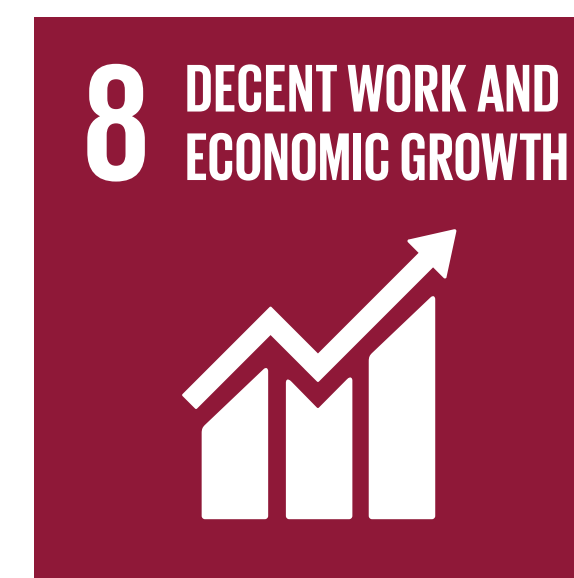
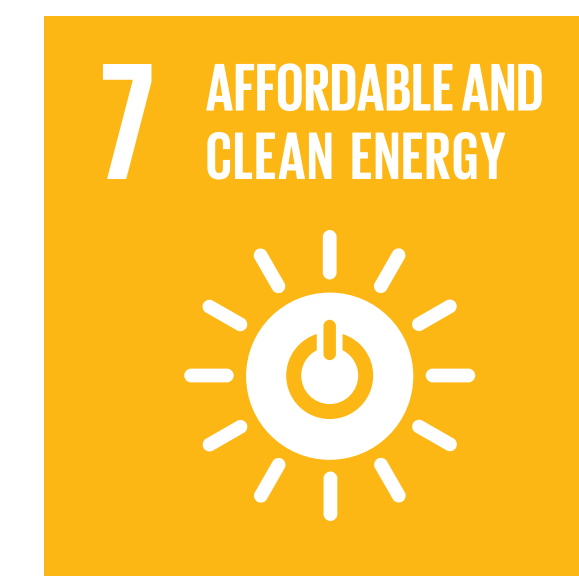
100% recycled plastic sales and service packaging by the end of 2030



Ensuring only cage-free eggs would be on shelves and in production by 2025



Reducing food waste by 50% by 2030 (vs 2022)



Engaging Stakeholders

Engaging with the stakeholders is essential to achieve long-term sustainability. For IKI, the stakeholders are individuals or groups who have an interest or a stake in the IKI's operations or are influenced by it. Engaging with these stake-

holders means actively seeking their input, and listening to their feedback which helps IKI to make more informed decisions and improve the performance of business activities, including the material topics. Therefore, IKI has defined

ways of engagement with the specific groups of stakeholders which helps to ensure meaningful interactions, including this report being one of the forms.

	Employees	Customers	Business partners	Associations & NGOs	Public authorities	Media
Engagement Channels	<ul style="list-style-type: none"> Regular 1 on 1 meetings Regular team meetings Regular meetings with management Intranet IKITalks initiative Employee surveys Newsletters and other internal documentation Corporate events 	<ul style="list-style-type: none"> Customer surveys Customer support Focus groups Company's website Social media profiles IKI Mobile App Commercials / Outdoor / Radio Ads / Leaflets 	<ul style="list-style-type: none"> Regular audits and consultations Mutual initiatives 	<ul style="list-style-type: none"> Memberships Donations Events and campaigns 	<ul style="list-style-type: none"> Discussions on regulations Discussions on joint projects 	<ul style="list-style-type: none"> Website Meetings Communication Events and campaigns
Engagement Topics	<ul style="list-style-type: none"> Compensation and Benefits Employee wellbeing Trainings Career development Health and safety Equal opportunities Corporate information Sustainability 	<ul style="list-style-type: none"> Product-related topics Pricing Shopping experience Operational excellence Sustainability Customer Support Data privacy 	<ul style="list-style-type: none"> Contractual agreements Delivery and payment terms REWE and IKI guidelines 	<ul style="list-style-type: none"> Social initiatives Donations Sustainability 	<ul style="list-style-type: none"> Legislation Taxation Compliance 	<ul style="list-style-type: none"> Financial and operational results Achievements Social initiatives Changes in top management

Materiality Matrix

IKI took initial essential steps to identify ESG topics that are essential to focus on. Internal and external stakeholders were asked to share their insights on the most important topics via two separate surveys. In addition, industry-specific concerns and best practices were considered when developing the material topics.

Internal stakeholders survey

The survey was prepared based on IKI's sustainability pillars and topics relevant to retail sector. The aim of the survey was to understand the most important topics for IKI's employees and identify topics that IKI has positive or negative impact on. The survey covered 353 employees (all employees that have corporate emails including management), receiving 129 answers (36% of 353 employees).

Customers survey

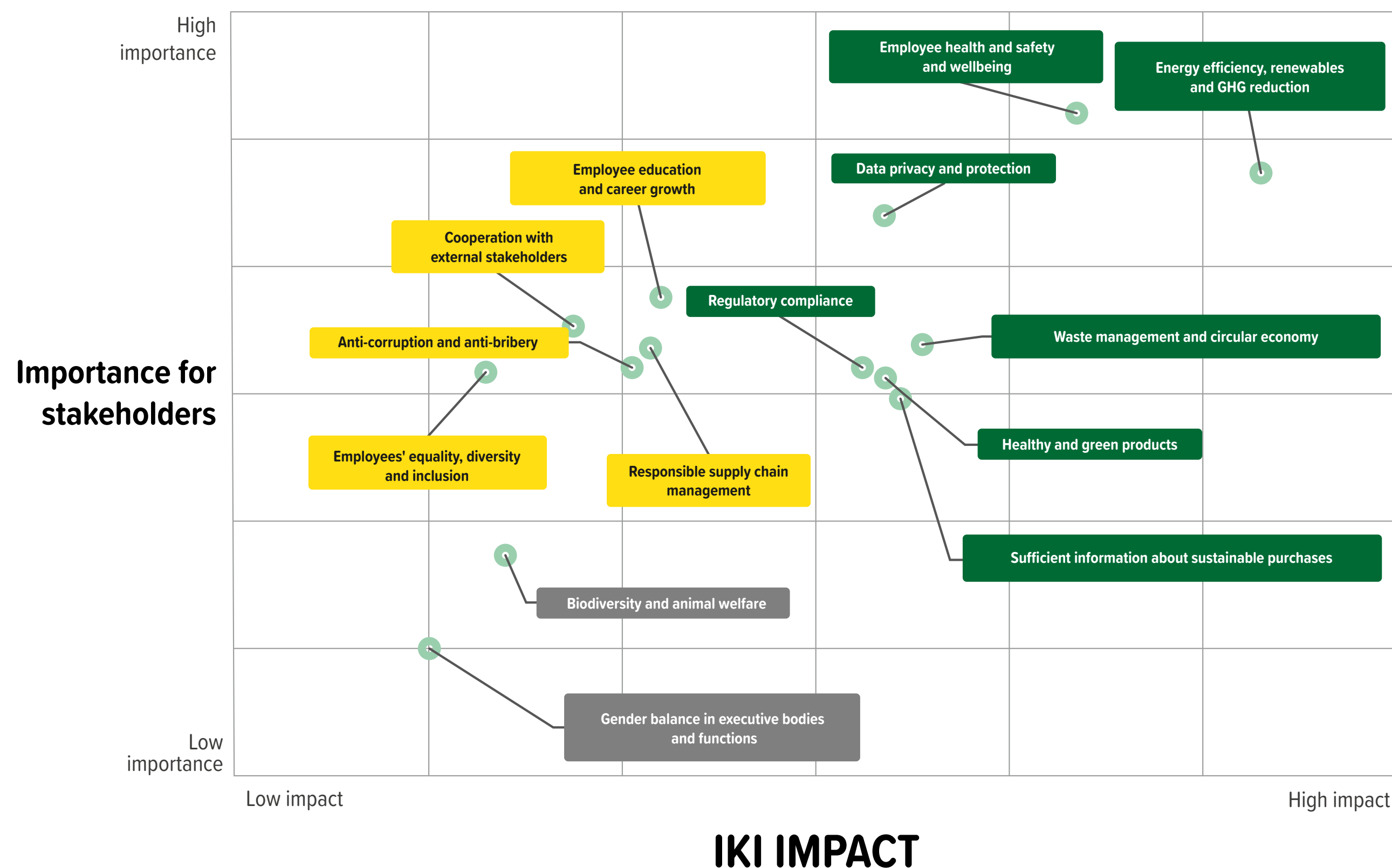
REWE Group conducted an online survey to identify material topics for customers by asking them to rate ESG topics based on personal relevance

when purchasing food, beverage, and everyday necessities. The 1000 customers were surveyed in Lithuanian language.

The results of both surveys were combined to prepare the Initial Materiality Matrix and classify material topics into three focus categories: Green – highest priority, Yellow – high priority, and Grey – medium priority. The full materiality assessment is planned to be performed in 2024.

The initial material topics defined, and their management are taken into consideration and described where relevant within the report. IKI aims to improve the management process of material topics and disclose sustainability-related information in line with any mandatory requirements of the Corporate Sustainability Reporting Directive in future reports.

Preliminary Materiality Matrix



Governance Principles

IKI focuses on embedding sustainability principles throughout the IKI governance structure. It entails active involvement from the Board, which provides oversight and strategic direction for sustainability initiatives.

IKI places a high priority on anti-corruption measures, maintaining a zero-tolerance policy towards bribery, fraud, and other unethical practices. Company maintain transparent and responsible tax practices, striving to fulfill tax obligations while minimizing any undue tax risks.

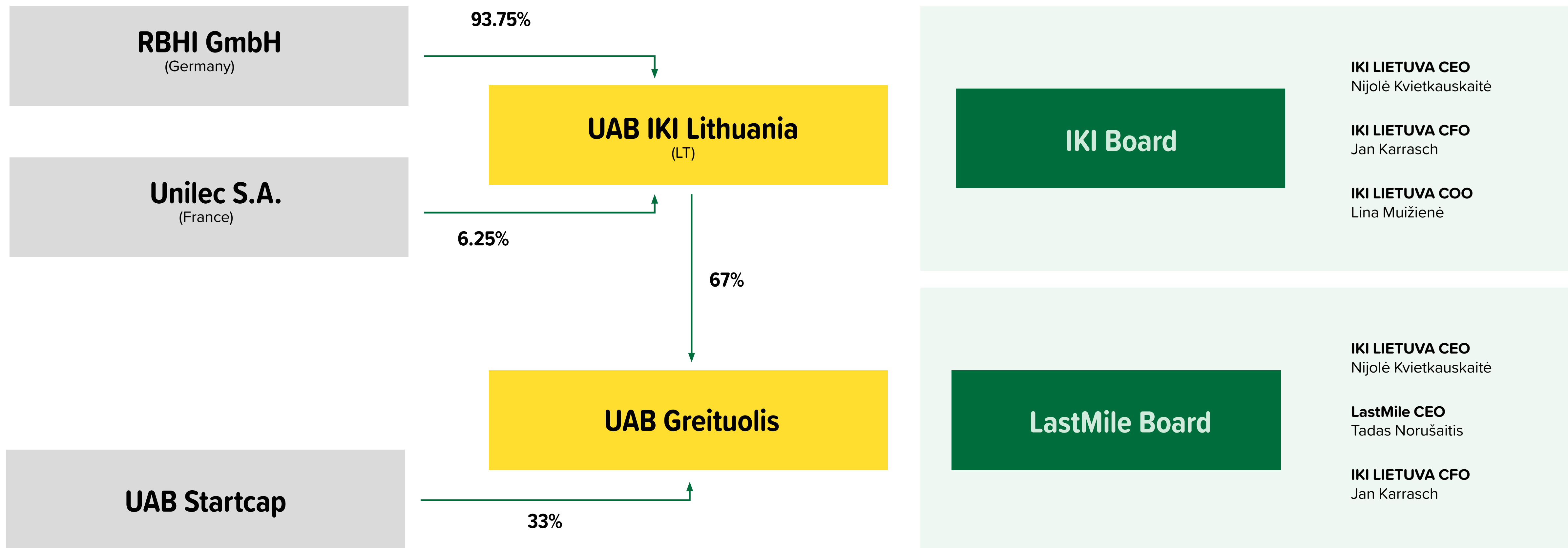
Ethics and compliance are embedded in the company's culture, with employees expected to uphold the highest standards of ethical behavior. Through continuous improvement of corporate governance, IKI strives to drive positive impact in environmental, social, and economic dimensions, ultimately contributing to a more sustainable future.

Approach to Corporate Governance

The decision-making and overseeing the management of the organization's impacts on the economy, environment, and people responsibility falls under the Board, including the Second-line managers' meetings (senior executives). The relevant responsibilities of the management are delegated in the job descriptions, work regulations, and resolutions of the Board. The CEO of LastMile report to the Management Board of UAB Greituolis. For the Board to identify and manage IKI's positive and negative impacts on the operations, monthly KPI meetings are organized where the Heads of Department report directly to the Board members.

In terms of sustainability reporting, the Board and Sustainability Manager are responsible for reviewing and approving the reported information, including the organization's material topics, which are organized in several iterations during the report preparation period.

Company Structure



Highest Governance Body

IKI Board is elected by the shareholder's meeting, the CEO is elected by the Board. The primary requirement is to ensure that the composition of the Board encompasses diverse knowledge, specialized professional and practical experience, which is aligned with IKI structure and core operations. The Board members should possess the necessary personal qualities, including high moral standards and a willingness to impartially engage in activities and decision-making processes, and no conflict of interest should exist between the Board members.

The tenure of members on the Board is 3 years. According to the Articles of Association of IKI each member of the Board shall have one vote. CEO can act only jointly with one member of the Board. Without prejudice to the allocation of business, the members

of the board will manage the operations of the company according to the respective business purpose, the law, the Articles of Association and the Rules of Procedure of REWE Group which is the main shareholder of the company. According to the IKI Lietuva statute, the Board shall consider and approve the company's strategy, its financial projections, the annual business as well as the annual budget of IKI Lietuva, and decisions on the essential transactions of the company, including ESG-related matters.

UAB "Greituolis" Board is composed of three members elected by the General Meeting: Nijolė Kvietkauskaitė, Jan Karrasch, and Tadas Norušaitis who is also CEO. The tenure of members on the Board is 4 years.



