



lastmile

# Sustainability report

2023





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# Sustainability Highlights of 2023

**Rewarded as Top Employer 2023 by an independent organization “Top Employers Institute”**

**99% of private label products were assessed for quality**



**Almost 5 million EUR dedicated to salary increases**

**Expansion of autonomous stores – 5 stores by the end of 2023**



**Relaunch of Loyalty program, including new mobile application for customers; new employee well-being and engagement mobile application - MELP**

**LastMile’s autonomous delivery service recognized as the innovation of the year at the “Green Transport Awards”**



**70% of customers chose not to have a paper receipt at the self check-outs**

**100% of packaging waste generated by Iki is recycled**

**6,8 million EUR worth of food donated for the Food Bank**

**Electronic shelf labels in all stores**

**Electricity production capacity from PV systems increased 14 times**





# Letter from the CEO

Here you can see the second sustainability report of IKI. And I wonder: if this were a book, what would be the most concise way for me to introduce it? What would its genre be? The plot? What obstacles must the characters overcome in order to reveal the author's message and conclusion? Will the story have twists and turns to mislead us and then draw us back to the main plot?

Yes, because there is always a story behind every innovative project, particularly when people unite to invest in a more environmentally friendly energy infrastructure and the improvement of working conditions. So what is our story and what is it about?

Perhaps it's a techno-thriller, mind-boggling in its pace and details... the story of three autonomous cars displayed in the center of Vilnius last summer, inspiring an innovation throughout Europe and going on to win the Innovation of the Year at the Green Transport Awards.

Or perhaps it is a fantasy novel, the inspiring story of how we opened 3 more autonomous stores in 2023, making Vilnius the second city in Europe to have so many of such stores without employees. And now that we have around 250 stores, we even changed all the price tags in every store to electronic ones – making this a story about how things that seemed impossible yesterday have now become commonplace. And how these exciting changes go on to improve our habits, moods and behavior.

Or perhaps this is more of a science fiction story rather than social

fiction? The story of how artificial intelligence was used to optimize supply chains, and customers discovered that this augmented reality improved their shopping experience, and the story ended happily with the integration of green technologies.

Or maybe we could see it as a transformation novel, symbolic of coming of age and experiencing the transition from adolescence to adulthood? The innovations we introduced have added value in the broadest sense – spreading the word that Lithuania is responsive to innovation and encourages the activities of start-ups, giving them the opportunity to test their solutions in real conditions, and most importantly - show what we can achieve during our short free life.

And yet, if this report were a book, and needed a brief introduction, the most accurate description would be that this is a book about people. This is the story of how our efforts in the field of sustainability can change people's lives, contribute to society's well-being, and help us reduce our negative impact on the environment. And the amazing thing is that this story is never-ending... every year and every day we will find another new strategy to support sustainability: in



2024, our focus will remain on actively investing in renewable energy production and increasing energy efficiency, we will expand the range of sustainable products by phasing out caged eggs, work on reducing food waste, and further improving working conditions. Our goal is not only to offer our customers a range of products at the most attractive price, but also to educate them on the topic of sustainability and involve them in the initiatives we organize.

Being closer to our customers, continuing our sustainability journey, and witnessing how our actions not only impact the environment but also the market is the best source of inspiration for us.

**Nijolė Kvietkauskaitė, CEO of IKI**

GRI 2-22



# REWE Group Overview

IKI is a part of the REWE Group, an international conglomerate involved in trade and tourism. The REWE Group, originally known as Revisionsverband der Westkaufgenossenschaften, was formed in 1927 by 17 purchasing cooperatives and is headquartered in Cologne, Germany.

Key figures in 2023:

- ◆ **Operating in: 21 countries**
- ◆ **Net sales: 92,3 billion EUR**
- ◆ **Net profit: 736,2 million EUR**
- ◆ **Investments: 3 billion EUR**
- ◆ **Employees: 389 270**

## The business operations of REWE Group are primarily divided into 6 segments

### 1. Retail Germany:

10 retail chains with 6 000 stores, generating 40,4 billion EUR in revenue

### 2. Retail International:

5 retail chains with 3 500 stores, contributing 19,2 billion EUR revenue

### 3. Convenience:

3 chains and 164 000 sales points, generating 15,1 billion EUR in revenue

### 4. DIY:

2 chains and 320 stores, generating 2,5 billion EUR in revenue

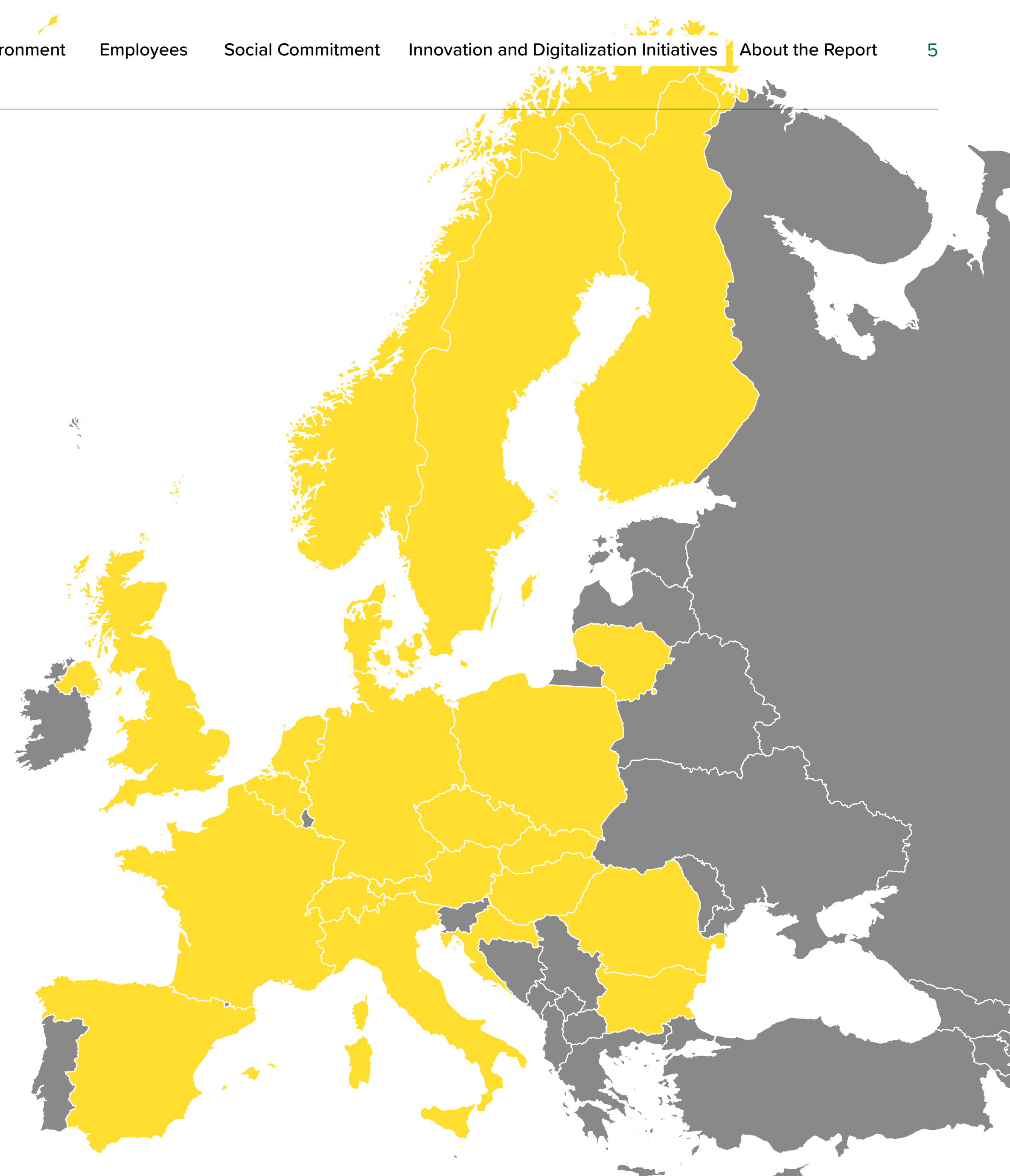
### 5. Travel and tourism:

Made up of 18 companies, this segment generates 17,2 billion EUR in revenue

### 6. Other:

Two subsidiaries, providing energy and procurement services to other group companies

More information about REWE group [here](#).





# IKI Overview

Founded in 1992, IKI has experienced steady growth and currently ranks as the second-largest retail chain in Lithuania. By 2023, the company operated 246 stores across Lithuania, effectively catering to a broad spectrum of customer demands.

IKI's shares are primarily held by REWE-Beteiligungs-Holding International GmbH, a controlling shareholder owning 93.75% of the shares, while Unilec S.A. owns 6.25%.

In 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.



**887 million EUR sales (w/o VAT)**



**15,3 million EUR net profit**



**246 stores**



**178 800 sq. m. sales area**



**300 000 customers per day**



**5 465 employees**



**53 million EUR investments**

**Sustainability initiatives**  
(solar panels, refrigeration,  
intelligent building control, etc.) -

**2,5 million Eur**

**Store openings and  
reconstructions -**

**21 million Eur**

**Operational efficiency  
initiatives**

(electronic shelf labels,  
self-checkout, etc.) -

**14,1 million euros**



# LastMile Overview

LastMile, which began as a online grocery shopping and delivery platform for citizens and FMCG retailers, has in recent years expanded into software development.

## LastMile platform

Focusing on fast-moving consumer goods, the innovative LastMile platform offers its customers the convenience of delivery within hours. With a selection spanning over 70 000 items from more than 50 partner stores, the platform ensures customer convenience. LastMile platform has more than 300 000 of registered users in Lithuania. The company offers:

## Services

- ◆ Delivery: Enabling customers to receive orders to home within an hour across 5 cities (Vilnius, Kaunas, Klaipėda, Šiauliai, Panevėžys).
- ◆ Click & Collect: Enabling customers to pick up groceries from IKI in 54 dedicated pick up points across 24 cities.

## Current network and ambition

LastMile services are provided by relying on a network of approximately 4,500 couriers, enabling swift delivery and customer satisfaction. In the upcoming years company aims to expand delivery service and have Click & Collect pick-up points in 45 cities.

## Contribution to sustainability

LastMile contributes to sustainability development, primarily from exploring and developing innovations. In the summer of 2023, LastMile tested electric autonomous vehicles for order delivery in the city center of Vilnius under real traffic conditions. LastMile moreover, in cooperation with REWE Digital (REWE group innovation unit) drone and sidewalk delivery options were tested in Germany.



## LastMile software solutions – Whitelabel and Middlemile



“Whitelabel” solution is designed to start, manage and grow online business rapidly, as well as eliminates the necessity of having sizable and costly warehouses.



MiddleMile solution is designed to consolidate (incl. 3<sup>rd</sup> party products) and offer products to end customers without physically keeping 3<sup>rd</sup> party products in the warehouse.

The development of software solutions opens up international expansion opportunities for LastMile. The

“Whitelabel” solution was introduced to PENNY Romania in August 2023.



# IKI Vision, Mission, Values



## Our Vision

**THE MOST FAVORITE STORE**  
in every neighborhood  
and 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

### WINNING SPIRIT

Always ahead of  
ever-changing world

### POSITIVITY

Always see a  
glass as half full



# Recognition and significant events during 2023

## IKI – Among Most Sustainable Brands In Lithuania

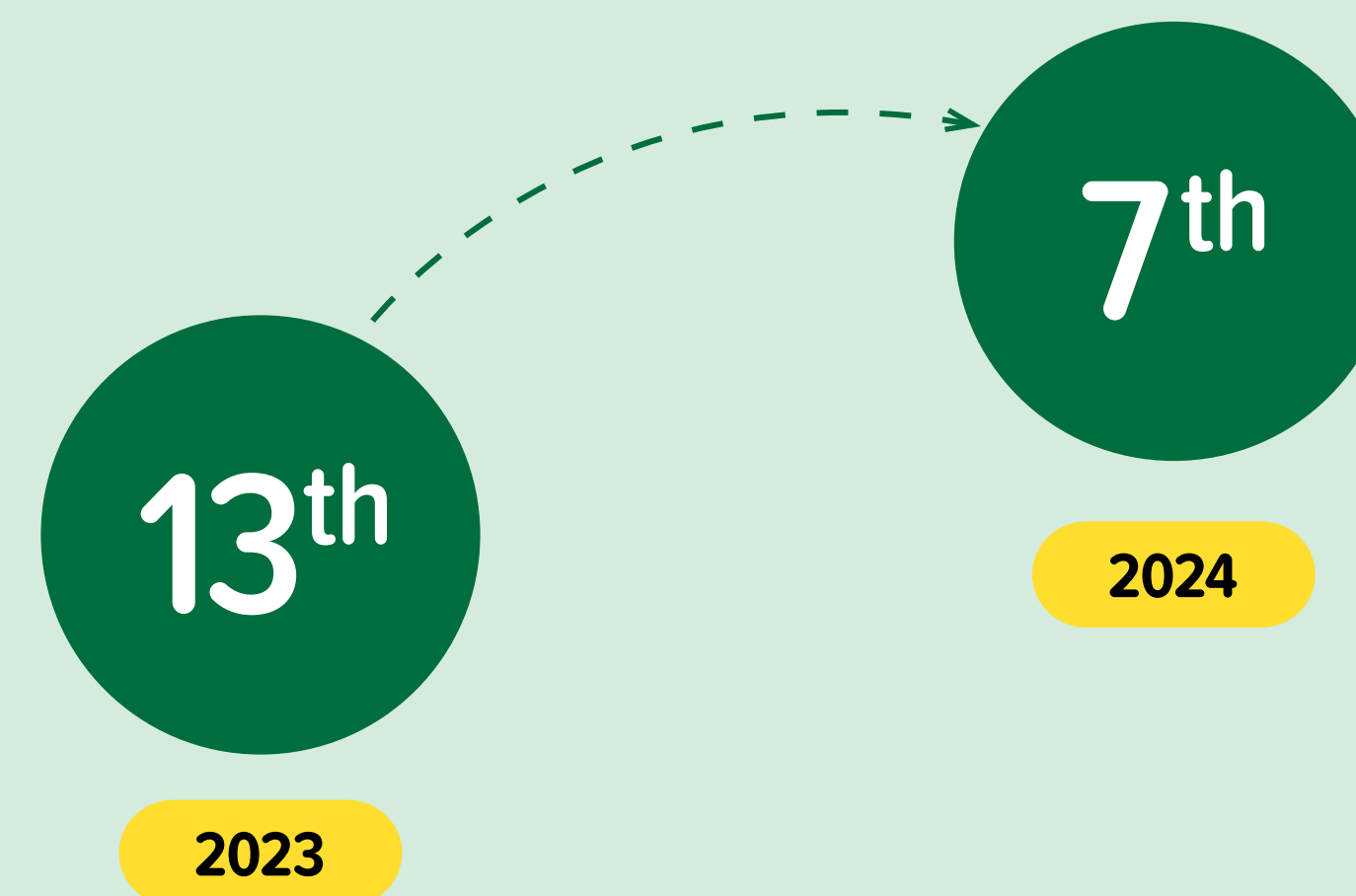
Customers in Lithuania continue to perceive IKI as a sustainable brand. Due to consistently followed sustainability principles and introduced digital and innovative solutions to the market, the progress of IKI was recognized in an independent brand perception study. IKI secured 7<sup>th</sup> position in 2024 (+6 positions compared to 2023) in overall ranking and are ranked 2<sup>nd</sup> among food retailers. This upward trajectory shows the efficiency of our sustainability initiatives and communication.

### About Sustainable Brand Index

Europe's most comprehensive independent ranking of its kind, the Sustainable Brand Index is published annually by SB Insight, a Swedish-based research company, based on a large-scale shopper survey. In Lithuania, 2,500 respondents were surveyed, rating 84 brands.



## IKI's ranking over the years





# Recognition and significant events during 2023

## New brand identity and store concept

Arčiau  
Tavęs



IKI implemented a new brand identity and communication concept based on new IKI positioning. The new slogan “Arčiau tavęs” (“Closer to You” – in English) encapsulates our aspiration to be close not only with stores and services infrastructure, but also being inclusive, tolerant, pragmatic, joyful and open for two way communication.



IKI developed new store concept and 4 store formats in 2023 to meet customer expectations and clearly communicate shopping mission, assortment range, services per each store format. Within the store layout, category sequence equipment, in-store marketing elements were changed to reflect new positioning and make customer shopping trip as convenient as possible.



IKI's commitment to energy efficiency and environmental sustainability in new store formats is demonstrated by standardized and environmentally-friendly equipment and technology, such as LED lighting, sustainable refrigeration systems, electronic shelf labels, etc.





# Recognition and significant events during 2023

## IKI was awarded as the most responsible company

In April 2023, IKI was recognized as the most socially responsible company of 2022. The evaluation took into account IKI's commitment to implement responsible business practices, promote transparent business relationships, being actively engaged in community initiatives, nurturing public values, employees' well-being, and reduction of its environmental footprint.

The national awards were organized for the 12th time by the Investors' Forum. An association that brings together the largest and most proactive investors in the Lithuanian economy.





# Recognition and significant events during 2023

## Top Employer For Two Consecutive Years

The Top Employers Institute, as the global authority on recognizing excellence in people practices, administers a certification program that acknowledges organizations for their exceptional workplace environments. The certification process for becoming a Top Employer involves an evaluation based on specific entry criteria.

In 2023, IKI achieved its first TOP Employer certification, marking a significant milestone. This recognition is a testament to IKI's unwavering commitment to prioritizing the well-being of its employees by consistently enhancing working conditions, providing a diverse range of employee benefits, fostering opportunities for career advancement, and maintaining a conducive and supportive work environment.

In early 2024, the company was honored with its second consecutive recognition, surpassing its previous evaluation in 2023. Detailed information regarding the enhancements made throughout 2023 and the efforts contributing to the improved evaluation can be found in the [“TOP Employer”](#) chapter.





# Recognition and significant events during 2023

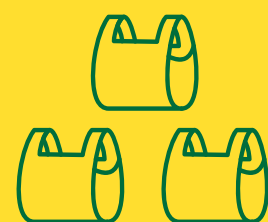
## Self-driving delivery cars tested in the city center



In the summer of 2023, LastMile self-driving cars started product deliveries in the city center of Vilnius. These autonomous cars, tested under real traffic conditions, showcased their abilities to effectively carry a full range of IKI products without causing any traffic disturbances.



The benefits of using autonomous vehicles for deliveries are based on their potential to minimize costs and their environmentally-friendly attributes. Being electrically powered, these self-driving cars lower carbon emissions, thus significantly promoting a sustainable and eco-conscious lifestyle.



Crucially, the capacity of these cars to handle multiple deliveries at once increases efficiency by reducing the number of individual cars on the road.



The successful three-month trial in the “Old Town” and “Naujamiestis” districts in Vilnius confirmed the reliability and safety of this delivery method. The positive outcomes may lead to the expansion of this innovative delivery system into other districts.



Indirect economic impact: Vilnius was the first city in Europe to introduce autonomous delivery in the city center, contributing to its innovative image and attractiveness. For this innovation, LastMile was nominated as a winner in a “Green Transport Awards.”



# Recognition and significant events during 2023

## BREEAM certificates

The IKI store in Pilaitė and the IKI administration building have both received BREEAM (Building Research Establishment Environmental Assessment Method) certificates. The BREEAM certificate is awarded to buildings that are designed, constructed and operated according to high sustainability standards. It is one of the most reliable and comprehensive building sustainability assessment tools in Lithuania and Europe.

The certificate is awarded only to buildings that meet a detailed list of requirements – the effectiveness of the building is assessed not only in reducing the impact on the environment, but also in taking care of the comfort of employees.

Store - investments amounted to more than 4,3 million EUR. The modern store has 1 613 sq.m. of commercial area and meets energy efficiency requirements for an A++ building. The store was designed in accordance with the latest company standards.

Headquarters – the overall investment for a three-story building covering 5 850 sq. Meters and its surround infrastructure totaled to 10 million EUR. The building meets the standards for the energy efficiency class A++.

The BREEAM evaluation considered a wide range of categories and criteria: energy and water use, the internal environment (health and well-being), pollution, transport, materials used, waste management, ecology and management processes.





# Recognition and significant events during 2023

We are further driving innovation and efficiency at IKI through implementation of Electronic Shelf Labels (ESLs).

This change contributes to operational efficiency and improves customer experience as it reduces human errors, ensuring price accuracy on shelves.

Implementation of ESLs in IKI chain stores not only enhances productivity and reduces human errors but also significantly decreases paper usage. The adoption of ESLs conserves a substantial amount of paper

and ink resources, previously utilized for printing, leading to a reduced environmental footprint. Additionally, prompt and efficient price updates, particularly during weekly promotions, minimize the need for paper-based adjustments. This automation not only reduces pricing errors but also establishes an agile system capable of swiftly adapting to market changes.

## Electronic shelf labels in all stores

ESLs in **40** stores



2022

ESLs in **200** stores



2023

ESLs in **ALL** stores



2024 Q1





# Recognition and significant events during 2023

## QUDAL MEDALS

In 2022, IKI was awarded four international QUDAL medals, each of the highest distinction (5 stars). These prestigious accolades, valid for 2022 and 2023, affirm IKI's unwavering dedication to upholding exceptional standards. The medals were granted in recognition of IKI's exemplary seafood, fish, and fresh meat departments, as well as for the outstanding products within its private label brand.

QUDAL® - which stands for QUality meDAL™ is awarded for products and services that offer the greatest level of quality according to the experience and opinion of consumers. These prestigious awards are given out every two years. Notably, in the year 2020, IKI was also honored with two QUDAL medals, showcasing our continued focus on quality.

IKI was awarded QUDAL medals based on respondents' answers to 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 name of the supermarket, based on you or your relatives' personal experience, whose retail chain has the highest quality in Lithuania".





# Memberships

By being a member of these 6 associations, IKI follows their values and promotes business ethics



**The Association of Lithuanian Trade Companies** represents the country's trading companies in relations with state institutions and other social partners. Upholding values of responsibility, professionalism, cooperation, and operability, they prioritize effective solutions and swift adaptation to market dynamics to drive success for their members.



**„The Green Point”** is the premiere licensed packaging waste management organization in Lithuania, overseeing waste management for commercial packaging. Established in 2003, the organization represents over 3.5 thousand Lithuanian manufacturers and importers, commanding over 50% of the market, and operates as a non-profit public institution, devoid of ownership or shareholder interests in waste management.



Deutsch-Baltische Handelskammer  
in Estland, Lettland, Litauen  
Vokietijos ir Baltijos šalių prekybos rūmai  
Estijoje, Latvijoje, Lietuvoje

**AHK membership** empowers entrepreneurs by opening doors to global business opportunities, resources, and expertise. Members benefit from networking, exclusive resources, and advocacy for favorable trade policies locally and in Germany, ensuring international success.



**The Investors' Forum in Lithuania** collaborates with public institutions and business community to enhance the country's business environment and investment climate. Through working groups and various initiatives, including public discussions and international forums, the association promotes social responsibility, fosters positive perceptions of foreign investment and entrepreneurship, and advocates for improvements in the overall business environment.



**Collective action initiative “Baltoji banga”** (eng. “Clear Wave”) promotes business integrity and transparency. Founded in 2007, it already unifies more than 80 companies. Clear Wave symbolizes business integrity, transparency, responsibility & sustainability.



CHAMBRE DE COMMERCE FRANCE LITUANIE  
Prancūzijos ir Lietuvos Prekybos Rūmai

The primary goal of the **French-Lithuanian Chamber of Commerce** is to facilitate communication between member companies as well as external ones, enabling them to discover collaborative opportunities. Their main aim is to strengthen the business ties between France and Lithuania while assisting companies from both countries in their global expansion endeavors.



# Sustainability Journey





# Approach to Sustainability

IKI is committed to its sustainability plan, which is projected to span the years 2023-2026, and is centered around five strategic components: Green Products, Energy, Climate & Environment, Social Commitment, Employees, and Governance. The core principles of the IKI's sustainability approach will establish the foundation for the subsequent actions required to reach strategic sustainability goals.

In the upcoming chapters, we delve deeper into each aspect of strategic sustainability areas, disclosing the potential positive and negative impacts as well as the measures we take to reduce or remediate those negative impacts.



**We are making our product range more sustainable by:**

- ◆ Promoting local produce
- ◆ Offering a wider range of organic products
- ◆ Reducing packaging

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

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

**Operational efficiency and talents development culture:**

- ◆ Fair and unified compensation and benefits system
- ◆ High performance and talents development culture
- ◆ Operational efficiency

Focus areas for Employees pillar were updated in 2023 to align with IKI's People&Culture strategy and priorities.

**We support local communities via:**

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

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



# Strategic Sustainability Goals

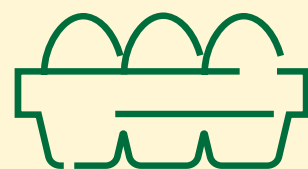
IKI continuously seeks to contribute to the United Nation's 17 sustainable development goals (SDGs) by thoroughly implementing them through a range of initiatives and projects. However, we have identified 8 priority SDGs where we have a direct impact.