Nijolė Kvietkauskaitė

CEO and Chairman of the Board of IKI Lietuva since 2020, joined IKI Lietuva in 2016

Chairman of the Board of UAB "Greituolis" since 2021

Member of the Supervisory Board of "Bitė Group" since 2022



Lina Muižienė

COO of IKI Lietuva since 2020, joined IKI Lietuva in 2014



Jan Karrasch

CFO of IKI Lietuva since 2020, joined IKI Lietuva in 2020

Member of the Board of UAB "Greituolis" since 2021



Tadas Norušaitis

CEO and Founder of UAB "Greituolis" since 2018

Internal Management and Control

IKI's management has a duty of care to establish and ensure an operationally effective and adequate internal control system (ICS). ICS is understood as the principles, procedures, and measures (regulations) introduced by IKI management that focus on the organizational implementation of management decisions for the following matters:

- Ensuring the effectiveness and profitability of business operations (the protection of assets, including the prevention and detection of asset misappropriation, and others)
- Regularity and reliability of internal and external accounting
- Compliance with the relevant legal provisions applicable to the company.

IKI follows the REWE Group's extensive internal management and control measures as well as risk management practices (as per REWE Group policy for the ICS). The existing ICS has anchored within the structure and process organization of both the central units as well as the national business units. Target requirements are defined in IKI's (including relevant policies of REWE Group) policies and other regulations, work instructions, or process manuals. For proper application of defined rules, we conduct regular Code of Conduct training and updates on a yearly basis. To manage impacts related to sustainable development, we are reviewing the effectiveness of the organization's processes and procedures such as ICS and risk assessment, to identify any points for improvement or mitigation of potential issues on a yearly basis.



Managing Conflicts Of Interest

IKI draws a clear line between professional and private interests as defined in the Code of Conduct and the Rules of Procedure of REWE Group. We expect employees to protect the company's reputation and assets, treat competitors fairly, and resolve any conflicts of interest. According to the Code of Conduct, all our employees and key personnel have a responsibility to avoid any conflict of interest that may affect their duty. It states requirements on reporting to responsible departments on information such as shareholdings, commitments to associations, pursuing paid secondary employment, and others. For example, it is eligible to only acquire shareholdings in companies operating within the direct business environment of the REWE Group upon the prior written consent of the responsible Human Resources department. The exceptions include highly diversified funds or holdings of small shares in public limited companies.

When considering entering a business relationship, whether it is by the Board member or any other employee, it is imperative that caution is exercised. The first step to take in this regard is to obtain the written consent of direct supervisors or responsible individuals within the company. Such individuals may include a direct supervisor, the local Compliance department, or the Central Unit Compliance, who are responsible for guiding employees in the IKI on matters related to conflicts of interest. It is essential to follow the established guidelines and policies in the company to ensure that potential conflicts of interest are identified and addressed appropriately.

According to the Rules of Procedure when performing their tasks, Board members must apply the prudence of a proper and conscientious businessperson, including cross-board membership in other business entities apart from IKI. When managing potential conflicts of interest in terms of cross-shareholding with suppliers and other stakeholders, the declaration of private interests must be completed. Each year during the financial audit of the company, management bodies, and senior executives disclose the transactions with the related parties and other related information as relationships and transactions.

Remuneration Policy

IKI offers fair compensation that reflects both external market and pay equity, enabling our core values. We also reflect changes in market landscape and set proactive measures to motivate our employees. In addition to extrinsic compensation, we also focus on providing benefits along with other intrinsic rewards such as professional development, career opportunities, work-life balance, and mission-driven environment and inclusive culture.

The remuneration policies for members of the highest governance body and senior executives include fixed and variable pay, with total remuneration being determined through a yearly review cycle. Internal referral program exists for successful employee referrals. Termination payments comply with the Labour Code of the Republic of Lithuania. The remuneration policies for members of the highest governance body and senior executives align with their objectives and performance in managing the organization's impacts on the economy, environment, and people, following international-level policies.

The process for determining remuneration is overseen by IKI's Board. The views of various internal stakeholders are sought and considered such as business managers. Independent consultants are involved to provide market benchmark analysis on remuneration for internal consideration in making individual salary decisions.

Ethics and Compliance

IKI is committed to operating in a manner that is fair, ethical, and compliant with local laws. Nevertheless, during the reporting period of 2022, several instances of non-compliance were identified resulting in non-monetary sanctions (warnings) and fines. Total fines amounted to 53 161 EUR and did not represent a significant impact on the company's financial or operational situation.

51 000 EUR was a fine determined by the Competition Council back in 2019 for violation of the Law of the Republic of Lithuania on Prohibition of Unfair Practices of Retailers. Imposed only after the Supreme Administrative Court of Lithuania decision in 2022. The remaining 3 161 EUR of warnings and fines were related to environmental infringements, according to the local legal acts (850 EUR), violations of the Food Act (300 EUR) and Alcohol Control Act (1 011 EUR). There were 7 incidents in relation to the health and safety impacts of products within the reporting period that resulted in warnings (incident registered during 2020-2021).

Anti-Corruption

IKI stands up for honest business relationships and actively oppose corruption and any other form of nonviolent crime. As per REWE Group Code of Conduct, IKI is committed to transparency and oppose bribery and corruption while handling of public officials and elective representatives in the political sphere. Also, IKI is ensuring our transparency while dealing with donations and sponsorship activities. IKI has developed and applies the Donations and Sponsorship guidelines, including the use of an internal web-based tool that provides guiding questions for the assessment of sponsoring measures.

To ensure that defined anti-corruption policies and procedures are operationally effective, IKI communicates them to the Board as well as administration employees in a form of regular trainings. As of year 2022, received communication and training. Since 2021, the Supplier Code of Conduct of REWE Group is a part of the standard wholesale agreements. In 2022, IKI started to include the Supplier Code of Conduct in other standard agreements. Overall, during this reporting period, IKI does not encounter any confirmed incidents of corruption.

In total, 431 employees were invited to take part in organization's anti-corruption trainings during 2022. 363, or 84% have completed the course.

Tax

IKI is guided by REWE Group's Tax Compliance Guideline which includes Tax Strategy. The Guidelines are approved by REWE Group Finance Director and are updated when circumstances require. IKI commits to tax declarations in which nothing is omitted, and which are submitted on time and seek constructive cooperation as well as open and transparent communications with the fiscal authorities.

In 2022, IKI Lietuva paid 57 168 thousands of EUR in taxes, Last-Mile – 271 thousand of EUR based on data from the State Tax Inspectorate. To ensure compliance with the provisions of the law and to minimize or identify the risk of rule infringements, the REWE Group has implemented the Tax Compliance Management System (Tax CMS). For implementing, monitor-

ing, and continuing the development of the system is responsible the Tax Compliance Officer (TCO) at the REWE Group level. In terms of monitoring the process, the audits are carried out by external auditors and the internal audit department of the REWE Group, as well as tax inspections by fiscal authorities.

The tax function in IKI is organized in Finance Department, specifically, within Accounting. CEO and CFO are held accountable for tax matters and must ensure that monitoring of tax law is carried out regularly and is up-to-date and adequate. They must also ensure that tax-related risks and their probability are identified on a continuous basis.





Green Product SDGs

Direct Impact



Indirect Impact



Highlights of 2022



86% of procurement budget was spent on local suppliers



98% of private label products were assessed for quality and improvements



26 step quality control process for Private Label products



250 000 EUR spent for meat quality tests



10% of fresh fish and seafood are tested in EVERY shipment



138 meat processing units across the country



Product Quality Management

One of main IKI's commitments to sustainability is to offer environmentally friendly products. Company actively pursues positive outcomes in the following areas of focus. Ensuring quality control is of utmost importance as IKI strives to deliver products that meet the highest standards of excellence.

IKI places significant emphasis on providing healthier options to consumers by meticulously crafting products that are free from additives and other harmful substances, starting with our private label items. Company fosters strong relationships with our suppliers and engage in close collaboration to ensure their strict adherence to rigorous environmental and social requirements, especially for IKI's private label products.

For product quality management, IKI aims to achieve 100% implementation of corporative directives on an annual basis. These directives specifically pertain to private-label products and encompass social responsibility regarding environmental and social impact. Notably, there are guidelines in place that are applicable to private label products, such as the Guidelines for Sustainable Business Practices, Certified Sustainable Palm Oil, Fish, Crustaceans and Mollusks (MSC, ASC), Guideline for Cocoa (UTZ certified), Corporate Guideline for Soy, Cleaning Products, and Requirement on Social Standards. These guidelines include the execution of social audits, which are valid for all private label production sites in countries deemed high risk.

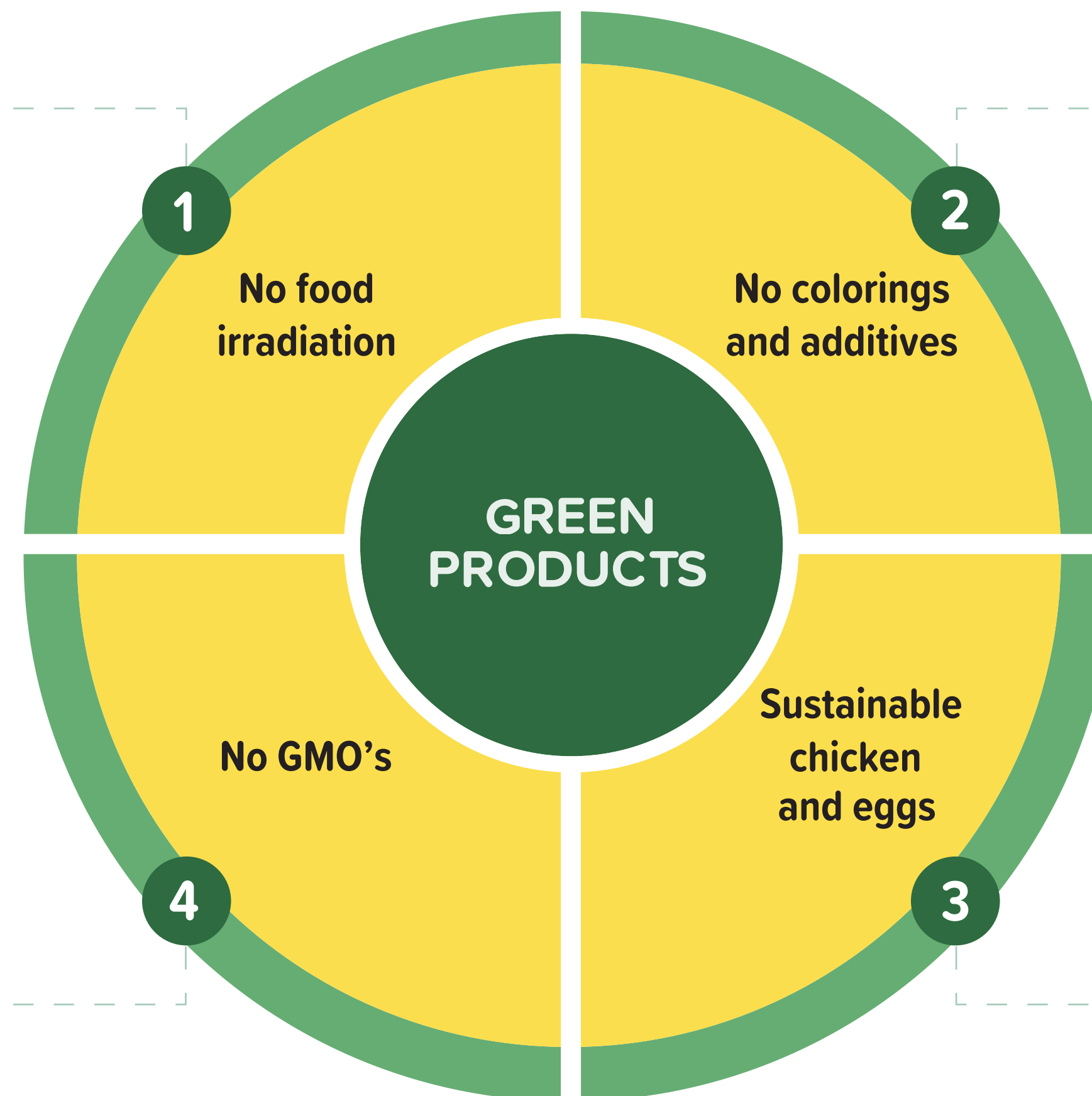
In 2022, the health and safety impacts of 95% of private label products were assessed for quality and improvements, with the yearly target being 90% of private label products. IKI's private-label products adhere to strict pesticide control measures. IKI's fruits and vegetables are tested for traces of 320 different pesticides to ensure the high standards are maintained.



Quality Control Parameters

IKI does not use food irradiation to treat its products or ingredients, including those in private and exclusive labels and direct imports. Therefore, IKI's products do not require any labeling indicating that they were "radiated" or "treated with ionizing rays."

IKI's suppliers commit to delivering private and exclusive label products that **do not contain ingredients, including additives, flavorings, solvents, and carriers, derived from genetically modified organisms (GMOs), nor are they GMOs themselves**, which exempts them from product labeling according to international regulation (Directives (EC) No. 1829/2003 and (EC) No. 1830/2003).



IKI is committed to not using harmful colorings like E110, E104, E122, E129, E102, and E124 in its exclusive and private label products. IKI's natural cosmetics and imports produced for REWE International AG are free of allergenic fragrances and certain preservatives, ensuring consumer safety.

IKI's culinary products only use antibiotic-free chicken and eggs from chickens raised in cage-free environments. IKI only accept fresh and cooked eggs that meet our quality standards, and our egg suppliers are expected to comply with an approved control system. To ensure animal welfare, IKI aims to eliminate caged eggs from all assortments by 2025.

Green products: closer to you

Why other quality control measures are important?



Artificial colorings and additives

- Production and disposal of many artificial food colorings involve the use of chemicals and energy-intensive procedures, contributing to pollution and greenhouse gas emissions
- The intense sweetness of artificial sweeteners without the corresponding caloric intake can potentially disrupt the body's natural ability to regulate food intake and may lead to a desire for more sweets

Genetically modified organisms

- Lack of consensus of the positive and negative impacts of GMO use
- Lack of consensus on labeling requirements for GMO products
- Many GMOs are engineered to be resistant to certain pests or herbicides, which may also lead to increased pesticide use

Food Irradiation

Although food irradiation offers certain benefits, such as extended shelf life and increased food safety, it also has major disadvantages, such as:

- Nutritional losses
- Changes in sensory qualities of food
- High cost and infrastructure requirements, making it a less feasible option for small producers

Antibiotics-free chicken

- Antibiotics are used to help animals gain weight faster
- Heavy usage increases the risk of antibiotic-resistant diseases for workers, farmers, and animals
- No antibiotics means better living conditions (outdoor air, ability to roam, changing water more frequently) and nutrition for the birds

Private Label

18,2%

Private label products comprised 18,2% of total IKI sales.