## Based on our sustainability strategy, we are committed to



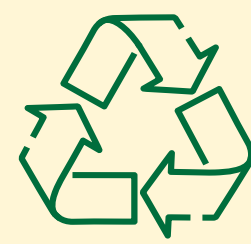
### Reducing greenhouse gas emissions

As a part of the REWE Group, IKI has committed to SBTi goals and is currently re-evaluating its emission-related targets. The goal is set to be revised in 2024. More in chapter [“Emissions”](#).



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

In 2023, 53% of stock keeping units were cage-free, and 41% of sales were from cage-free eggs. More in chapter [“Sustainable products”](#).



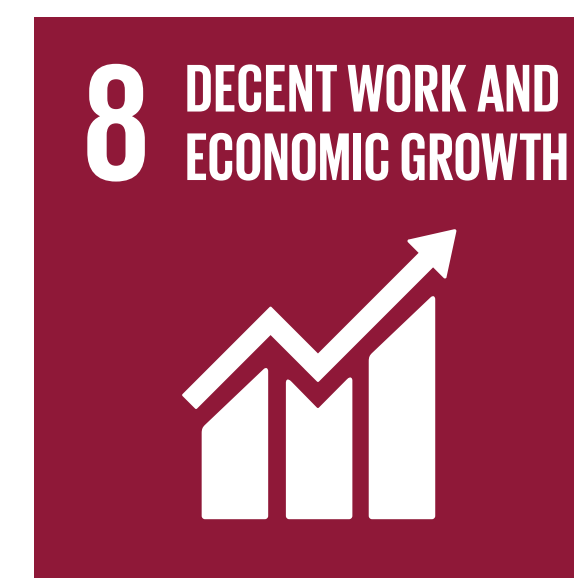
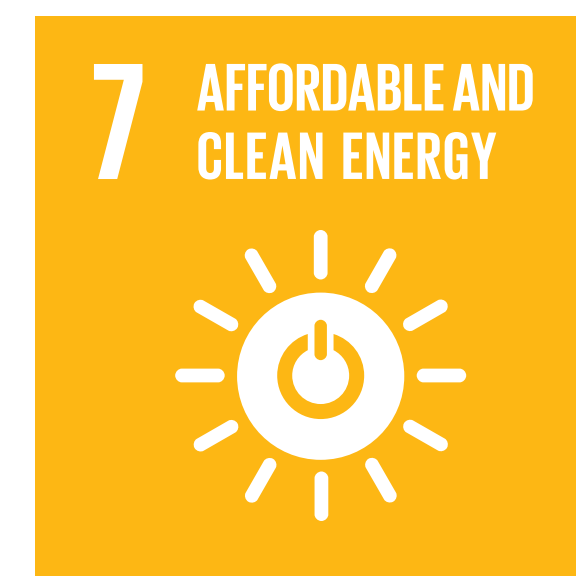
### 100% recycled plastic in the packaging of private label products by 2030

30% of “Made by IKI” packaging contains recycled plastic. More in chapter [“Packaging”](#).



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

Absolute food waste increased by 3.5% compared to 2022 remained at the same level in kg/m<sup>2</sup>. More in chapter [“Food waste”](#).





# Sustainability's Governance

The sustainability strategy of IKI undergoes regular review and considers all available information, including customer surveys, competitor benchmarking, analysis of political debates, regulatory developments and market trends.

IKI in Lithuania and BILLA in Bulgaria, Slovakia, and the Czech Republic are a part of REWE Group's network of stores in Central and Eastern Europe (CEE). All sustainability initiatives at IKI and BILLA are closely aligned with the overarching strategy of REWE Group, facilitating coordination among BILLA branches.

The Sustainability Manager at BILLA CEE oversees all

aspects of sustainability, ensuring rigorous review and alignment with REWE Group strategy. Regular biweekly meetings and annual strategy sessions among sustainability managers from BILLA CEE countries promote knowledge sharing and cohesive approaches.

Furthermore, collaboration extends beyond BILLA CEE to involve the sustainability team at BILLA Austria and

REWE. This collaboration includes addressing sustainability challenges and implementing joint projects to drive impactful outcomes.

The shared commitment to sustainability within IKI is guided by the strategic pillars of its sustainability strategy, functioning as a collective roadmap. The execution of this strategic framework is integrated into IKI's govern-

ance structure, with distinct responsibilities, that also included management of impacts, assigned to internal stakeholders. The Sustainability Manager is entrusted with overseeing the implementation of the sustainability strategy, and each business function concentrates on the specific topics relevant to its operations and business model. The overarching principles and responsibilities are clearly defined.





# Approach to Corporate Governance

The Board and senior executives are responsible for overseeing the organization’s impact on the economy, environment, and people.

Monthly KPI (Key Performance Indicators) meetings serve as a platform for identifying and managing the impacts of IKI. These meetings are attended by department heads, including the Head of Strategy, who oversees sustainability-related matters.

Ad-hoc meetings can be arranged with the Board if it is necessary to discuss critical concerns and other important topics. If an employee raises a critical concern, the Board’s assistant is promptly notified, in order to schedule an urgent meeting. Otherwise, concerns are presented and discussed during regular meetings with the Board.

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, impacts and key performance indicators.

## Governance Principles



IKI continues to prioritize sustainability by integrating sustainability principles into its governance structure, with the Board overseeing and guiding initiatives



The company maintains a zero-tolerance policy for corruption, emphasizing transparent and responsible tax practices



Ethical standards are ingrained in the company culture, and employees are expected to uphold high standards of ethical behavior



As part of our commitment to a more sustainable future, IKI aims to maintain a positive impact on all environmental, social, and economic dimensions through ongoing improvements in corporate governance



# Engaging Stakeholders

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 stakeholders means actively seeking their input, and listening to their feedback which helps IKI to make more informed decisions and improve the performance and management of material topics.

	Employees	Customers	Business partners	Associations & NGOs	Public authorities	Media
Engagement Channels	<ul style="list-style-type: none"> <li>Regular 1 on 1 meetings</li> <li>Regular team meetings</li> <li>Regular meetings with management</li> <li>Town hall meetings (once per quarter)</li> <li>Intranet</li> <li>IKI Talks initiative</li> <li>Employee surveys</li> <li>Newsletters and other internal documentation (weekly)</li> <li>Corporate events</li> <li>Store and Regional managers meetings</li> </ul>	<ul style="list-style-type: none"> <li>Customer surveys</li> <li>Customer support channels</li> <li>Focus groups</li> <li>Company's website</li> <li>Social media profiles (Facebook, Instagram, LinkedIn)</li> <li>IKI Mobile application</li> <li>Commercials, Outdoor Ads, Radio Ads</li> <li>Leaflets (circulation is 110K per week)</li> </ul>	<ul style="list-style-type: none"> <li>Regular audits and consultations</li> <li>Mutual initiatives</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Memberships</li> <li>Donations</li> <li>Events and campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Discussions on regulations</li> <li>Discussions on joint projects</li> </ul>	<ul style="list-style-type: none"> <li>Website</li> <li>Meetings</li> <li>Press releases</li> <li>Events and campaigns</li> </ul>
Topics	<ul style="list-style-type: none"> <li>Corporate information and strategy</li> <li>Changes and updates</li> <li>Compensation and Benefits</li> <li>Employee well-being</li> <li>Trainings</li> <li>Career development</li> <li>Health and safety</li> <li>Equal opportunities</li> <li>Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Product-related topics</li> <li>Pricing</li> <li>Shopping experience</li> <li>Operational excellence</li> <li>Sustainability</li> <li>Customer Support</li> <li>Data privacy</li> </ul>	<ul style="list-style-type: none"> <li>Contractual clauses</li> <li>Delivery and payment terms</li> <li>REWE Group and IKI guidelines</li> <li>Sustainability related questions (e.g., policies, data, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>Social initiatives</li> <li>Donations</li> </ul>	<ul style="list-style-type: none"> <li>Legislation</li> <li>Taxation</li> <li>Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Financial and operational results</li> <li>Achievements</li> <li>Social initiatives</li> <li>Changes in top management</li> </ul>



# IKI customer board – new format to engage with stakeholders

In 2023, IKI established a unique channel to strengthen our stakeholder engagement – the IKI Customer Board. IKI Customer Board is a group of 10 selected IKI customers who will be invited to share their feedback, insights and recommendations, regarding IKI products and services.

Starting in April 2024, the Board will hold regular meetings with various representatives from IKI, including members of IKI Board. The purpose of these meetings is to gather input from the Customer Board on sustainability, product-related matters, shopping experiences, and more.

The Customer Board's feedback will be invaluable when seeking to further improve the shopping experience for all IKI customers.

The first IKI customer board meeting took place on the 15th of April, 2024.





# Materiality Assessment

## Internal stakeholders survey

This survey, conducted in 2022, was prepared based on IKI's sustainability pillars and topics in relation to retail sector. The aim of the survey was to identify the most important topics for IKI's employees and highlight the topics where IKI has either a positive or negative impact.

## Customers survey

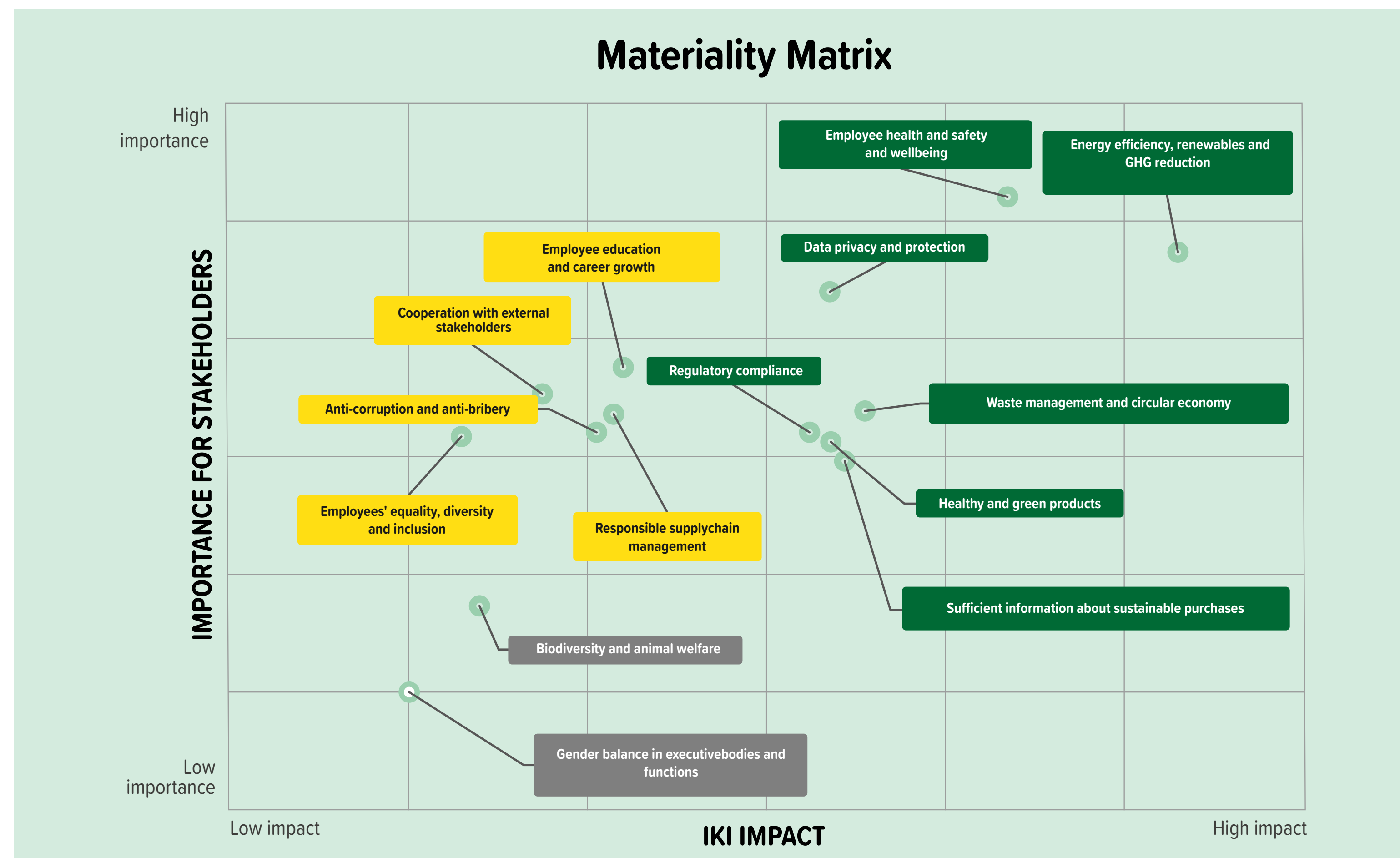
An online survey was conducted to identify material topics for customers by asking them to rate ESG topics based on personal relevance when purchasing food, beverage, and everyday necessities: 1 000 customers were surveyed in Lithuania.