Supply Chain

IKI recognizes its special role as an intermediary between manufacturers and consumers. Therefore, IKI is committed to ecologically and socially responsible corporate governance and respecting human rights. These principles are embedded in the selection of private label suppliers based on REWE Group's Suppliers Code of Conduct and are also included in the contracts with the selected suppliers.

IKI adheres to human rights-related obligations, including fair and safe working conditions, freedom of association, prohibition of discrimination, and prevention of child and forced labor. Our suppliers must comply with applicable statutory occupational health and safety regulations at their places of employment. In addition to complying with local environmental laws, our suppliers must adhere to all internationally recognized environmental standards. We expect our

suppliers to ensure product safety, avoid interfering with the welfare of animals, and prevent environmental pollution throughout the product life-cycle, including using more sustainable packaging solutions and proper waste handling.

IKI maintains continuous collaboration with our suppliers of private label products to ensure they meet our requirements, which include establishing management systems, processes, and guidelines, as well as reporting any violations of REWE Group's Suppliers Code of Conduct. To assess compliance, IKI may request a mapping of the supplier's supply chain and conduct a risk analysis. If violations are found, the supplier must take appropriate remedial action and report to IKI. Failure to comply may result in the suspension of the business relationship.

86% of IKI's procurement budget was spent on products purchased from Lithuanian suppliers in 2022



Leafood

Unlike traditional farming, Leafood's vertical farms were housed indoors, enabling precise control over the environment and optimal plant growth through soilless farming techniques like Hydroponics and Gelponics.

Leafood provides consumers with nutritious and healthy leafy greens while minimizing the impact on our ecosystem and cultivated land, allowing natural habitats to recover and preserving soil.

First products have reached IKI stores' shelves in 2023.



In 2022, IKI entered a green partnership with a startup called Leafood. The startup introduced vertical farming in Lithuania marking a significant shift in sustainable agriculture. Vertical farming offers a unique approach to growing leafy greens by utilizing vertically stacked layers, maximizing the growing area while minimizing the footprint.

Leafood

Fertilisation

- ◆ CO2 footprint (little to none)
- ◆ Soil protection
- ◆ Protection of surface and groundwater
- ◆ No pesticides, herbicides and other harmful chemicals used.
- ◆ No use of soil (soil protection)
- ◆ No chemical fertilizers made from synthetic compounds
- ◆ Use of microbial bio-fertilizers, made from natural ingredients such as soybeans and containing living microorganisms that promote healthy plant growth.
- ◆ Optimal use of fertilizer, using hydroponics method supplying exact amount of what plants need

Water and Energy

- ◆ Reduction of the water use and optimization of the energy consumption
- ◆ Technical analysis of the water demand
- ◆ Prevention of excessive water consumption
- ◆ Use of only green energy sources
- ◆ Discharged water from the vertical farm has no environmental impact.



Vertical Farming

Indoor controlled environment allows for year-round production, independent of weather conditions, while maintaining nutritional value, and taste.

Due to a clean and protected growing environment, Leaffood does not use pesticides, herbicides, or other harmful substances.

Vertical farming yields are significantly higher than in traditional farms, using less water and land area, and operating in a CO2 neutral-negative manner, minimizing its ecological footprint. Leaffood uses Gelponic and YesBase solutions, patented by Taiwanese YesHealth Group.

Gelponic is an ultra-fine bubble aeration system, increasing water oxygenation and promoting the growth of beneficial bacteria.

YesBase is an edible, plant-based hydrogel that serves as a sustainable substitute for traditional substrates. Unlike other materials used in hydroponic agriculture, YesBase does not contaminate the water or negatively impact plant health, appearance, taste, or texture. Produce grown with YesBase requires no cutting or washing before consumption.



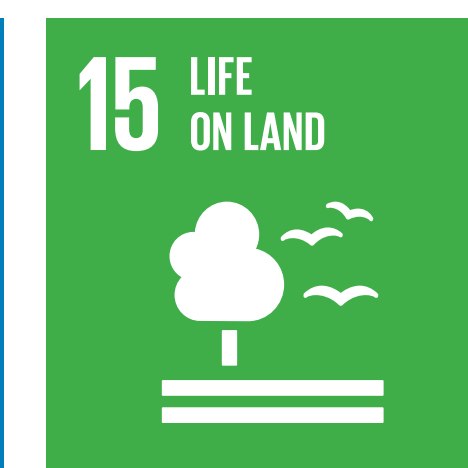


Energy, Climate, and Environment SDGs

Direct Impact



Indirect Impact



Highlights of 2022



87% of energy used was green



49% of Scope 1 & 2 emissions reduction since 2019



Zero food waste to landfill

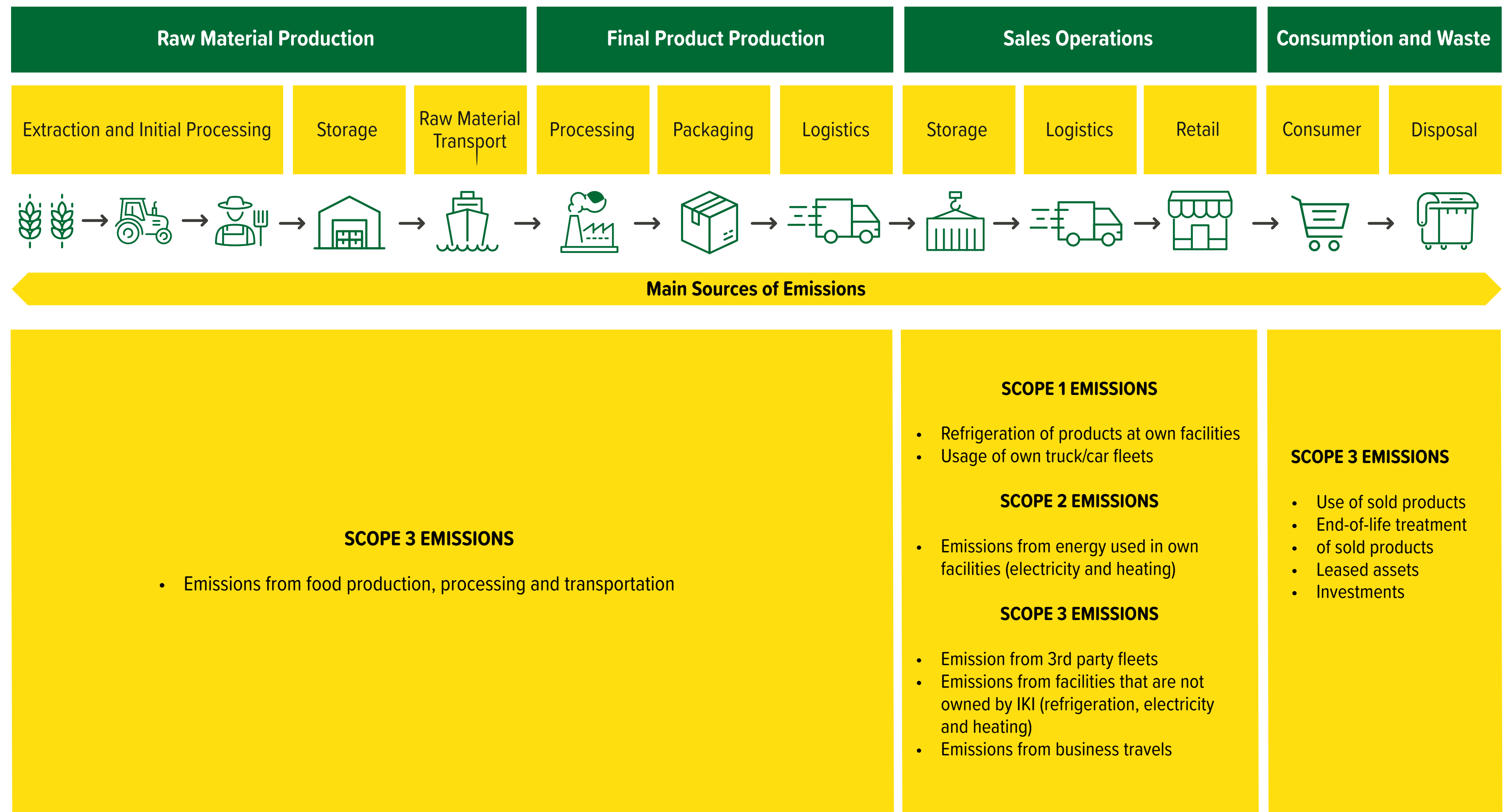


9% reduction in energy usage per square meter (vs 2021)



Energy & Decarbonization

Sustainability has emerged as a crucial aspect of the retail industry. With increasing awareness about environmental and social impacts, both consumers and businesses are recognizing the significance of incorporating sustainable practices within the entire supply chain. From sourcing raw materials to product manufacturing, distribution, and end-of-life disposal, sustainability considerations are now an integral part of IKI's strategic decision-making. IKI's focus areas to mitigate any negative impacts created on the environment and society are packaging, retail operations, and disposal (waste management) activities.

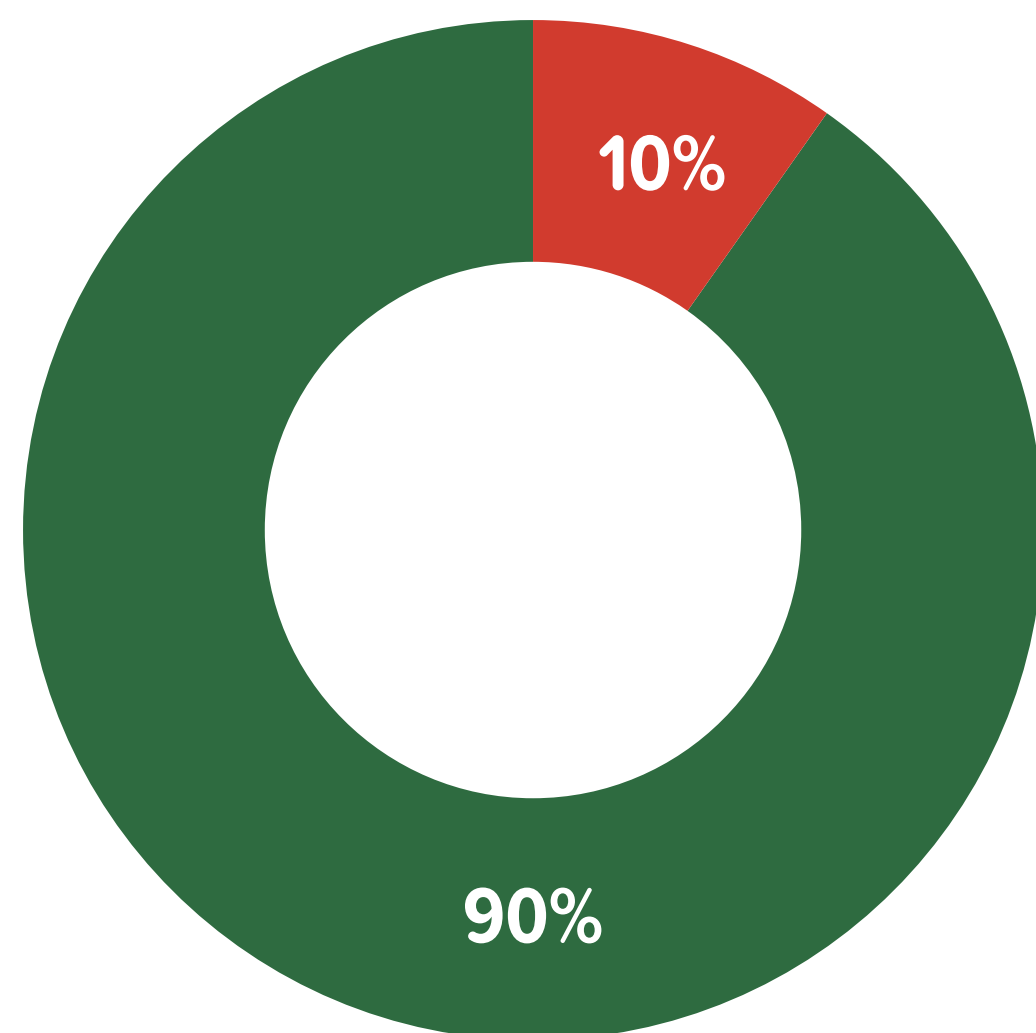


Energy: Strategic Approach

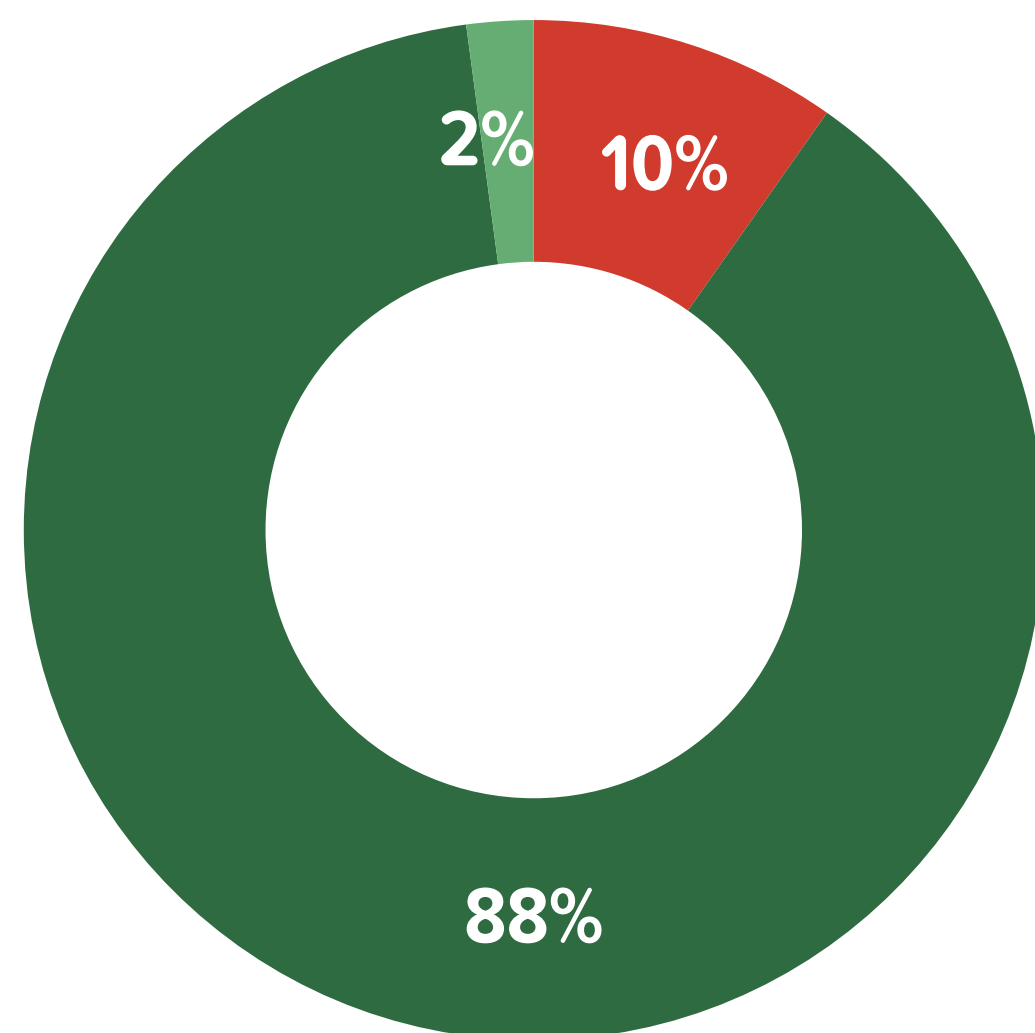
To mitigate supply chain shocks and replace non-renewable supply, IKI aims to have 100% green electricity supply by 2030 and up to 30% own generation share via investments in solar and wind power technologies.



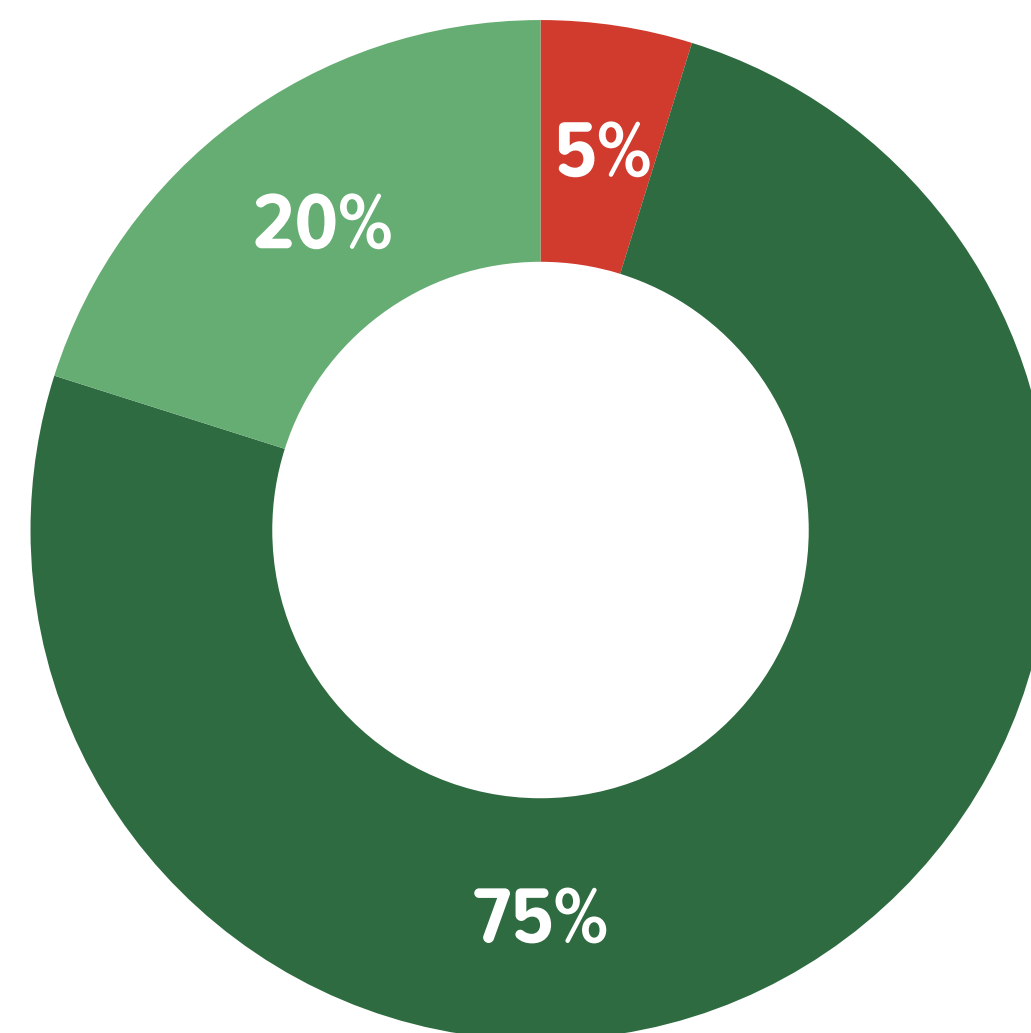
2019



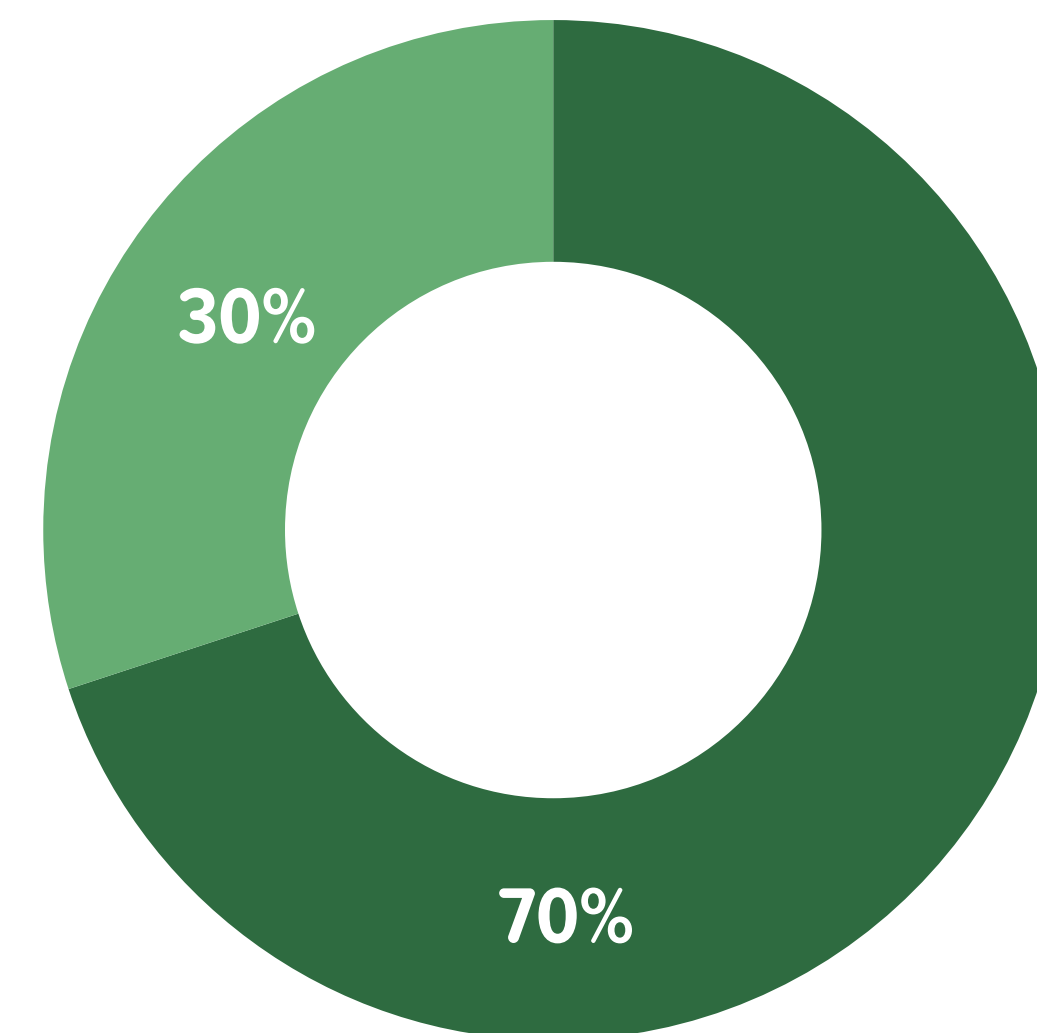
2023



2026

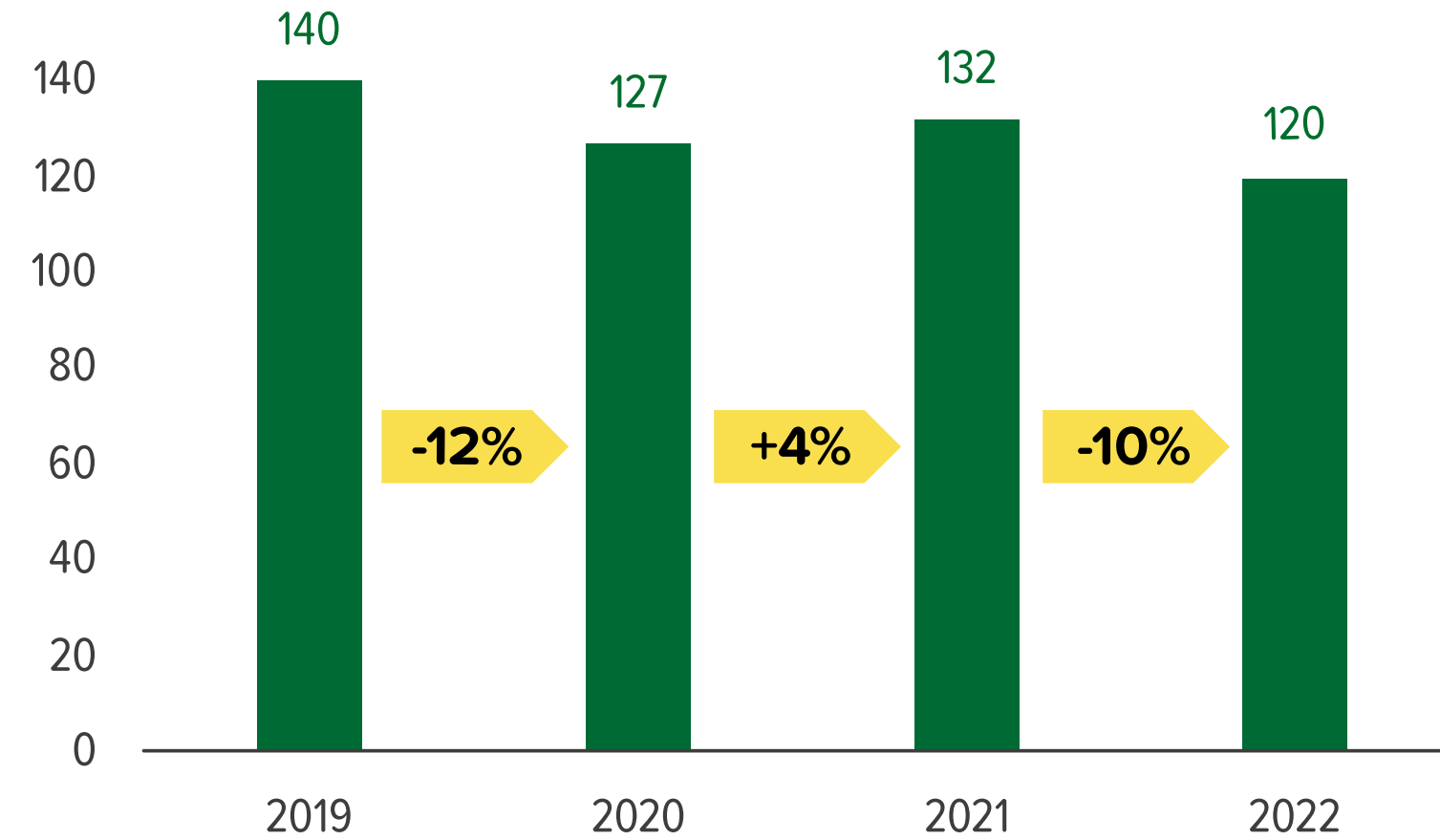


2030

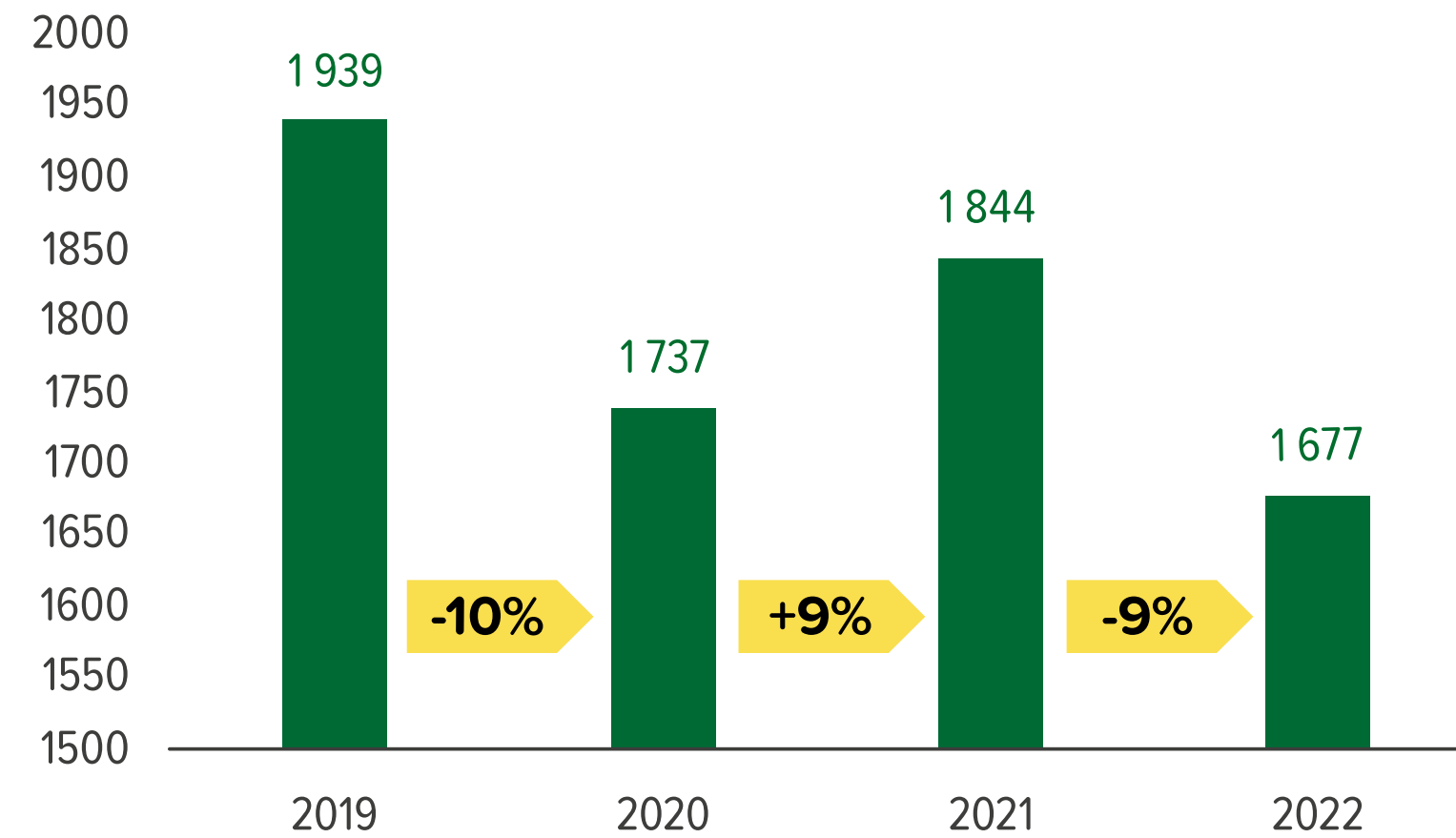


Energy Consumption

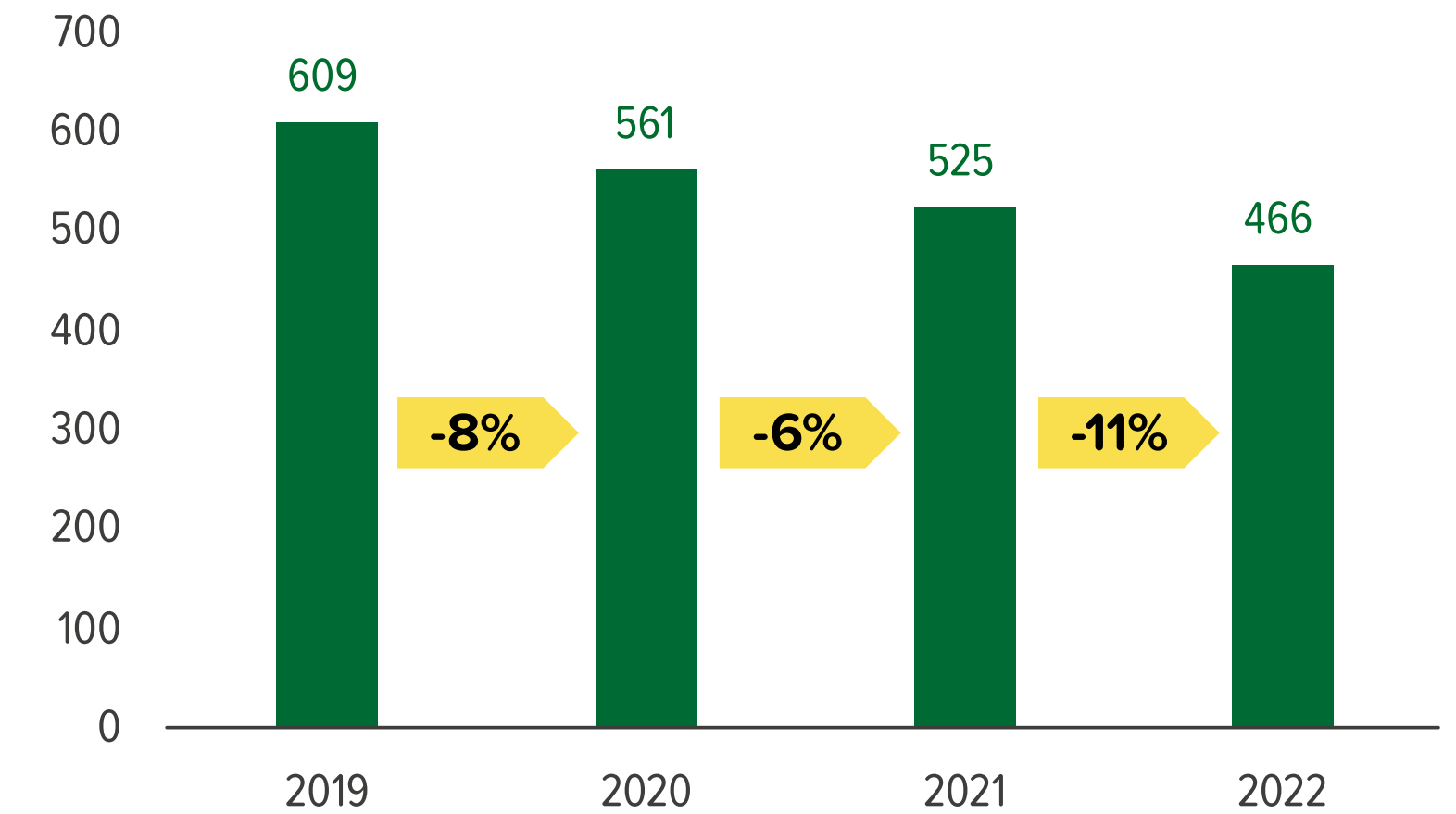
Total Energy Consumption, GWh



Energy Intensity Ratio, kWh/m²



Electricity consumption, kWh/m² (Sales Area)



Despite expanding its store network from 227 stores in 2019 to 237 stores in 2022, IKI has decreased absolute energy consumption (electricity and gas) by 14%, energy intensity ratio by 14%, and electricity consumption in stores by 23%. Year 2022 was the record low for energy consumption, even lower than year 2020 when countrywide COVID-19 pandemic restrictions were in place.

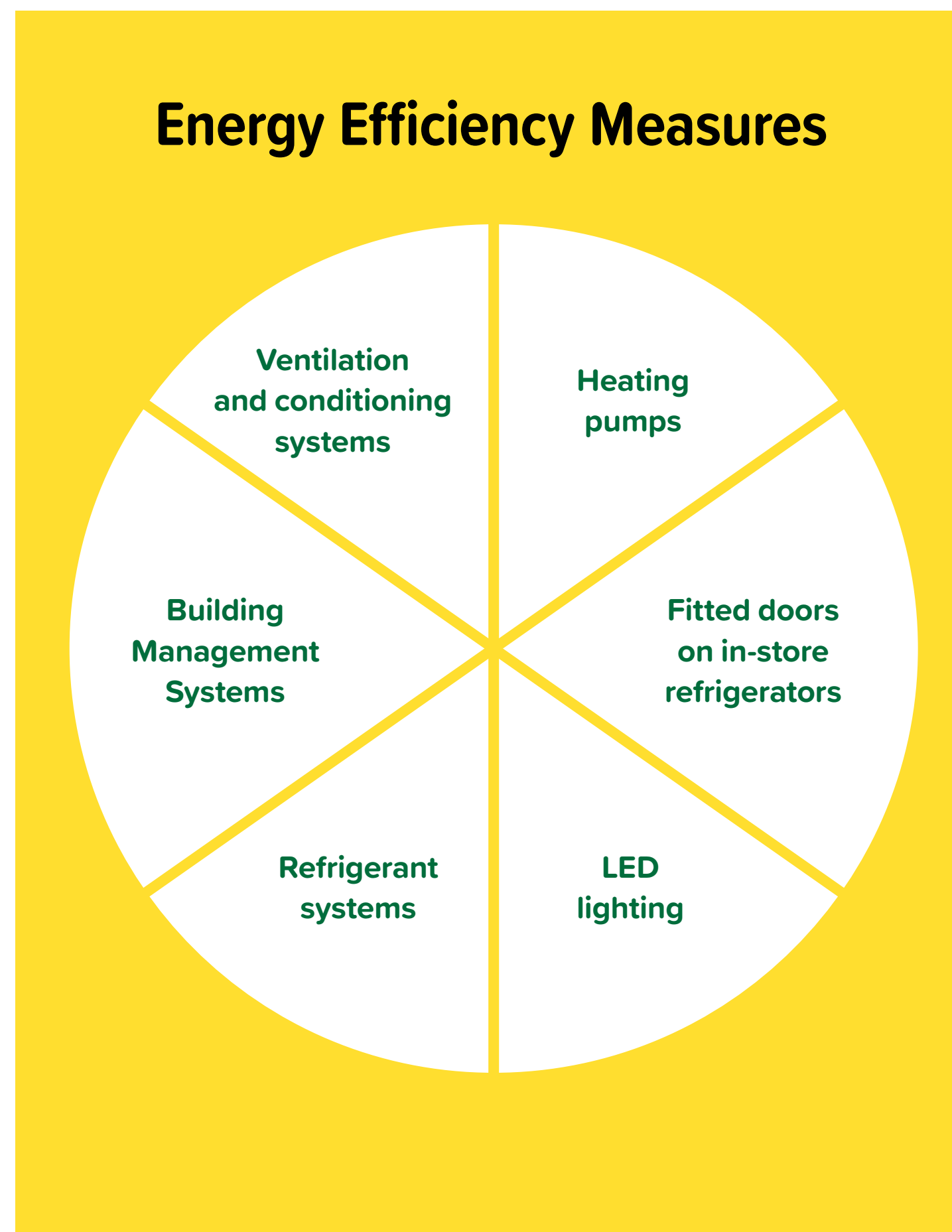
This became possible due to a wide array of energy efficiency initiatives undertaken.

Energy Efficiency Initiatives

2026	100%	<p>Remotely controlled ventilation and conditioning systems optimize energy consumption through scheduled operations based on time and temperature settings</p> <p>In 2022, the remote air ventilation and conditioning control was successfully implemented in 50 stores</p>
2022	30%	<p>IKI plans to extend this system to additional 128 stores by the end of 2023</p>

2030	100%	<p>Building management system (BMS) allows centralized control of building's electrical and mechanical equipment</p> <p>In 2022, 30% of all operated areas we controlled by BMS</p>
2022	30%	<p>IKI plans to achieve 100% implementation of BMS systems by 2030</p>

2030	100%	<p>The CO2 refrigerants are a more environmentally friendly alternative to freon</p> <p>Presently, 20% of IKI's cooling systems are utilizing CO2 as the refrigerant</p>
2022	20%	<p>IKI plans to achieve 100% implementation of CO2 systems by 2030</p>



2024	10%	<p>Heating pumps are innovative devices that heat buildings by utilizing a refrigeration cycle to transfer thermal energy from the outside</p> <p>In 2022, 15 of IKI stores were equipped with heating pumps</p>