## Results

The results of both surveys, conducted in 2022, were combined to prepare the "Preliminary materiality matrix" and classify material topics into three focus categories: Green – highest priority, yellow – high priority, and grey – medium priority.

The results of the materiality assessment provided a key foundation for selecting strategic sustainability areas and setting the goals.

We believe that the 2022 version of the materiality assessment continues to accurately represent the significant effects of IKI's operations from the perspective of key stakeholders in year 2023. The full materiality assessment aligned with latest regulatory standards is planned to be performed in 2024 for all companies in REWE Group.



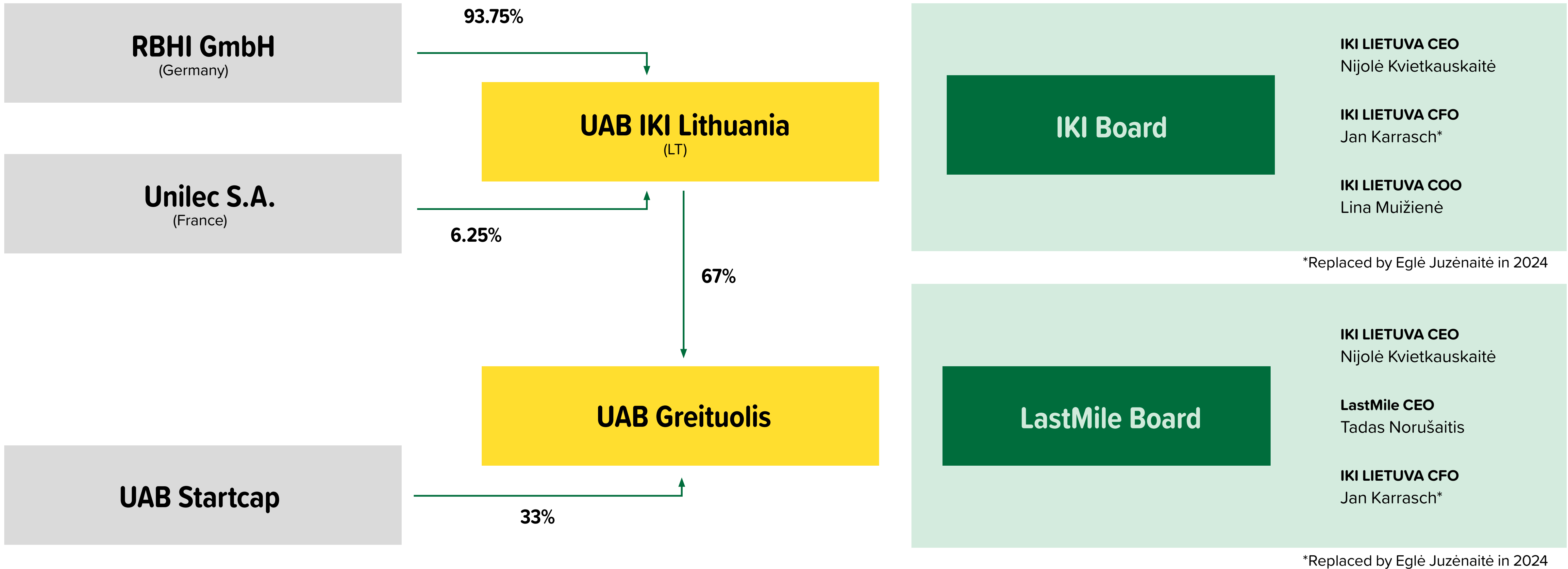


# Corporate Governance and Compliance





# Company Structure





# Highest Governance Body

The IKI Board is elected by the shareholders’ meeting and is responsible for selecting the CEO. It is imperative that the Board composition reflects diverse expertise and practical experience relevant to IKI’s structure and operations. Board members must exhibit strong personal qualities, including integrity and impartiality in decision-making, without any conflicts of interest among them.

Board members serve a three-year term, each holding one vote as per IKI’s Articles of Association. The CEO can only act jointly with a Board member. While overseeing company operations, the Board members adhere to the business purpose, legal requirements, IKI’s Articles of Association, and the REWE Group’s Rules of Procedure.

As outlined in IKI’s statute, the Board is responsible for approving the company’s strategy, financial forecasts, annual business plans, budgets, and crucial transactions, including matters related to sustainability.

UAB “Greituolis” Board comprises three members elected by the General Meeting: Nijolė Kvietkauskaitė, Jan Karrasch (replaced by Eglė Juzėnaitė from the 1s of February 2024), and Tadas Norušaitis, who also serves as CEO. Board members hold a four-year term.

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 Muizienė

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

Eglė Juzėnaitė

Eglė Juzėnaitė became the CFO and a member of the IKI Board on January 1<sup>st</sup>, 2024, replacing Jan Karrasch.

She also joined the Board of UAB “Greituolis” on February 1<sup>st</sup>, 2024, taking over from Jan Karrasch in that role too.

Tadas Norušaitis

CEO and Founder of UAB “Greituolis” since 2018



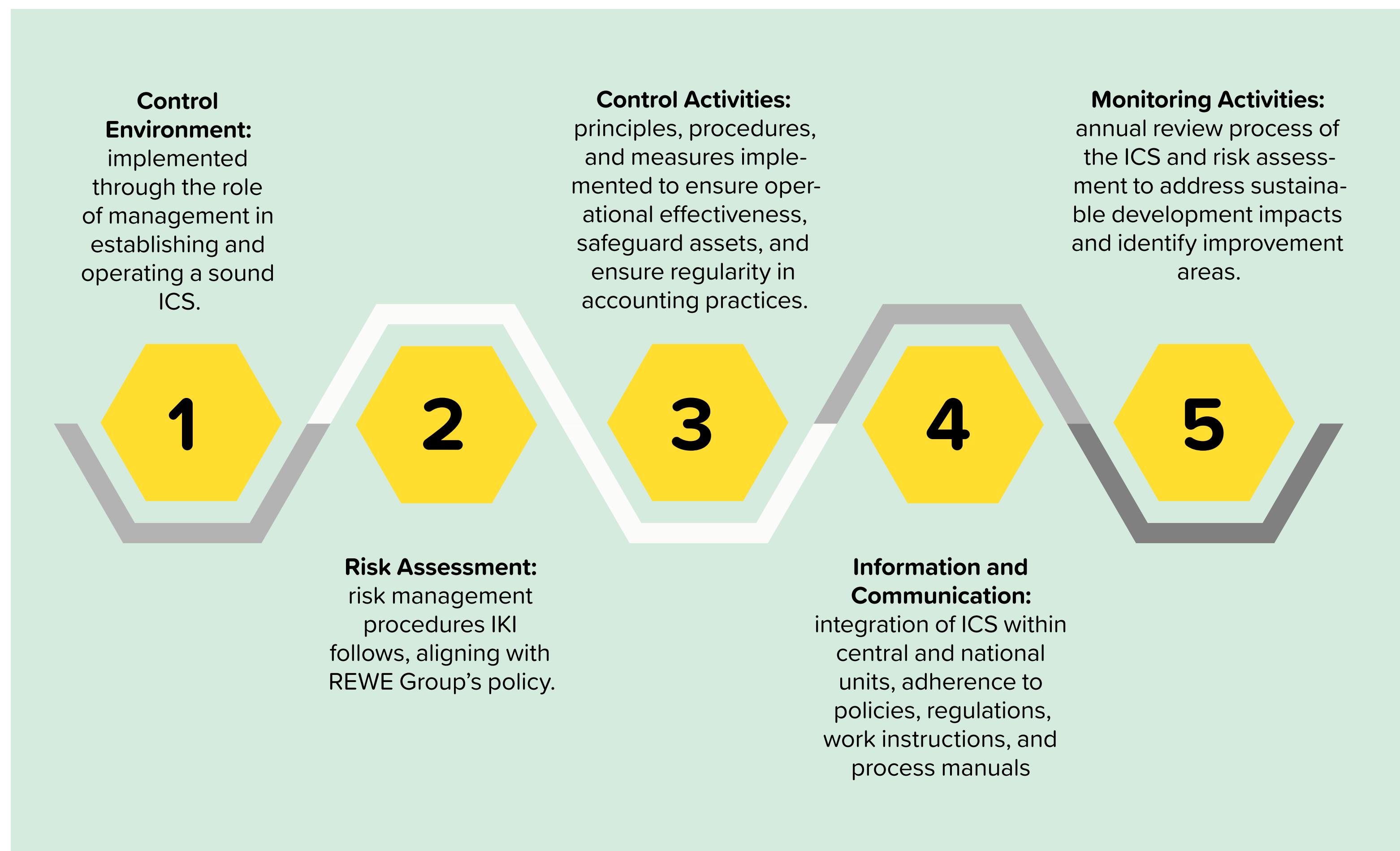
# Internal Management and Control

IKI's management is responsible for establishing and maintaining an operationally effective and sufficient Internal Control System (ICS). This system encompasses principles, procedures, and measures implemented by IKI management to ensure the organizational implementation of management decisions in several areas:

- ◆ Ensuring the effectiveness and profitability of business operations, which includes safeguarding assets, detecting and preventing asset misappropriation, and other related matters.
- ◆ Ensuring the regularity and reliability of internal and external accounting practices.
- ◆ Ensuring compliance with relevant legal provisions applicable to the company.

In line with REWE Group's policy for ICS, IKI follows extensive management control methods and risk management procedures. The existing ICS is integrated within both the central units and national business units' structure and processes. Target requirements are outlined in IKI's policies, including relevant policies of the REWE Group, along with other regulations, work instructions, or process manuals. Regular Code of Conduct training and updates are conducted annually to ensure proper adherence to defined rules.

IKI regularly reviews the effectiveness of its processes and procedures, such as the ICS and risk assessment in order to address any impact related to sustainable development. This review aims to identify areas that require improvement or where it is necessary to mitigate any potential issues.





# Key IKI Policy Commitments

At IKI, we believe that the way we conduct our business is the key to our success. With a focus on ethics, transparency, and integrity, we diligently follow our own policies as well as REWE Group's policy commitments. By working harmoniously within this framework, we can operate ethically and transparently while adhering to local and international laws and regulations, and protecting our

stakeholders. These policies are designed to create an environment of trust and also strengthen our reputation and mitigate risks.

Every employee at IKI is introduced to our policies at the start of their employment or upon the adoption of a new policy. By signing the rules of the work procedure, employees confirm that

they have familiarized themselves with all policies, procedures, guidelines and other important documents, have understood them and are committed to complying with them. The process is supervised by HR department. The majority of the policies are internal and they are published in IKI's internal electronic systems to maintain privacy.

## The REWE Code of Conduct

serves as IKI's foundational policy, establishing the standard for all our specific domain policies and procedures. It conveys seven fundamental values (respect, loyalty, honesty, reliability, transparency, honor, sustainability) and explains what they mean for REWE Group. Employees must safeguard the company's reputation, treat competitors fairly, and resolve conflicts of interest. REWE Group has committed itself to strengthening human rights and preventing their violation. This includes expressing a clear "no" to child labor and forced labor.

IKI administrative staff undergo an annual e-test to assess their understanding of the Code of Conduct, while other employees can access and update their knowledge of the Code of Conduct through IKI's electronic training system and internal network.

## **Policy of Energy Use**

According to the Use of Energy Policy developed by REWE Group and adopted by IKI, we take responsibility towards society's welfare seriously, for the long-term welfare of both current and future generations.

Following its commitment as stated in the policy, IKI manages energy use with a holistic approach, encompassing the analysis of all energy-related processes and ensuring continuous operational improvement, complying with legal requirements and other commitments we have undertaken.

The policy confirms our ambition to invest into new and future-oriented technologies.

## REWE Supplier Code of Conduct

constitutes a key part of REWE's risk management system, enabling the integration of its human rights strategy into procurement processes, and requiring suppliers to provide necessary information for risk analysis upon request, aligning with the German Supply Chain Due Diligence Act.

## **Work Procedure Rules**

covers the policies, procedures and guidelines that employees must follow in their everyday work. Employees are introduced to these rules at the beginning of their employment.



# Other Procedures and Guidelines

Besides key policy commitments described on the previous page, IKI has a set of procedures and guidelines intended to set ethical and behavioral standards for all employees

## Equal Opportunity and Violence Prevention Procedure

This applies to all IKI employees and is included in the Work Procedure Rules, which every employee must sign.

The procedure promotes equal opportunities and non-discrimination throughout the hiring and employment process, establishing preventative measures against workplace violence, improving psychosocial conditions, and proactively protecting employee dignity and wellbeing.

IKI has appointed an HR representative for management of employee adherence to the equal opportunities policy, along with registering and assessing any cases of violation, assessing performance of other employer's duties and all other processes related with the procedure. The procedure also sets the communication channels to report violations of the policy.

## Donation guidelines

IKI actively supports local communities through monetary and in-kind donations.

Our donation guidelines sets mandatory measures, rules and other requirements for donation initiatives. It also sets minimum requirements for donation project selection, approval, implementation, determination and support-related tax aspects.

These guidelines are prepared and approved by REWE Group.

## Guidelines for Accepting and Giving Gifts

These guidelines provide information about the acceptance and giving of gifts for employees, aligning with local laws and ensuring appropriate conduct without influencing business or governmental decisions.

These guidelines are prepared and approved by REWE Group.

## Sponsorship guidelines

Embracing corporate responsibility is part of REWE Group's vision and sustainability principles. Therefore, it supports many social projects and civic initiatives. The projects and initiatives must align with the the Group's vision and with its compliance and sustainability principles, and they must contribute to a good company reputation, in order to be eligible for implementation.

These guidelines provide clear instructions outlining which organizations would be eligible to receive sponsorship from IKI and how to avoid conflicts of interest. It also reinforces the fact that IKI does not support political organizations.



# Anti-Corruption

IKI firmly advocates for transparent and ethical business practices, and actively opposes corruption and any form of unlawful economic activity. The organization operates in accordance with the prevailing legal regulations in Lithuania, as well as the REWE Group's Code of Ethics, guidelines, and internal policies. In order to ensure adherence to applicable laws and regulations, IKI has implemented an internal management and risk control system developed and overseen by the Group. IKI is also a member of "Baltoji Banga", thus IKI undertakes to act transparently, to respect the laws and regulations related to its activities, including in the areas of corruption prevention, personal data protection, environmental protection, competition, worker safety and health, and other areas.

All IKI employees are expected to uphold principles of fairness and integrity in all circumstances. Our compliance professionals take on the responsibility of spreading information about compliance, detecting and reducing risks, and handling any violations. Consequently, training is provided to all IKI employees and individual consultations are available as required in order to cultivate a business environment resistant to corruption.

There were no confirmed cases of corruption, employee terminations or disciplinary actions related to corruption, contract terminations due to violations, or public legal cases against the organization or its employees in 2023.

Anti-corruption training is updated every three years and the last update took place in 2023. These trainings are assigned to all employees working in administration (437 in total), including members of the board. By the end of 2023, 95% of employees have completed the training.

## The percentage of employees who are required and participated in anti-corruption training



2022



2023

# Tax

IKI adheres to the Tax Compliance Guideline of the REWE Group, which includes the Tax Strategy. These guidelines, approved by the REWE Group Finance Director, are updated as needed. IKI is committed to complete and timely tax declarations and aims for constructive cooperation with tax authorities through open and transparent communication.

In 2023, IKI paid 64,4 million EUR in taxes, with LastMile contributing 388,2 thousand EUR, based on data from the State Tax Inspectorate. To ensure compliance with tax laws and mitigate the risk of rule violations, the REWE Group has implemented a Tax Compliance Management System (Tax CMS). The Tax Compliance Officer (TCO) at the REWE Group level is responsible for implementing, monitoring, and enhancing this system. External auditors, internal audit departments of the REWE Group, and tax authorities conduct audits to monitor the tax compliance process.

The tax function at IKI is managed within the Finance Department, specifically within Accounting. The CEO and CFO are accountable for tax matters and must ensure regular and thorough monitoring of tax laws. They are also responsible for identifying and managing tax-related risks continuously.



# Legal Compliance

IKI pledges to conduct its business activities fairly, ethically, and in compliance with local regulations. However, during the 2023 reporting period, there were 6 instances of non-compliance concerning the health and safety impacts of products and services, leading to non-monetary sanctions (recommendations). The total amount of the fines came to 52 000 EUR and did not represent a significant impact on the company's financial or operational situation.

51 000 EUR of the 52 000 EUR paid in 2023 was imposed by the Competition Council back in 2019 for violating the Law of the Republic of Lithuania on the Prohibition of Unfair Practices by Retailers. This fine was only enforced following the Supreme Administrative Court of Lithuania's decision in 2022. The remaining fines amounting to 1 000 EUR paid in 2023 were due to violations of the Food Act.

The key role of regulating and coordinating compliance activities at REWE Group is undertaken by the Central Unit Governance and Compliance. Moreover, Decentralized Compliance Officers serve as knowledgeable liaisons for their relevant business sectors and country branches. The Compliance Management System acts as a guide for all employees to act rightly in every scenario. The duty of the compliance unit is not only to

educate about compliance but also to prevent potential risks and respond to any violations. All in-house employees receive risk-based training and can request personalized advice.

Both REWE Group employees and external parties such as business partners or suppliers can report any cases of non-compliance with internal guidelines or legal acts via the REWE Group Hintbox. Tips are automatically assigned to the responsible Compliance department and handled with complete confidentiality.

Both employees and external partners of IKI can also report violations through a local IKI email address: [skaidrumas@iki.lt](mailto:skaidrumas@iki.lt)





# 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.

When a Board member or any other employee is considering entering a business relationship, it is imperative that caution is exercised. The first step is to obtain the written consent of direct supervisors or responsible indi-

viduals within the company. It is essential to follow the established guidelines and policies in the company to ensure that any 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.

# Customer Protection

Regarding customer data protection, IKI applies Personal Data Protection Policy and REWE group guidelines on the protection of personal data. The Policy governs the processing of customers' personal data by the company and sets out the internal requirements for the processing of personal data within the company to ensure that the processing of personal data ensures compliance with applicable legal requirements.

In 2023, IKI received one complaint related to the form of consent (for the processing of personal data for marketing purposes) provided by customers when registering for a loyalty programme.





# Green Products

## Direct Impact



## Indirect Impact





# Highlights



**85 % of procurement budget was spent on local suppliers**



**99% of private label products were assessed for quality and improvements**



**98% of contracts with direct suppliers included Supplier Code of Conduct**



**160 000 EUR spent for meat quality tests**



**More than 400 organic products in the assortment**





# Sustainable Products

IKI is committed to offering environmentally friendly and sustainable products. With a focus on providing healthier options, IKI prioritizes additive-free items and upholds strict environmental and social standards for its private label products through close collaboration with suppliers.

## The list of certificates that we prioritize when selecting a supplier for private label:



**billa  
bio**

BILLA BIO is our private-label brand, in which we place special emphasis on sustainability and dietary needs. The BIO label ensures GMO-free crops grown in adherence to strict pesticide and chemically synthesized fertilizer restrictions, thus this brand upholds the highest organic farming and welfare standards.



## GOAL: only cage-free eggs on shelves and in production by 2025. PROGRESS IN 2023



### Shelf

- ◆ 53% of eggs assortment is already cage free eggs
- ◆ 41% of eggs sales were cage free eggs



### Production

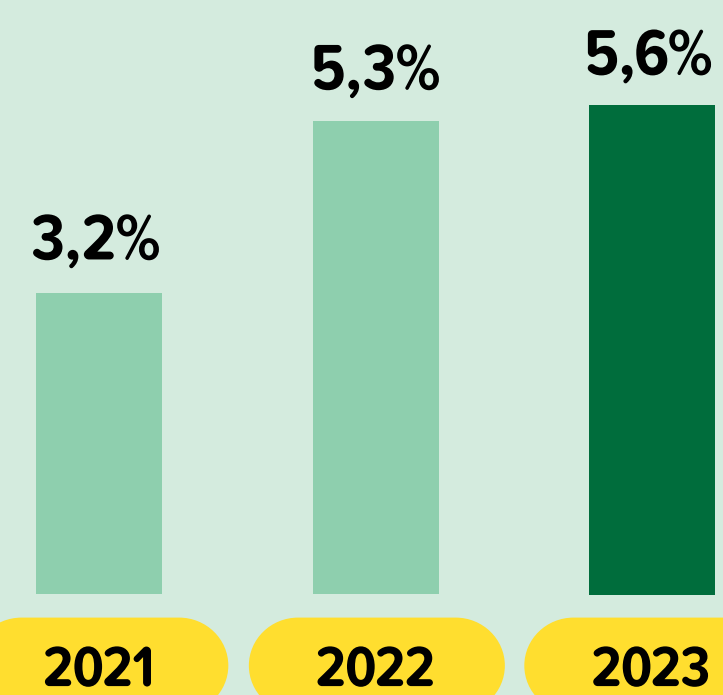
- ◆ Only cage free eggs used in deli production



# Sustainable Products

To ensure that IKI offers a wide range of organic, vegan and other functional products (e.g., free from added sugar, antibiotics, salt, caffeine, etc.) we have a goal to increase the share of alternative/functional products in our assortment. For the last few years we have successfully improved our assortment share of functional products which grew from 3,2% in 2021 to 5,6% in 2023.

## Share of functional products in our assortment



All of our  
“Pagaminta IKI”  
products are made  
using renewable  
electricity.

## Number of organic products in the entire assortment

428





# Quality Control Measures to Ensure Sustainability

IKI strives to make our product assortment more sustainable and ecologically viable. While we rely on internationally recognized certification standards and REWE guidelines, we also formulate our own requirements. These are the 5 main principles that we follow to ensure that our products are sustainable and does not negatively impact the health of our customers:

**1. IKI does not use food irradiation to treat its products or ingredients**, including those in private and exclusive labels and direct imports. Irradiation leads to nutritional losses, changes in sensory qualities, and high costs, making it less viable for small producers.

**2. Artificial food colorings and sweeteners** contribute to pollution and greenhouse gas emissions. The intense sweetness of artificial sweeteners potentially leads to increased cravings for sweets. Thus, **IKI avoids harmful colorings** (E110, E104, E122, E129, E102, E124) in private label products, to ensure consumer safety.



**3. IKI accepts only fresh and quality-approved eggs, with suppliers adhering to an approved control system.** IKI aims to eliminate the use of caged eggs by 2025 for enhanced animal welfare. IKI's deli products only use antibiotic-free chicken which reduces the risk of antibiotic-resistant diseases and improved living conditions and nutrition for birds.

**4. IKI's suppliers are committed to delivering private and exclusive label products that do not contain any ingredients, including additives, flavorings, solvents, and carriers, derived from genetically modified organisms (GMOs), nor are they GMOs themselves.**

**5. IKI buys only Roundtable on Sustainable Palm Oil (RSPO) certified palm oil.** It is used both in confectionary and cooking of IKI private label products.



# Quality Control Procedures

At IKI, a significant focus is placed on ensuring high standards of product and service quality, particularly regarding the 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.

Besides product quality control procedures, food safety and quality audits take place in each store at least once per quarter.

In 2023, 99% of private label products underwent assessment for quality and improvements.

To maintain high standards, IKI enforces strict pesticide control measures and voluntarily tests an additional 100 private label products annually. In 2023, 86 tests were conducted on fruits and vegetables for pesticide residues, and all tests yielded satisfactory results, indicating no further action was required.

Additionally, 160 000 EUR has been allocated for meat quality inspections.

## 160 000 EUR

has been allocated for meat quality inspections.

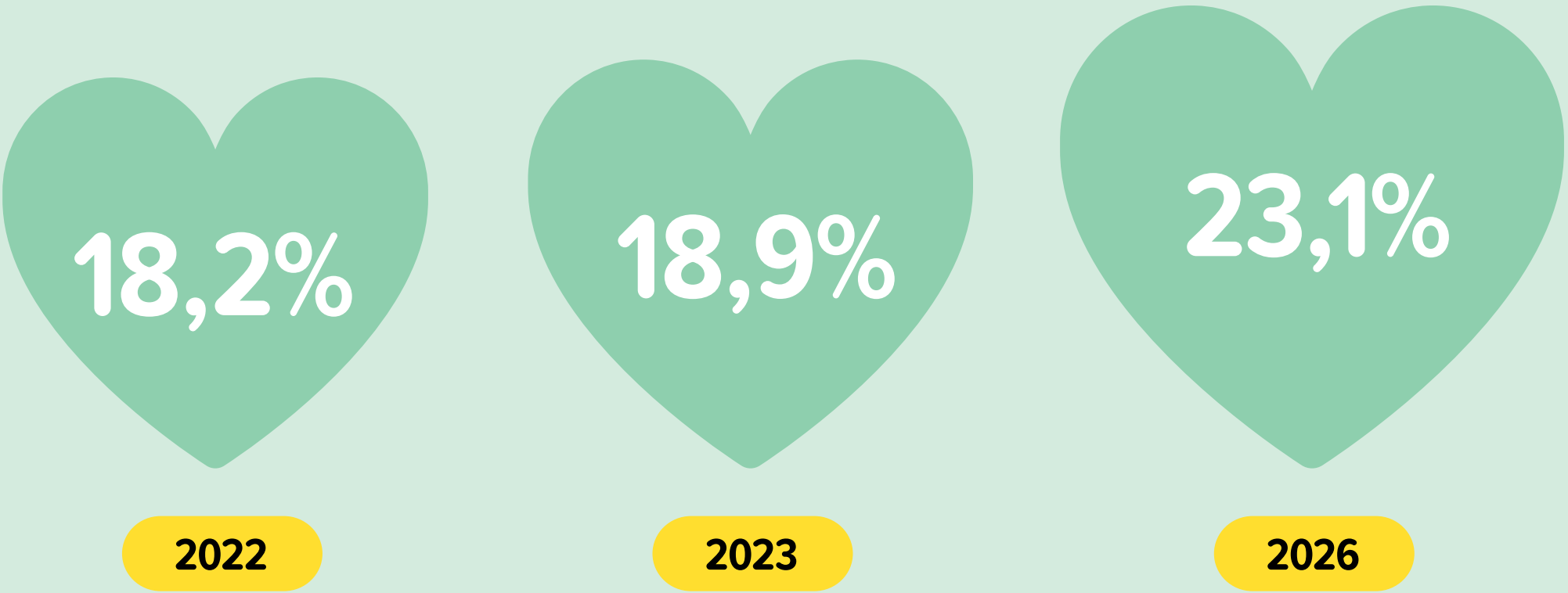




# Private Label

The development of a strong portfolio of private label products plays a pivotal role in advancing our sustainability efforts and bolstering our strategic direction towards “Green Products.” With a deliberate focus on product portfolio expansion, we are intentionally designing products that utilize sustainable materials, eco-friendly packaging, and energy-efficient production processes.