2022	20%	<p>Presently, approximately 20% of the existing heating systems rely on fossil fuels. IKI plans to half this number by 2024</p>

2030	100%	<p>Door-fitting allows to substantially reduce cold air loss in refrigerators</p> <p>In 2022, 60% of in-store refrigerators had doors fitted</p>
2022	60%	<p>IKI plans to achieve 100% refrigerators outfitted with doors by 2030</p>

2030	100%	<p>LED lighting systems are renowned for their energy efficiency and long lifespan</p> <p>Currently, 87% of all operated areas have LED lighting</p>
2022	87%	<p>IKI plans to have 100% of areas covered through reconstructions by 2030</p>

Renewable Energy Initiatives

In 2022, solar panels have been installed on the roofs of 6 stores, headquarters, and Panevėžys logistics center.

IKI aims to continue photovoltaics development in 2023 by adding 10 more stores and IKI's Culinary Center.

By 2030, IKI aims to have solar panels on 10% of all stores.

IKI also is exploring field investment opportunities into new solar/wind power generation capacity.



In 2022, IKI has installed charging stations for electric vehicles near 23 stores.

As part of IKI's commitment to supporting sustainable transportation, company plans to add charging stations to additional 20 stores by the end of 2023.

By 2026, IKI aims to have charging stations at 60 stores.

Emissions: Strategic Approach

IKI follows REWE Group's Guideline on Climate Action in Supply chain. It follows three principles:

Avoid

Avoiding the emission of climate-damaging greenhouse gases along the upstream supply chains of IKI's products wherever possible is the top priority. This goal can be achieved for example by substituting products or raw materials, avoiding the clearing of forest areas or by omitting packaging or packaging components.

Reduce

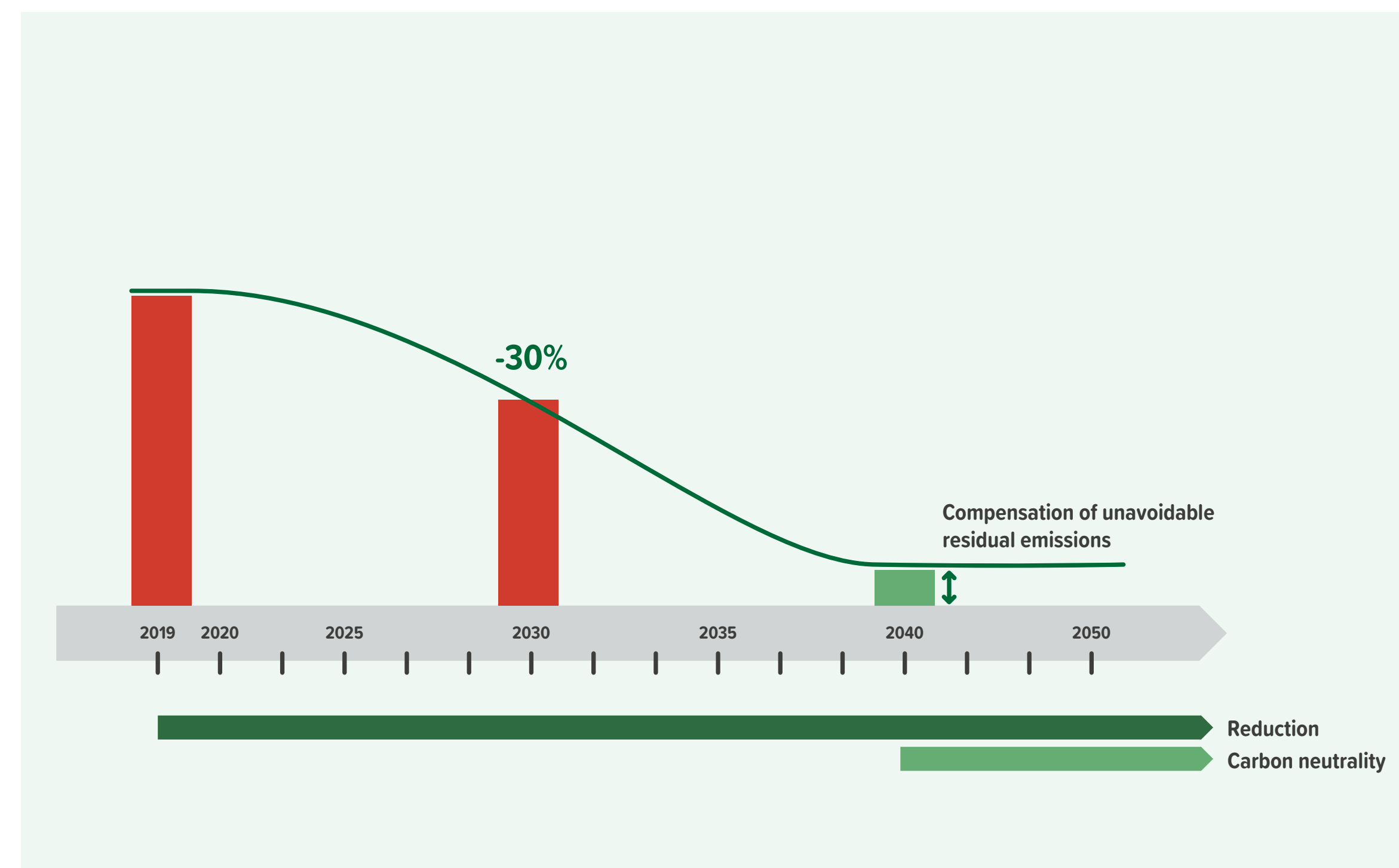
Wherever emissions cannot be completely avoided, IKI aims at reducing them by using more climate-friendly raw materials and productions methods, more eco-friendly packaging or shorter transport routes.