## Share of private label sales



## Key private label brands


## Other private label brands




# Supply Chain

## Supplier code of conduct

As part of the REWE Group, IKI is subject to the German Act on Corporate Due Diligence Obligations in Supply Chains. In line with these requirements, IKI has started including the Supplier Code of Conduct in new agreements with direct and indirect suppliers since 2022 and succeeded in incorporating it into 98% of existing agreements with direct suppliers by 2023. By the end of Q1 2024, this code is set to be integrated into agreements with indirect suppliers as well.

## Supplier risk analysis

In 2023, a comprehensive risk analysis was carried out for all IKI suppliers, with the goal of identifying those with a substantial risk of adverse effects on the environment, working conditions, and human rights. This analysis categorized business partners as either high-risk or very high-risk based on industry, country, and supply chain risks. In 2024, the very high-risk suppliers

**By the end of 2023, 98% of contracts with direct suppliers\* included Supplier Code of Conduct.**

\*A direct supplier is a supplier that provides products specifically for resale purposes, rather than for internal use within a company.

will be invited to complete self-assessments and share its results with IKI and REWE. By implementing a risk-based due diligence approach across all critical business domains, IKI aims to precisely identify, prevent, and address any potential risks.

## Support for small regional suppliers

To ensure the quality of our products, IKI has established rigorous food safety and quality standards for manufacturers of IKI private label products. However, many regional suppliers, particularly small Lithuanian producers, operate without the necessary food safety and quality management systems that fully meet our requirements. To support these producers and provide them with the opportunity to sell their products in our stores, IKI's quality team conducts audits on behalf of the suppliers.

Before each audit, IKI gives suppliers an audit questionnaire to familiarize them with the requirements, and helps them prepare the necessary documentation. During the audit process, we meticulously explain each requirement and guide them through the necessary procedures. In some cases, suppliers even adjust their internal processes to align with our established standards. Most importantly, our audits are conducted free of charge, which is especially important for small producers.



**Share of IKI's procurement budget was spent on products purchased from Lithuanian suppliers in 2023**

**85%**

LastMile's procurement budget was spent entirely on products purchased from Lithuanian suppliers.



# Vertical Farming and Leafood

At the beginning of 2023, startup Leafood opened first vertical farm in Lithuania which aims to become one of the biggest vertical farms in Europe. Vertical farming offers a unique approach to growing leafy greens by utilizing vertically stacked layers and maximizing the growing area.



IKI is a proud partner of Leafood and in 2023 was the only grocery retailer offering Leafood products to its customers in Lithuania.



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



Harvests 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. Based on the Life Cycle assessment, conducted in accordance with to ISO 14040-14044, Leafood products have a 35-55% lower CO<sub>2</sub> footprint than its traditional alternatives, both local and imported.



Leafood also invests in sustainable packaging. Since the beginning of its operations, the startup has reduced the use of plastic in its packaging by more than 3 times.



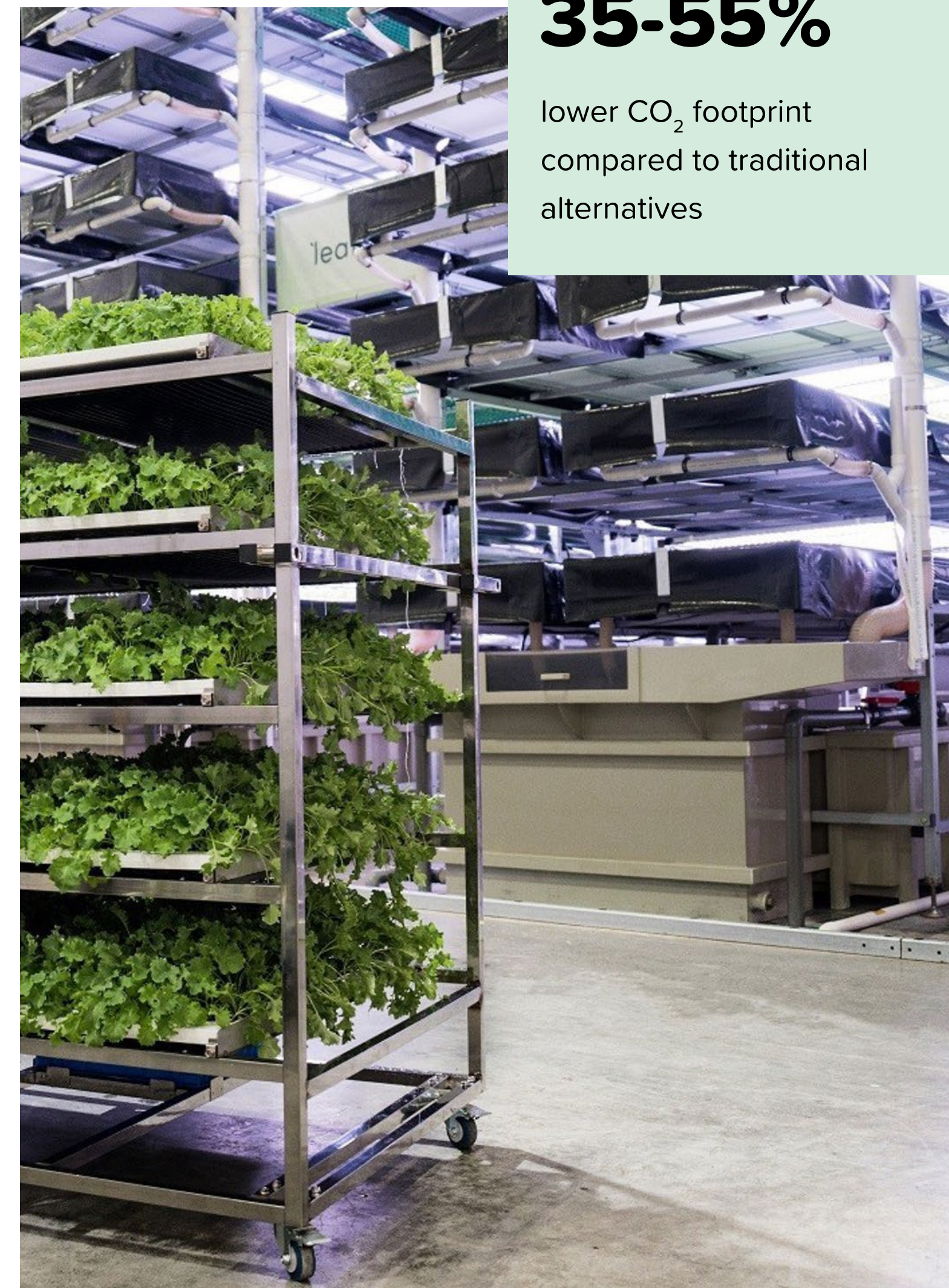
Due to a clean and protected growing environment, Leafood does not use pesticides, herbicides or other harmful substances.



100% of energy used in the vertical farm comes from renewable sources.

## 35-55%

lower CO<sub>2</sub> footprint  
compared to traditional  
alternatives





# Energy, Climate and Environment

## Direct Impact

7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



## Indirect Impact

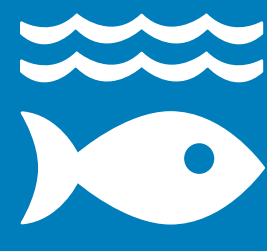
6 CLEAN WATER AND SANITATION



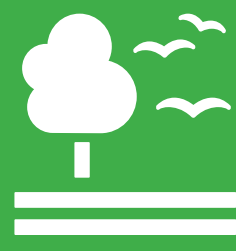
11 SUSTAINABLE CITIES AND COMMUNITIES



14 LIFE BELOW WATER



15 LIFE ON LAND





# Highlights



**100% of energy used in buildings managed by IKI was renewable**



**14 times increased capacity of electricity production from Photovoltaic systems (PV)**



**11% reduction in energy usage per sq.m. in our stores compared to 2022**



**25% reduction of Scope 1 emissions, 34% reduction of Scope 2 emissions**



**14% reduction in water consumption compared to 2022**





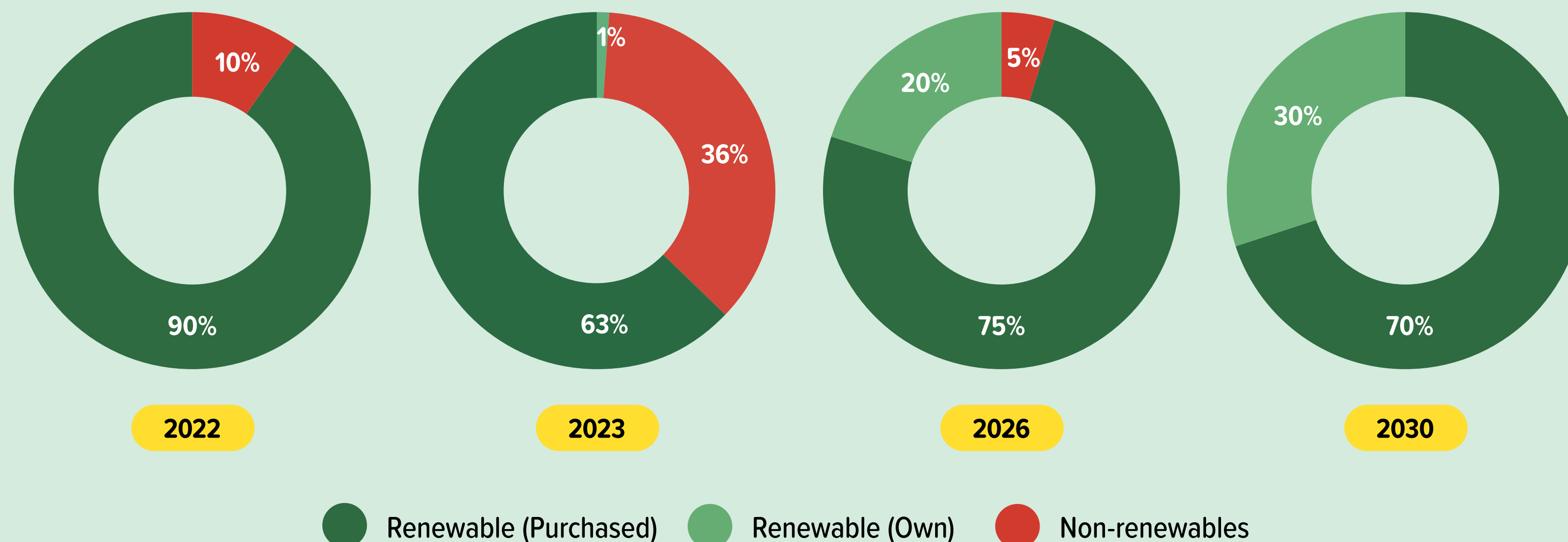
# Electricity: Our Approach and Vision

Like all retailers, our grocery stores and production sites have a significant energy footprint due to its long hours of operation, constant need for lighting, refrigeration and HVAC (Heating, Ventilation, and Air Conditioning). Therefore, to mitigate the negative impact on the environment and climate change, we heavily invest to:

- ◆ Renovating our facilities to improve energy efficiency
- ◆ Implementation of various technologies and measures to optimize energy consumption and prevent energy loss
- ◆ Renewable energy, including both our own production facilities and purchasing electricity made from renewable sources. We aim to have a fully green electricity supply, with 30% generated from deployment of our own solar and wind power technologies.