Compensate

Residual emissions that are unavoidable during the extraction of raw materials, their processing or the transport of goods are planned to be compensated by IKI through the promotion and support of climate protection projects. These projects shall be verified or certified in accordance with a recognized standard.

In order to achieve its goals, IKI follows a four-stage process in its climate strategy analogous to REWE Group's "Approach for more responsible supply chains": assortment and risk analysis, derivation of focus topics, implementation of measures, monitoring and reporting.

IKI's Approach to Emissions



Emissions: Reporting Principles

REWE Group ensures centralized tracking of all Scope 1 and Scope 2 emissions and a limited assortment of Scope 3 emissions. REWE Group's research estimates that Scope 1 and Scope 2 comprise about 5% of IKI's total emissions, with 80% out of the remaining 95% related to products sold by IKI, which is currently not calculated due to limited data.

The calculations follow the Greenhouse Gas Protocol corporate standard. The standard implies that companies should report emissions according to a location-based method and a market-based method. Each method's results reflect different risks and opportunities associated with emissions from electricity use and can inform different decisions and levers to reduce emissions.

A location-based method reflects the average emissions intensity of grids on which energy consumption occurs. While a market-based method reflects emissions from the electricity that companies have purpose-

fully chosen. It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims.

In this report, we report emission results based on both methods and set Scope 1 and Scope 2 reduction targets according to the location-based method. LastMile's emissions are not included in current calculations.

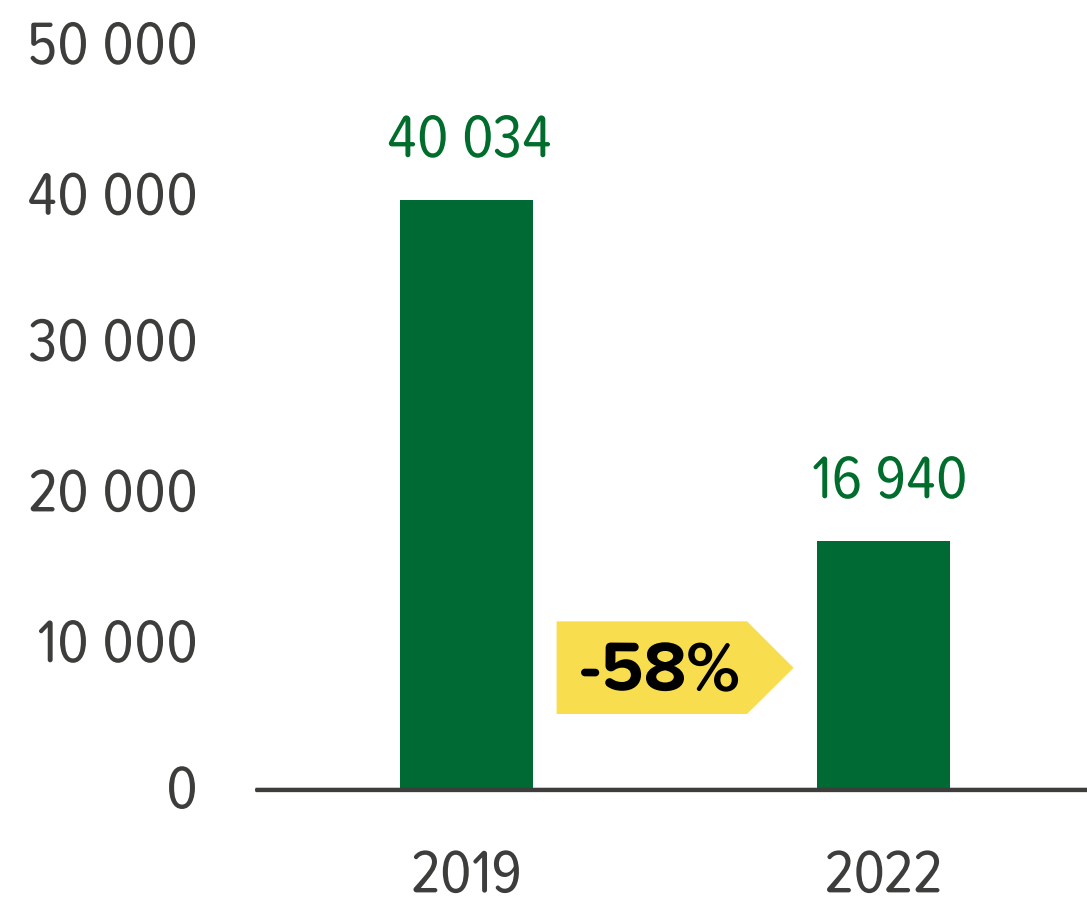


Emissions Reduction

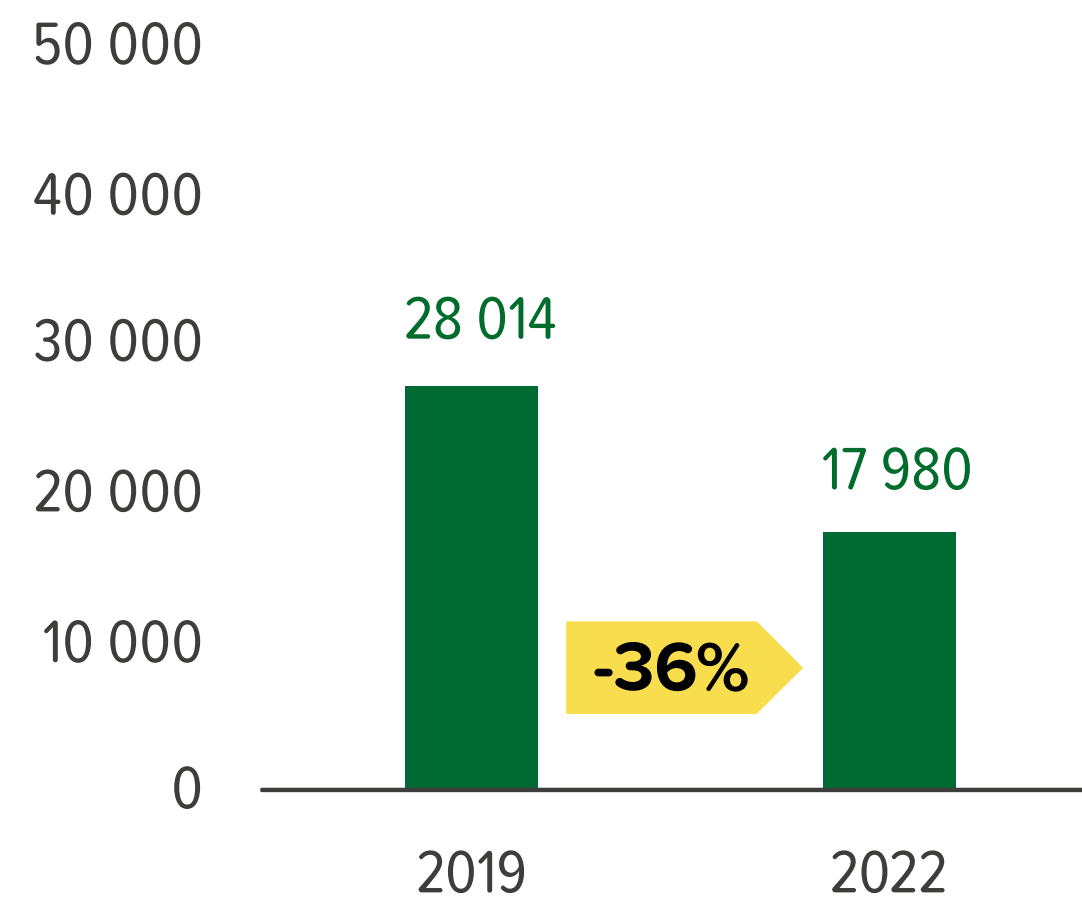
As a result of focused continuous effort, IKI has decreased its combined Scope 1 and Scope 2 emissions by 49% since the base year of 2019 for the new climate goals of the United Nations. We plan to reduce it by 70% by the end of 2030.

Assessment of IKI's readiness to join the Science Based Target initiative and commit to Scope 3 emissions reduction is already underway and should be completed by the end of 2023. Detailed Scope 3 emissions evaluation and emissions reduction strategy will follow.

IKI's Scope 1 emissions, t CO₂e



IKI's Scope 2 emissions, t CO₂e



IKI's GREENHOUSE GAS EMISSIONS IN 2022 (T CO ₂ E)	TOTAL	SCOPE 1	SCOPE 2	SCOPE 3
Electricity market based	2 313	0	51	2 262
Electricity location based	20 999	0	15 744	5 255
Refrigerants	12 132	12 132	0	0
Heat	5 861	2 806	2 237	819
Fleet cars	661	516	0	145
Logistics (own fleet)	1 868	1 486	0	383
Logistics (3 rd party)	11 576	0	0	11 576
Business travel	263	0	0	263
TOTAL (MARKET BASED)	34 676	16 940	2 287	15 448
TOTAL (LOCATION BASED)	53 361	16 940	17 980	18 841

Materials & Waste Management

IKI uses a range of materials in its daily business activities, and it requires raw materials to do so. The efficient use of these resources is a core element of sustainable business practices. IKI's sustainability activities focus on four areas of Materials and Waste Management: Food Waste, Packaging, Circularity, and Paper Reduction.

After the elimination of live fish tanks from the stores in 2020, water consumption is relatively stable and mainly dependent on our own culinary and confectionary production volumes. Therefore, it is not considered a focus area.

At IKI, waste management involves three distinct types: municipal waste, industrial waste, and packaging waste. The management of municipal and industrial waste is outsourced to a third-party service

provider throughout a tender process. For municipal waste, the responsibility lies with municipalities as mandated by law. The third type, packaging waste, is managed partly by IKI itself and partly by a third-party entity selected throughout a tender process ensuring compliance with all applicable legal requirements. IKI holds mandatory permits for the management of paper and plastic film packaging waste: we process it and then the third-party service provider ensures the proper recycling of the waste.

To maintain proper records and transparency, all waste-related data must be entered into the government system known as GPAIS (Government Portal for Administrative and Information Services). Prior to transferring any type of waste (except for municipal waste, which follows a separate procedure)

to the third-party service provider, IKI generate waste transportation documents in the GPAIS system. After the transportation process, the third-party service provider is responsible for inputting all required data into the system.

According to presently available data of the GPAIS system, the total of around 10 943 tones of different types of waste was generated during 2022. Municipal waste is not included in this amount due to a lack of relevant data.

Below are provided all available data related to waste generated due to IKI's business activity as tracked in the GPAIS system. However, it currently lacks the capability to comprehensively determine the entirety of waste that has been diverted from disposal, including municipal waste.



Food Waste

In **2022**, IKI has generated **4 659 tons** of food waste.

IKI aims to reduce food waste by **50%** by **2030** (vs 2022).

IKI is committed to a zero-to-landfill food waste approach. After our products reach their expiration date, rendering them unsuitable for consumption, our food waste management partner collects all the waste from stores and transfers it to their recycling facilities.

Various raw materials are then separated from one another. All the resulting waste streams (food waste, recyclable packaging, non-recyclable packaging) are either transferred to local power plants that turn it into electricity and heating (non-recyclable packaging and food waste) or are recycled by other partners (recyclable packaging).

Also, a byproduct of food waste recycling is used as a high-quality organic fertilizer for the cultivation of new food in fields and lands and is used for growing fresh food produce. Ultimately, these products find their way back onto store shelves, ensuring that not a single kilogram of waste is sent to a landfill.



Packaging

In 2022, IKI has generated 6 286 tons of Packaging waste:

5 477 tons – paper packaging

449 tons – plastic film packaging

229 tons – wood packaging

131 tons – other plastic packaging

IKI's Packaging Strategy is under development and should be finished by the end of 2023.

Two major packaging initiatives were implemented in 2022:

IKI introduced multiple-use fruit and vegetable bags in the stores, as a sustainable alternative to lightweight plastic bags.

Black plastic trays were eliminated from private label products in 2022. Black plastic is typically difficult to recycle because it cannot be easily detected by optical sorting machines used in recycling facilities. The black color absorbs the light, making it hard for the machines to distinguish it from the conveyor belt. Black plastic often ends up in landfills if not properly recycled.



Circularity initiatives



Plastic bags from own plastic waste

IKI plastic shopping bags are manufactured from its own plastic waste in collaboration with UAB "Gerovė". Every year, IKI transfers over 400 tons of plastic film waste to UAB "Gerovė", of which about 200 tons are used for producing plastic bags that they offer to IKI customers.



Biofuel from own used oil

IKI has partnered with UAB 'Biomotorai' to recycle used oil and transform it into biofuels since 2021. Over 73 tons of used oil have been collected from IKI's bakeries and culinary center. The recycling process involves cleaning the oil of impurities and separating water through heating. The purified oil is then sent to a biodiesel factory for further processing into biofuels.



Car parts from own plastic waste

IKI has partnered with UAB 'Virbantė' to recycle black plastic boxes and repurpose them into car parts since 2018. Over 200 tons of hard plastic waste have been transferred and recycled. The recycling process involves crushing and melting the plastic into pellets, which are then utilized to make different car parts like footrests and license plate frames.

Paper reduction initiatives



Electronic shelf labels

IKI replaced paper price labels with electronic shelf labelling (ESL) in 55 of our stores in 2022, in addition to the five stores where ESLs were implemented earlier. By the end of March 2024, all paper price labels in our stores will be eliminated.



Reduction of paper leaflets

In 2022 IKI stopped distributing paper leaflets to customers' homes and have started gradually eliminating them from our stores.



IKI bags as wrapping paper

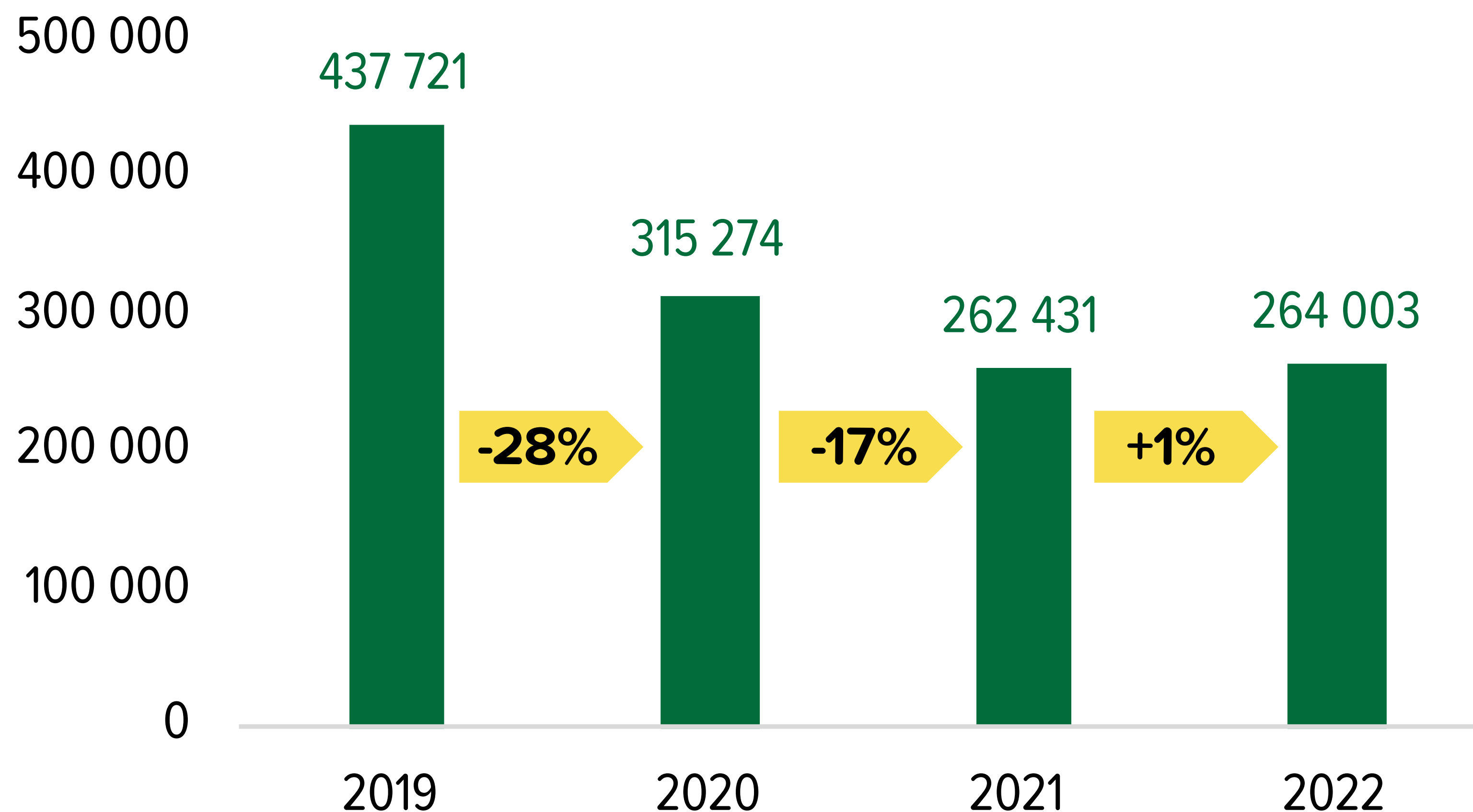
Limited edition paper bags have made their debut in IKI stores for the 2022 Christmas season. The bags were made of 50% recycled cotton paper, and their patterns are painted using eco-friendly water-based paints. By purchasing one of these bags, customers were able to save money and space, as they will no longer need to buy wrapping paper or store bulky gift bags at home.

Water Consumption

IKI consumed a total of 264 003 megaliters of water were used in 2022. IKI is using only third-party water that is 100% groundwater in Lithuania.

The total water consumption was calculated by using a water meter readings. The significant 45% water consumption reduction throughout 2019-2021 was caused by the gradual elimination of live fish water tanks in the stores. Otherwise, water consumption is relatively stable and mainly dependent on IKI's culinary and confectionary production volumes.

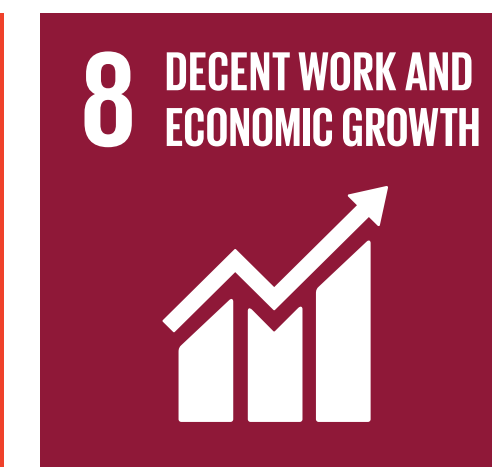
Water consumption (megaliters)





Employees SDGs

Direct Impact



Indirect Impact



Highlights of 2022



Implementation of the Equal Opportunities and Violence Prevention Procedure



319 Ukrainians employed



Implementation of unified career development and performance management policy for all levels of employees



Additional health insurance provided for ALL employees



Fully hybrid or electric company-car fleet



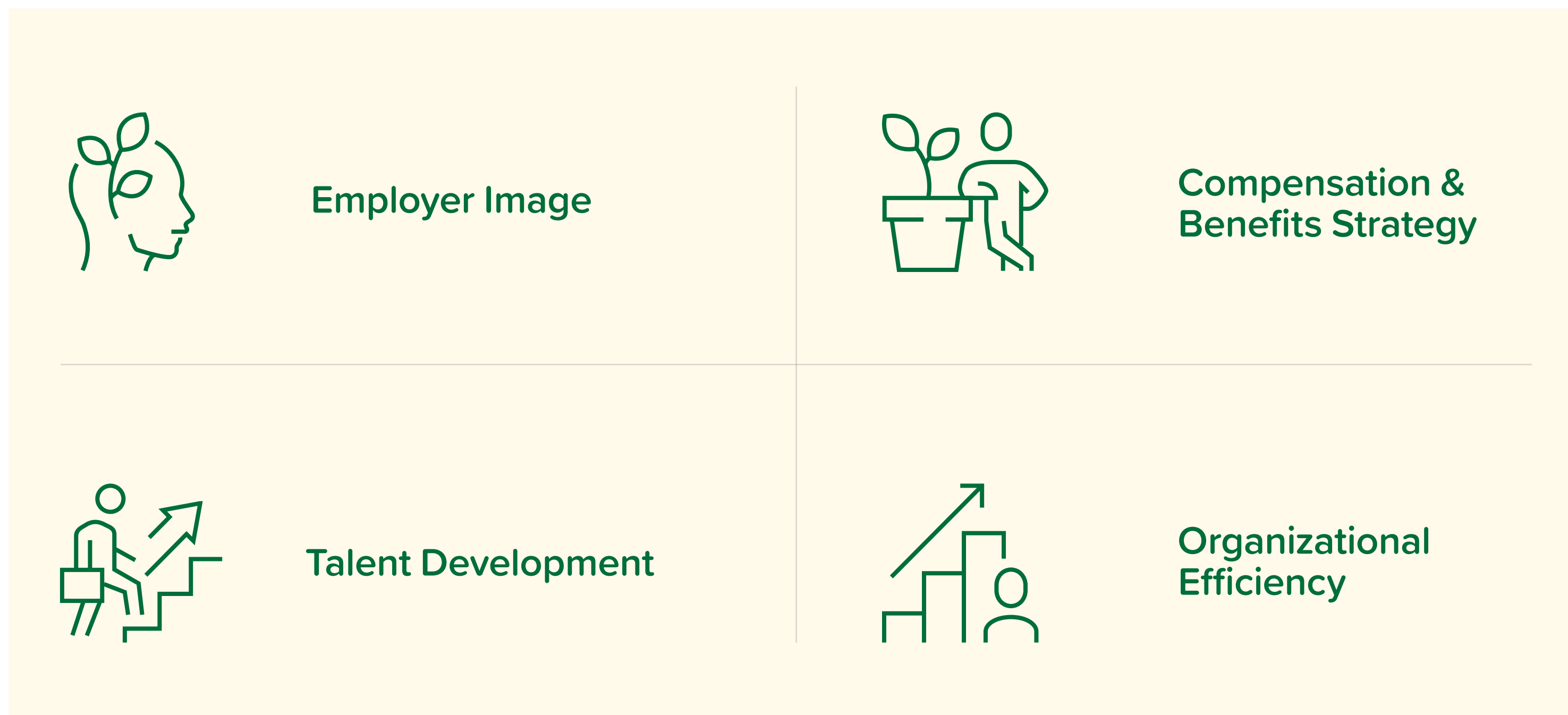
50/50 gender split in senior leadership positions



Strategic Approach

IKI's People and Culture Strategy for 2022–2025 is based on four key pillars: attractive and high-value Employer Image, competitive and transparent Compensation & Benefits Strategy, High Performance and Talent Development culture, and Organizational efficiency.

IKI follows principles stated in the REWE Group Code of Ethics that provides restrictions on any practices of child labor and forced labor. Currently, the Code of Ethics is being signed by all suppliers considered to have significant risk for related incidents.



Employees & Other Workers

Employees are defined as those with whom the organization has an employment contract, including permanent, temporary, and inactive employees such as ones on parental leave. All employees have a guaranteed number of working hours per month defined in their contracts. Reporting is based on business functions rather than regions since all IKI's operations take place in Lithuania.

IKI employs contingent workforce across different categories with different contractual relationships. At the end of 2022, there were 400 staff members with non-standard work agreements.

Throughout the year 2022, the number of temporary workers in IKI varied, ranging from approximately 54 to 170 workers per month. This fluctuation in the workforce can be attributed to several factors, including seasonal workload

associated with holidays, the need for sick leave coverage, and the opening of new stores, as IKI adjusts its temporary staff levels to meet the demands and requirements of different periods throughout the year.

Key Figures

At the end of 2022, gender split in senior leadership positions (Board + Heads of Departments) was exactly 50/50: 11 female and 11 male managers.

	GENDER		BUSINESS FUNCTION					TOTAL
	Female	Male	HQ	Stores	Sales	Logistics	Production	
Number of employees (head count)	4 753	1 123	318	4 538	69	492	459	5 876
EMPLOYMENT CONTRACT								
Number of temporary employees (head count)	174	15	9	158	0	9	13	189
Number of permanent employees (head count)	4 582	1 105	309	4 380	69	483	446	5 687
EMPLOYMENT TYPE								
Number of full-time employees (head count)	4 571	1 072	313	4 315	69	488	458	5 643
Number of part-time employees (head count)	175	58	5	223	0	4	1	233

Compensation and Benefits

IKI provides a comprehensive compensation and benefits package for full, part-time as well as employees with fixed-term contracts. Whilst we promote the equal application of common benefit schemes across the entire workforce, company accommodates the needs that associate with various circumstances of one's work by providing benefits specific to employee groups.

In the unfortunate event of accidents, illnesses, or the death of a close family member, financial aid is provided to IKI Lietuva employees to support employees during challenging times. Retirement provisions and recognition gifts for long-serving employees (excluding fixed-term contracts) are also part of the benefits package of IKI Lietuva.

In 2022, 119 females and 4 males took parental leave and 9 males who were legally entitled to one month's leave. The return-to-work and retention rates were accordingly 50% and 35%.

IKI consistently monitors legislative changes regarding minimum wage, ensuring that they are incorporated into our process of defining and adjusting wages for both our employees and other workers. For workers

who are part of a service bought, the service providers set the salary and IKI has no influence on the salary while buying specific services.

IKI facilitates workers' access to non-occupational medical and healthcare services through additional private health insurance coverage. It is provided to all employees after three months of upright and continuous employment. Recommendations from occupational health care professionals are provided in a range of areas including hygiene, tuberculosis prevention, prevention of colds and influenza, and nutrition.

Examples of Benefits Package



Employee discount for shopping at IKI
(including LastMile employees)



Private medical insurance for all employees after 3 months
(including LastMile employees)



An additional day of vacation after working for 5 years in the company



Workation, hybrid working model



Payments after birth of a child or marriage



“KAIP JAUTIESI?” Psychological help line

Diversity, Equality, & Inclusion

DIVERSITY AMONG IKI'S EMPLOYEES

By gender		By age group			War refugees
Men	Women	Under 30	30-50	Over 50	
18%	82%	16%	46%	38%	2,5%

TOTAL NUMBER OF NEW EMPLOYEE HIRES DURING REPORTING PERIOD

By gender		By age group			Total number of new employees
Men	Women	Under 30	30-50	Over 50	
626	1 746	832	1 005	535	2 372

TOTAL NUMBER OF TERMINATED EMPLOYMENTS REPORTING PERIOD

By gender		By age group			Total number of terminated employees
Men	Women	Under 30	30-50	Over 50	
669	1 764	873	990	570	2 433

IKI attracts qualified, diverse employees based on gender and age as indicated in the tables. IKI employed 147 Ukrainians at the end of 2022, which comprised 2.5% of total employees.

In 2022, IKI implemented the Equal Opportunities and Violence Prevention Procedure. As part of this effort, company has established internal channels through which IKI employees can confidentially report any instances of discrimination, violence, or harassment experienced by themselves or their colleagues. Reports can be submitted anonymously or non-anonymously via email or the electronic training platform. Additionally, IKI offers an emotional helpline where all IKI employees can seek guidance and support from professional psychologists regarding their emotional well-being.

Labor management relations involve an organization providing reasonable notice of significant operational changes to employees and government authorities. The disclosed information includes a three-week minimum notice period according to the Lithuanian Labor Code.