In 2023, we increased our electricity production capacity from photovoltaic (PV) systems by 14 times and produced 1% of our total electricity demand. However, most of the PV panels were installed at the end of the year so we expect that it should produce about 2,5% of our electricity needs in 2024.

## Current and anticipated electricity mix



In 2023, the biggest commercial real estate developer, from whom IKI rents its premises, stopped buying renewable energy certificates. This negatively affected the total share of renewable electricity. In 2024, we will explore our options for obtaining renewable energy certificates.



# Energy: Key Renewable Energy Initiatives

## PV system at Panevėžys Logistics Center (PLC)

In 2023, a 1,5 MW PV system was installed at the PLC, followed by a planned deployment of a 0,55 MW PV system at the Panevėžys Deli Center in early 2024.

Targets:

- ◆ Generate up to 2% of IKIs annual electricity demand by 2026

## Deployment of PV systems on stores

By the end of 2023, a total of 17 IKI stores were equipped with solar panel systems - 11 of these solar panel systems were installed in 2023. The total solar panel power increased from 170 kW in 2022 to 1,2 MW in 2023.

Targets:

- ◆ Generate up to 3% of IKIs annual electricity demand by 2026
- ◆ Install PVs on additional 15 stores in 2024

## Deployment of a 5MW PV system in the field

In 2023 we received a construction permit and signed a preliminary contract for the installation of IKI's 5 MW photovoltaic system

Targets:

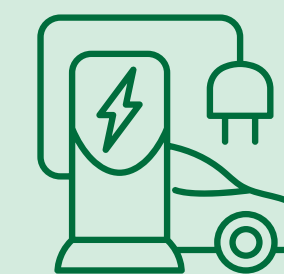
- ◆ Generate up to 6% of IKIs annual electricity demand by 2026



## Electric vehicles (EV) charging stations

In 2023, IKI continued the expansion of charging stations for EVs. Moreover, EV owners can park their cars at IKI parking lots free of charge from 10 pm till 8 am. This has proved to be extremely convenient for customers who live in densely populated areas with a lack of public parking spaces.

### Number of stores with EV charging stations



23

2022

32

2023

### Number of EV charging points



80

2022

124

2023



# Energy: Key Energy Efficiency Initiatives

2026	100%	<ul style="list-style-type: none"> <li>Remotely controlled ventilation and conditioning systems optimize energy consumption through scheduled operations based on time and temperature settings</li> <li>In 2023 we installed such system in 43 stores</li> <li>IKI plans to extend system to additional 92 stores in 2024</li> </ul>
2023	48%	
2022	30%	

2030	100%	<ul style="list-style-type: none"> <li>Building management system (BMS) provides centralized control of building's electrical and mechanical equipment</li> <li>In 2023, 37 % of all operated areas were controlled by BMS compared to 30% in 2022</li> </ul>
2023	37%	
2022	30%	

2030	70%	<ul style="list-style-type: none"> <li>CO<sub>2</sub> refrigerants are a more environmentally friendly alternative to freon</li> <li>In 2023, 26 % of IKI's cooling systems were already utilizing CO<sub>2</sub> as the refrigerant compared to 20 % in 2022</li> </ul>
2023	26%	
2022	20%	

Energy Efficiency Measures

Additionally, to the aforementioned measures, IKI follows and implements practices as defined in the ISO5001:2018 standard (issued by TÜV AUSTRIA).

0%	2030	<ul style="list-style-type: none"> <li>Heating pumps are innovative devices that heat buildings by utilizing a refrigeration cycle to transfer thermal energy from the outside</li> <li>In 2023, IKI did not install any heat pumps to replace fossil fuel-based heating systems because all renovations occurred in stores already equipped with alternative heating systems. By 2030, our goal is to have all heating systems independent from fossil fuels</li> </ul>
20%	2023	
20%	2022	

100%	2030	<ul style="list-style-type: none"> <li>Door-fitting can substantially reduce cold air loss in refrigerators</li> <li>In 2023, 72% of in-store refrigerators had their doors fitted compared to 60% in 2022</li> </ul>
72%	2023	
60%	2022	

100%	2030	<ul style="list-style-type: none"> <li>LED lighting systems are renowned for their energy efficiency and long lifespan</li> <li>In 2023, 90% of all operated areas achieved LED lighting compared to 87% in 2022</li> </ul>
90%	2023	
87%	2022	



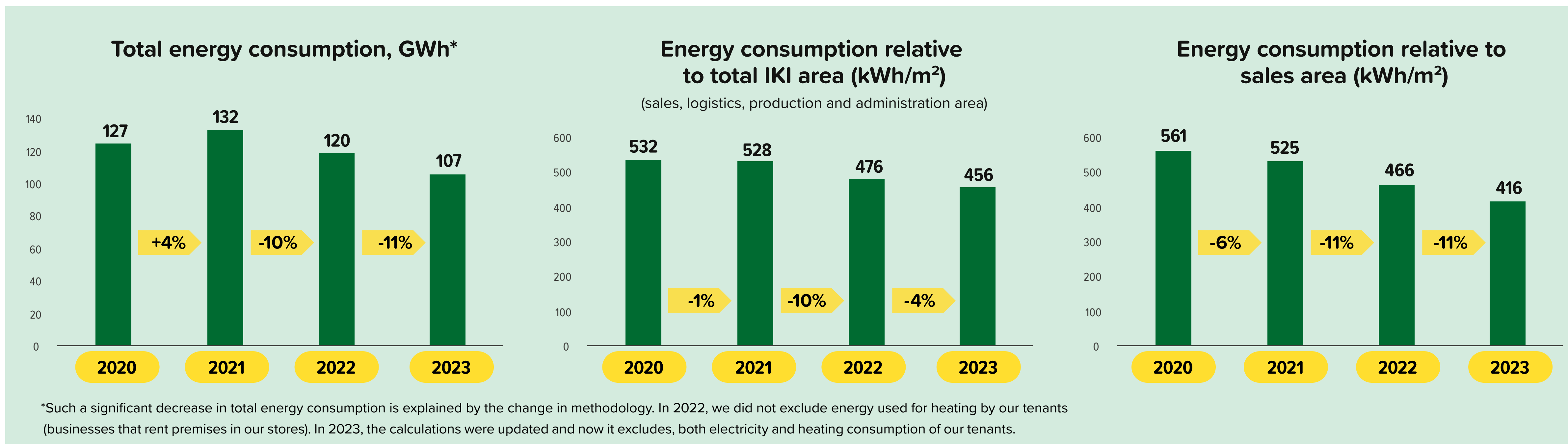
# Energy: Reduction of Consumption

Despite continuously expanding its store network, IKI has decreased absolute energy consumption (electricity and heating) by 11% in 2023 and by 16% since 2020. Overall energy intensity decreased by 4% while energy intensity in our stores decreased by 11%.

Renovation of IKI stores was one of the biggest contributors to decreasing energy consumption. In 2023, we measured the impact on electricity and heating consumption of 19 reconstructions that took place in 2022. The effect was:

- ♦ 870 MWh/year savings of electricity
- ♦ 398 MWh savings of heating

Savings depend on the weather conditions as well as the previous condition of the store.





# Emissions: Our Approach and Vision

REWE Group, including IKI, committed themselves to define short and long-term company-wide reduction targets in accordance with the scientific net zero standard of the Science Based Targets initiative (SBTi).



SBTi is a union of the partners CDP, United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that closely cooperates with academic institutions to develop climate targets in accordance with the requirements of the Paris agreement. SBTi targets are scientifically examined and based on a long-term, comprehensive approach. They are oriented towards the consistent and massive reduction of direct and indirect emissions caused by a company.

With our decision for a net zero target in accordance with SBTi we commit ourselves to take steps to comprehensively and effectively reduce our emissions while at the same time promoting innovative solutions along the entire supply chain. Consequently, the previous goals will no longer be valid. However, the fundamental principle of operating efficiently and reducing emissions remains unchanged.



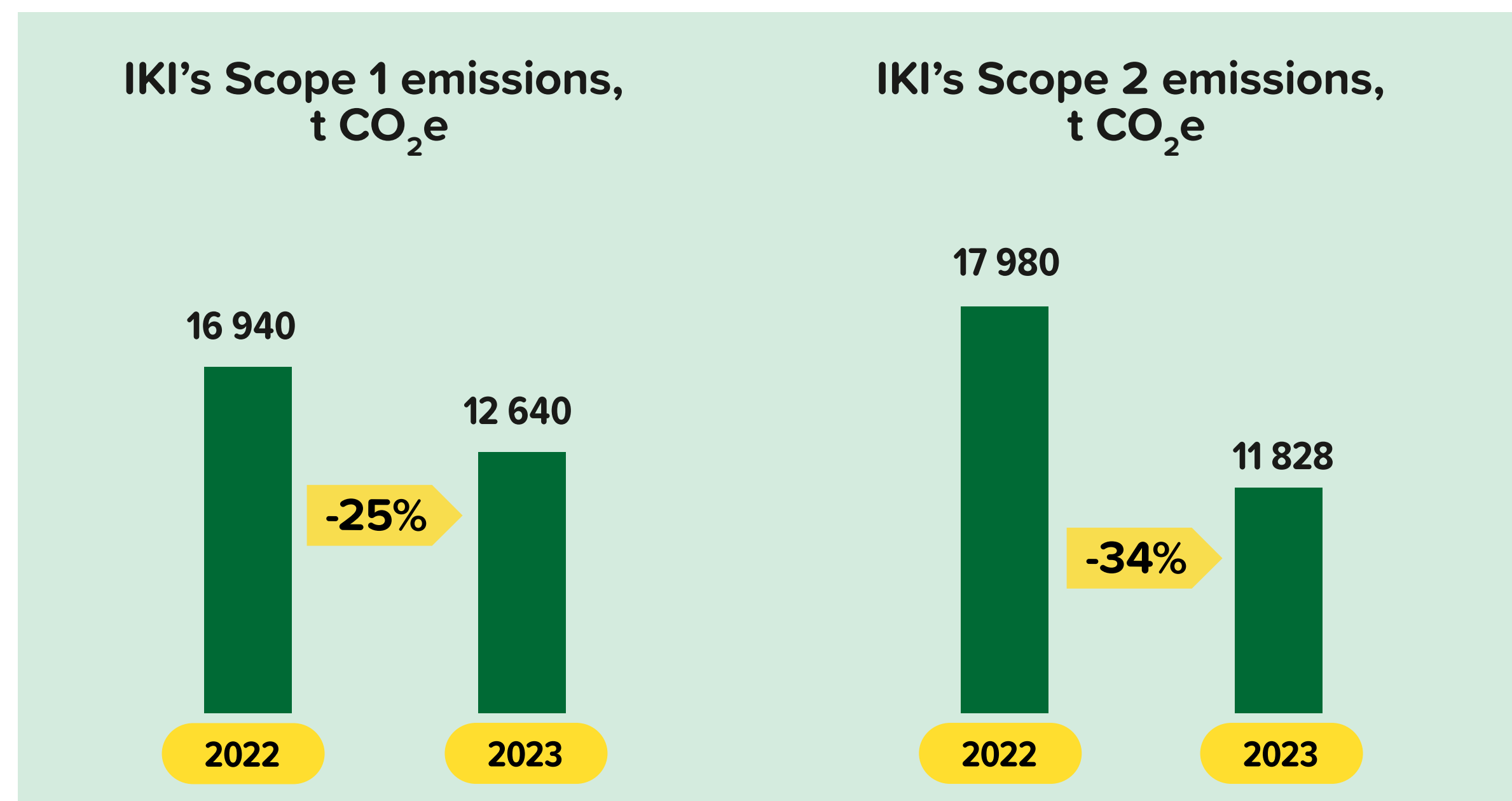


## Emissions: Reduction

REWE Group tracks Scope 1 and Scope 2 emissions centrally, along with a limited range of Scope 3 emissions. As a result of focused continuous effort, IKI further decreased its Scope 1 and 2 emissions – by 25% and 34% respectively. The decrease in IKI's emissions can be attributed to the implementation of more efficient refrigeration systems and reduced fuel consumption within the company. However, Scope 3 emissions of the categories included in the calculation increased by 25% in comparison to

2022. The increase largely occurred due to a switch from renewable to non-renewable energy in the leased premises (category “Upstream leased assets” by Greenhouse Gas Protocol). Using the Greenhouse Gas Protocol corporate standard, emissions are reported based on where they occur (location-based) and the specific choices companies make (market-based). Emissions from LastMile are currently excluded from these calculations.

It is estimated that approximately 5% of IKI's total emissions stem from Scope 1 and Scope 2, while the remaining 95%, largely associated with IKI's product sales, are yet to be calculated. As a part of the SBTi commitment process, IKI will calculate all of its Scope 3 emissions and set reduction targets.