Adopting an appreciative approach to colleagues, customers, and business partners is an essential prerequisite when creating a sense of true togetherness at IKI as upheld in the Code of Ethics of REWE Group. There was one reported incident concerning a potential case of discrimination based on disability in 2022. However, after a thorough investigation by the Equal Opportunities Ombudsperson. The case was terminated due to a lack of objective data to substantiate the alleged violation.

Talent Management & Education

In 2022, IKI has implemented a unified career development and performance management policy for all levels of employees. Prior to this initiative, significant differences existed in these processes across vertical and hierarchical levels. As of 2023, all IKI employees follow the same principles for career development and performance management. These principles include the composition of yearly targets, performance evaluation processes, career development planning, and more.

Other types of educational programs are being implemented and assistance is provided to upskill employees as listed in the table. Also, there are parts of mandatory training that include topics on anti-corruption, and GDPR.

The average number of training hours per employee per year is estimated to be approximately 7.2 hours, although this figure should be considered a rough calculation due to the limitations of the data source for 2022. It should be noted that employees have access to an e-learning platform, allowing them to learn at their own pace, with only a reference time limit imposed.

Also, occupational health and safety training is provided to workers using two channels:

E-learning platform:

for generic topics such as fire safety, first aid, safety in logistics, and safety for office workers.

Live trainings:

provided by a training provider, including training for electric pallet jack and forklift drivers, blast furnace workers, and aerial work platform operators.

GROUP OF TRAININGS	CLASS / ONLINE PROGRAMS	E-LEARNING PROGRAMS	TOTAL
Competence Development	33	26	59
Leadership Development	7	2	9
Legally required Training	4	18	22
Soft skills development	7	13	20
Total	51	59	110

Health and Safety: Policies

IKI has implemented an Occupational Health and Safety (H&S) Management System in compliance with legal requirements and recognized international, national, and industry-specific standards. All employees, workers, activities, and workplaces are covered by the system as described in employment contracts or local legislation. The safety and health of our employees is ensured by the company SDG UAB, whose team includes safety and occupational health specialists while the rest of the safety and health functions are carried out by the heads of departments or units.

The identification and evaluation of hazards, along with the assessment of risks, are conducted regularly and as needed in compliance with legal obligations. Every workplace has undergone an occupational risk assessment that adheres to relevant laws and regulations and has to report the findings. All H&S professionals fulfil the education requirements as mandatory based on the laws of the Republic of Lithuania. Furthermore, department or unit managers have received training from an authorized provider SDG UAB and possess H&S certificates. To ensure effective measures, control, and accountability, an Employee Safety, Health, and Fire Safety Procedure has been created to outline the actions, controls, and responsibilities of unit managers. Reporting work-related hazardous situations is facilitated through organized training in the electronic system, and information is shared through various communication channels with department heads, who are encouraged to hold meetings with employees. Additionally, information is disseminated through posters and leaflets to ensure widespread awareness.

Employees are provided with clear guidelines on appropriate behavior and job responsibilities through the rules of procedure and job descriptions, overseen by the Administration Unit of the Department of People and Culture. These policies ensure that employees have the tools to remove themselves from potentially harmful work situations, while at the same it enhances morale, productivity and job performance.

Health and Safety: Control

A systematic incident investigation process is implemented, which includes identifying hazards, assessing risks, and determining corrective and preventative actions using the hierarchy of controls. Proposals for preventive measures are made to avoid similar incidents in the future, and the heads of departments and other responsible individuals are tasked with overseeing the implementation and monitoring of these measures. In addition, the Health and Safety Team ensures the quality of occupational health through internal audits, inspections and regular meetings to discuss prevention matters. Each business unit within the organization has H&S representatives. In terms of the evaluation of the occupational H&S management system, employees are involved throughout accident investigations and asked to contribute to the selection of personal protective equipment.

IKI adopts an approved Employee Safety, Health, and Fire Safety Procedure outlining the rights and obligations of the heads of the units, which includes procedures and functions essential for ensuring safety, health and fire safety, as well as and prevention or mitigation of the potential risks related to the occupational H&S impacts arising from our business operations, products, or business relationships.

Work-Related Injuries

In the year 2022, a total of 39 cases of injuries that happened at workplace and 26 more injuries that happened on the way to work were documented. The main types of injuries included minor limb, tendon, pinch injuries or bruises.

To eliminate potential work-related hazards, minimize risks and reduce the number of accidents, proactive measures have been taken, including the preparation and presentation of a comprehensive preventive plan for responsible individuals, implementation of measures by department heads and regular monitoring through audits. Audit reports are published on the Intranet for those responsible to review and address issues identified for improvement. An e-learning course on higher-risk jobs has been updated and 4.5 hours of practical refresher training on health, safety and fire safety has been organised in 2022. Safety and health instructions regarding specific workplaces or activities are given to employees during recruitment and periodically.

Work-Related Health

There were no reported fatalities linked to the work-related health of IKI's employees.

IKI cares about the well-being of its employees. The LET'S ACT TOGETHER social fund supports employees during difficult times, reflecting the company's commitment to their well-being and social responsibility. The allocation of resources for critically ill or seriously injured employees and their family members, as well as for improving the quality of life for family members of IKI employees, is a noble cause that reflects the company's commitment to social responsibility. IKI also encourages employee contributions personally or by donating 1.2% of their income tax through the annual Christmas Auction, and part of the resources are allocated by IKI Lietuva, UAB.

IKI understands that employees can't be expected to work effectively if they aren't healthy. The company provides all employees with additional health insurance that they can use to cover part or all of the cost of outpatient/inpatient treatment and diagnostics, odontology services, preventive and periodical health checks, vaccinations, pharmaceuticals and medical aids, vitamins.

Employee wellness is more than physical health; it is a complex interaction of many factors that improves overall quality of life. That's why the Occupational Health and Safety Team, together with the Department of People and Culture implement a wide range of wellness activities, including interactive training on healthy eating, maintaining and improving mental health, workplace exercises, participation in step counting challenges, bicycle marathons and hikes around Lithuania.

Highlights of 2022



6 million euros worth of food to Food Bank



Donations worth of 100 000 EUR to other charities



10 000 participants in 13th IKI Velomarathon



Local Communities

Infrastructure development around stores, such as electric vehicle charging stations, can significantly impact the organization's stakeholders and the economy. In 2022, IKI made significant infrastructure investments, mainly focused on opening new stores, totaling more than 53 million Euros.

These investments will benefit local communities by providing new job opportunities in the retail sector, boosting economic activity, and improving local infrastructure. They will also enhance the shopping experience for our customers with more spacious stores, better lighting, and a larger market for our suppliers' products.

IKI contributes and donates products, as well as provides financial support to several organizations.

Through this, we actively support the well-being of Lithuanian citizens and Ukrainian refugees through organizations such as the Food Bank, Red Cross, Caritas, and more (see the table). With our support, the Food Bank was able to provide meals to arriving Ukrainian refugees. The Red Cross of Lithuania provided essential hygiene and baby products to refugees upon their arrival and also supported Ukrainian soldiers and residents in Kyiv. Caritas assisted Ukrainian refugees in Moldova.

BENEFICIARY NAME	DONATED MONEY (EUR)	VALUE OF DONATED PRODUCTS (EUR)	TOTAL
Administration of Šilutė District Municipality	1 440	-	1 440
Association "INVESTORS FORUM"	3 000	-	3 000
Food Bank	13 688	6 029 825	6 043 513
Public organization „Save the Children“	1 920	-	1 920
Red Cross of Lithuania	-	26 391	63 966
Red Cross of Ukraine	-	37 575	
SOE „Vaiko labui“	10 000	-	10 000
Vilnius archdiocese „Caritas“	-	7 957	7 957

Food Bank

The concept of food banking was developed by John van Hengel in the late 1960s in the USA. Van Hengel, a retired businessman, volunteered at a soup kitchen, where he encountered a desperate mother who searched through grocery store garbage bins to find food for her children. She suggested the need for a place where food could be stored for people to pick up instead of being thrown away, similar to how banks store money for future use. Van Hengel established St. Mary's Food Bank as the world's first food bank.

The Lithuanian Food Bank began its operations in 2001 through special campaigns in major cities, during which hundreds of non-profit organizations and thousands of volunteers collected food donations for the needy. It currently operates in 84 Lithuanian cities and distributes food at over 200 locations.

IKI was the first major retailer to become a donor of "Maisto bankas" in 2009 and has been its partner ever since.

In 2022 IKI donated 2 700 tons of food worth around 6 million euros.



Inmate Employment

In 2021 IKI started collaboration with Panevėžys Women's Correctional Facility by offering employment opportunities for its inmates. Around 10 inmates (number varies at any given time) work in a culinary center as kitchen workers, or logistics center as product assemblers.

They are employed following all the Labor code guidelines, with all social guarantees, time spent with IKI counts as official working experience.

They get real skills and can stay permanently after serving the sentence, if both sides agree. Inmates, like other employees, come to their workplaces on company buses.

This project helps with their integration to society while still serving their sentence, learning new skills, and saving some money for a new start.



Other Initiatives



#walk15

Through a collaboration with Walk15, our customers who accumulate 20 000 steps using Walk15 app are eligible for a 20% discount on fruits and vegetables at any IKI store.



IKI Velomathon serves as a significant initiative aimed at fostering a vibrant cycling culture in Lithuania while establishing a cherished and distinctive tradition. In 2022 already 13th Velomathon took place, attracting over 10 000 participants.



In 2022-2023 season IKI was the main partner of TV quiz “Lietuvos tūkstantmečio vaikai”, asking schoolchildren questions about sustainability and establishing main prizes for the champions.



GRI STANDARD	DISCLOSURE	LOCATION: CHAPTER [PAGE No.]	
GRI 2: General Disclosures 2021	2-1 Organizational details	About IKI: REWE Group Overview [6] About IKI: IKI Overview [8]	
	2-2 Entities included in the organization's sustainability reporting	Introduction: Sustainability Report Structure [3]	
	2-3 Reporting period, frequency and contact point		
	2-6 Activities, value chain and other business relationships	About IKI: REWE Group Overview [6] About IKI: IKI Overview [8] About IKI: Certificates / Membership [14] Energy, Climate & Environment: Energy & Decarbonization [39]	
	2-7 Employees	Employees: Employees & Other Workers [55] Employees: Key figure [56]	
	2-8 Workers who are not employees	Employees: Employees & Other Workers [55]	
	2-9 Governance structure and composition	Corporate Governance: Highest Governance Body [22] Corporate Governance: Company Structure [21]	
	2-10 Nomination and selection of the highest governance body	Corporate Governance: Highest Governance Body [22]	
	2-11 Chair of the highest governance body		
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance: Governance Principles/Approach to Corporate Governance [20]	
	2-13 Delegation of responsibility for managing impacts	Corporate Governance: Internal Management and Control [23]	
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance: Governance Principles/Approach to Corporate Governance [20]	
	2-15 Conflicts of interest	Corporate Governance: Managing Conflicts of Interest / Remuneration Policy [24]	
	GRI 2: General Disclosures 2021	2-19 Remuneration policies	Corporate Governance: Managing Conflicts of Interest / Remuneration Policy [24]
		2-20 Process to determine remuneration	
2-22 Statement on sustainable development strategy		Introduction: CEO letter [4] About IKI: Recognition and significant events during 2022 [9-13] About IKI: Sustainability Journey: Approach to sustainability [15] About IKI: Sustainability's Governance [16] About IKI: Strategic Sustainability Goals [17]	
2-27 Compliance with laws and regulations		Corporate Governance: Ethics and Compliance / Anti-Corruption [25]	
2-28 Membership associations		About IKI: Certificates/Membership [14]	
2-29 Approach to stakeholder engagement		Sustainability Journey: Engaging stakeholders [18]	
GRI 3: Material Topics 2021	3-1 Process to determine material topics		
	3-2 List of material topics	Sustainability Journey: Materiality Matrix [19]	
	3-3 Management of material topics	Green Products: Product Quality Management [29] Energy and Decarbonization: Supply chain [39] Energy, Climate & Environment: Energy: Strategic approach [40] Energy: Emissions: Strategic Approach [44] Materials & Waste Management [47] Food waste [48] Employees: Strategic Approach [55] Employees: Diversity, Equality & Inclusion [58] Employees: Talent Management & Education [59] Employees: Work-Related-Injuries/Health [60]	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	About IKI: IKI overview [8]	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Employees: Compensation and benefits/ Examples of Benefits Package [57]	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social Commitment: Local Communities [63]	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Green Products: Supply chain [33]	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures		
	205-3 Confirmed incidents of corruption and actions taken	Corporate Governance: Ethics and compliance / Anti-Corruption [25]	
GRI 207: Tax 2019	207-1 Approach to tax		
	207-2 Tax governance, control, and risk management		
	207-3 Stakeholder engagement and management of concerns related to tax	Corporate Governance: Tax [26]	
	207-4 Country-by-country reporting		

GRI STANDARD	DISCLOSURE	LOCATION: CHAPTER [PAGE No.]
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy, Climate & Environment: Energy: Energy Consumption [41]
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	Energy, Climate & Environment: Energy: Energy Consumption [41] Energy, Climate & Environment: Energy Efficiency Initiatives [42] Renewable Energy Initiatives [43]
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Energy, Climate & Environment: Water Consumption [52]
	303-5 Water consumption	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Energy, Climate & Environment: Emissions: Reporting Principles/ Emissions Reduction [45]
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-5 Reduction of GHG emissions	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Energy, Climate & Environment: Materials & Waste Management [47]
	306-3 Waste generated	Energy, Climate & Environment: Materials & Waste Management [47] Food waste [48] Packaging [49]
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Corporate Governance: Ethics and Compliance [25]
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employees: Diversity, Equality & Inclusion [58]
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees: Compensation and benefits / Examples of Benefits Package [57]
	401-3 Parental leave	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Employees: Diversity, Equality & Inclusion [58]
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employees: Health & Safety: Policies /Health & Safety: Control [60]
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employees: Talent Management & Education [59]
	403-5 Worker training on occupational health and safety	Employees: Compensation and benefits / Examples of Benefits Package [57]
	403-6 Promotion of worker health	Employees: Health & Safety: Policies /Health & Safety: Control [60]
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employees: Work-Related-Injuries/Health [60]
	403-9 Work-related injuries	
403-10 Work-related ill health		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employees: Talent Management & Education [59]
	404-2 Programs for upgrading employee skills and transition assistance programs	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employees: Diversity, Equality & Inclusion [58]
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Green Products: Product Quality Management [29] Green Products: Quality Control Parameters [30] Employees: Private label [32]
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Corporate Governance: Ethics and Compliance [25]
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Green Products: Product Quality Management [29]