IKI'S GREENHOUSE GAS EMISSIONS IN 2023 (T CO <sub>2</sub> E)	TOTAL	SCOPE 1	SCOPE 2	SCOPE 3
Electricity market based	16 141	0	10 889	5 252
Electricity location based	18 836	0	14 951	3 885
Refrigerants	9 637	9 637	0	0
Heat	4 428	2 483	939	1 006
Fuels	1 204	520	0	684
Logistics (3rd party)	11 830	0	0	11 830
Business travel	151	0	0	151
TOTAL (MARKET BASED)	43 391	12 640	11 828	18 923
TOTAL (LOCATION BASED)	18 836	0	14 951	3 885



# Risks due to Climate Change

IKI identifies and proactively manages the following key risks related to climate change.

CATEGORY	RISK	POTENTIAL IMPACT	OUR RESPONSE*
PHYSICAL RISKS	Extreme weather (heatwaves, droughts, storms, heavy rainfall)	Disrupted supply chains can lead to increased prices of products	Supply chain diversification (e.g., partnership with vertical farms)
		Lower quality of food (especially fruits and vegetables), higher levels of pesticides	<ul style="list-style-type: none"> <li>• Quality control procedure in place, suppliers are introduced to the procedure</li> <li>• Frequent testing of products</li> </ul>
		Physical damage to our infrastructure, especially – solar panels	<ul style="list-style-type: none"> <li>• Insurance plans to cover potential damages</li> <li>• Investment in infrastructure that is designed to withstand extreme weather conditions</li> </ul>
		Higher operational costs due to increased energy usage for cooling or heating facilities	Investment in solar and wind power technologies to produce at least 30% of required energy by 2030
TRANSITION RISKS	Policy and regulatory changes	More resources needed to meet new regulations (e.g., employees analyzing legal requirements, conducting supplier risk analysis, etc.)	<ul style="list-style-type: none"> <li>• Improving and automating internal processes for monitoring, controlling and reporting</li> <li>• Cooperation with NGOs and regulatory bodies</li> </ul>
		Reluctance from suppliers to collaborate or increased costs (since IKI is part of the REWE Group, some of the requirements we impose on our suppliers are not yet required of them by other buyers)	Investing in partnership with suppliers, educating them about the benefits of adopting higher sustainability standards
	Brand reputation and consumer preferences	Failure to address risks related to climate change; failure to reduce our negative impact and ensure sustainable assortment can damage brand reputation	<ul style="list-style-type: none"> <li>• Review of assortment and communication campaigns to encourage more consumers to choose sustainable products</li> <li>• Monitoring the supply chain to ensure high standards</li> </ul>

CATEGORY	OPPORTUNITY	POTENTIAL IMPACT	OUR RESPONSE*
PHYSICAL OPPORTUNITIES	Energy efficiency	Reduced operational expenses due to investment into energy-efficient technologies and own energy production	Further investment into the most successful and financially feasible solutions. More details about our response in chapter <a href="#">“Energy, climate and environment”</a> .
TRANSITION OPPORTUNITIES	Waste reduction	Due to strong regulatory push, implementing waste reduction initiatives, especially food-related, can lead to cost saving and higher profitability	Optimizing assortment, updating pricing campaigns to minimize food waste will also help us reduce financial losses
	Innovation opportunities	Investing in innovative retail, product and packaging solutions strengthens our position as retail-tech and retail innovator in Lithuania	Collaboration with research and development teams inside and outside of our organization, collaboration with startups, implementation of innovative solutions.
	Brand image	Engaging with and support for local communities as well as expanding of sustainable product offerings, can improve brand loyalty and expand our customer base.	Consistent partnerships with local communities and NGOs, especially those that directly correspond to IKI’s sustainability strategy and goals.

\*Some of the risk management measures are already in place, others are planned for the future.



# Water: Supply and Sewage Treatment, Consumption

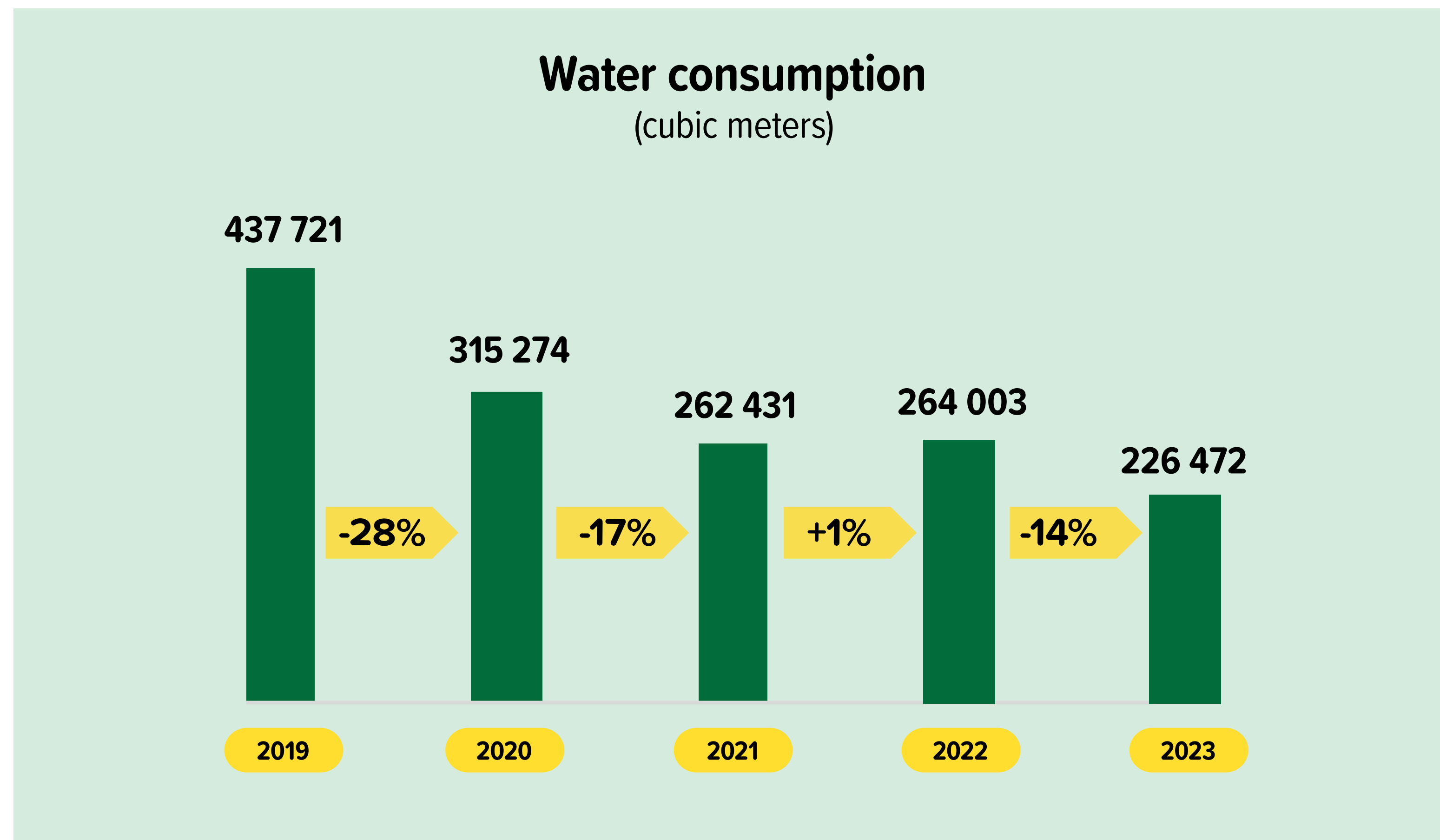
IKI uses water for the daily operations in its stores, warehouses and administration. Water is more heavily used in our production sites. Although we consume water only for basic needs and for the preparation of food in our production sites, we understand the importance of water preservation and proper discharge. Therefore, we follow local regulations to ensure proper water discharge.

## Water supply and sewage treatment

- ◆ In 2023, 50% of our water consumption was comprised of groundwater obtained from third-party suppliers. The remaining 50% is from our own wells.
- ◆ Sewage related to the water sourced from the wells is either drained into the central sewage networks or goes through our own treatment facilities before being released into the environment.

## Water consumption

- ◆ Acknowledging the limited availability of resources and the environmental consequences linked to water extraction and use, IKI is committed to optimizing its water consumption
- ◆ In 2023, IKI consumed a total of 226 472 cubic meters of water, resulting in a significant decrease of 14% compared to 2022.
- ◆ Water consumption decreased due to optimization of operations and improvement of cleaning processes.





# Materials and Waste Management: Approach

IKI's business activities require the use of various materials and raw resources. We set a high priority on using these resources efficiently as a part of our commitment to sustainable business practices. Our sustainability efforts in this area concentrate on three material topics



## Packaging

As packaging materials eventually become waste, we are working on using more environmentally friendly packaging materials. At the beginning of 2024, we audited all packaging products used in our culinary and confectionery to identify opportunities for increasing the share of recycled plastics as well as to identify and seek alternatives for most polluting packaging.



## Food and other waste management

There are four types of waste generated by the organization: i) municipal, ii) industrial, iii) packaging waste iv) food waste. IKI follows a zero-to-land-fill approach. All non-municipal waste is recycled and sent to third parties for proper treatment, with a focus on upcycling when possible. This also includes food waste which we aim to reduce by 50% until 2030. It is important to note that local authorities manage municipal waste collection and treatment, but gathering accurate data is difficult due to different accounting practices across municipalities. This is also the only waste that partially ends up in landfills (the amounts depend on recycling processes and efficiency).



## Circularity initiatives

Circularity initiatives are key components of our material since this promotes sustainability, reduces waste, and benefits both the environment and the economy. That is why we continue to look for partners who would recycle our waste.



# Packaging

Packaging plays a crucial role in preserving food freshness and quality. However, once discarded, it often ends up in landfills and harms the environment. Recognizing this, IKI aims to make its packaging more environmentally friendly. We are also following the packaging strategy of REWE Group: Avoiding, reducing, and improving packaging.

**Mains aspects of the methodology:**

- The data is measured based on the number of different packaging items (not products sales).
- Packaging is categorized into 2 categories: a) Main packaging (e.g., boxes, containers, cups); b) Add-on (e.g., lid, box lining, etc.).

In 2024, we plan to conduct calculations for remaining private label products, i.e., produced by other suppliers, as well as improve methodology (e.g., calculate the precise share of recycled materials) and gather data of actual product sales. We will also collect relevant certificates from packaging and product suppliers.

**Results of initial analysis of plastic packaging used for “Pagaminta IKI” products (culinary and confectionary)**

STATUS IN 2023*			
	Number of packages	Number of packages with recycled plastic	Share of packages with recycled plastic
Main packaging	27	8	30%
Adds-on	30	6	20%

\*current data covers 95% of the suppliers.

**GOAL:**  
**100% recycled plastic packaging in all Private Label by 2030**

MATERIALS USED, BROKEN DOWN BY TYPE (TONS)								
RENEWABLE		NON-RENEWABLE MATERIALS USED						TOTAL
Paper and cardboard	Wood	Plastic	PET	Metal	Combined (mostly paper, cardboard)	Combined (other)	Other	
360	0,1	739	72	1,2	1,3	8	7,5	1 189





# Food Waste

IKI follows a zero-to-landfill approach for food waste. Discarded food is not only a social or humanitarian issue – it also has significant environmental implications. Wasted food represents wasted resources, including the energy and water used in its production, transportation, and packaging. Moreover, when food ends up in landfills and decomposes, it emits methane – a greenhouse gas contributing to a climate change. Therefore, we aim to halve our food waste by 2030 compared to 2022.

Unfortunately, despite our efforts to reduce food waste, total food waste grew by 3,5% in 2023.

This increase was mainly caused by the expansion of the IKI store network. Our sales area in 2023 grew by 3,1%. Thus, food waste relative to the sales area remained almost the same. Additionally, in 2023, IKI started selling products on its last day of expiry with a 50% discount. We previously donated these products to the Food Bank. While this discount strategy is greatly appreciated by our customers, especially those who are financially vulnerable, it has a negative impact on the food waste.

In 2024, we will conduct a comprehensive analysis to understand all of the underlying reasons behind the food waste. We will also continue to explore solutions that would help us reduce it, e.g. increasing the number of products that we donate to Food Bank.

## GOAL: reduce food waste by 50% by 2030 compared to 2022

2022	2023
4 659 tonnes	4 821 tonnes

## FOOD WASTE PER SALES AREA

2022	2023
26,9 KG/M²	27 KG/M²



## What happens to the unsold food?



Products nearing the expiration date are sold at the discount or donated to charity organization “Maisto Bankas”. More information about “Maisto Bankas” is provided in the [“Social commitment”](#) chapter of this report.



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. Food waste is used to generate energy. A byproduct of food waste recycling is used as a high-quality organic fertilizer and for generating energy.



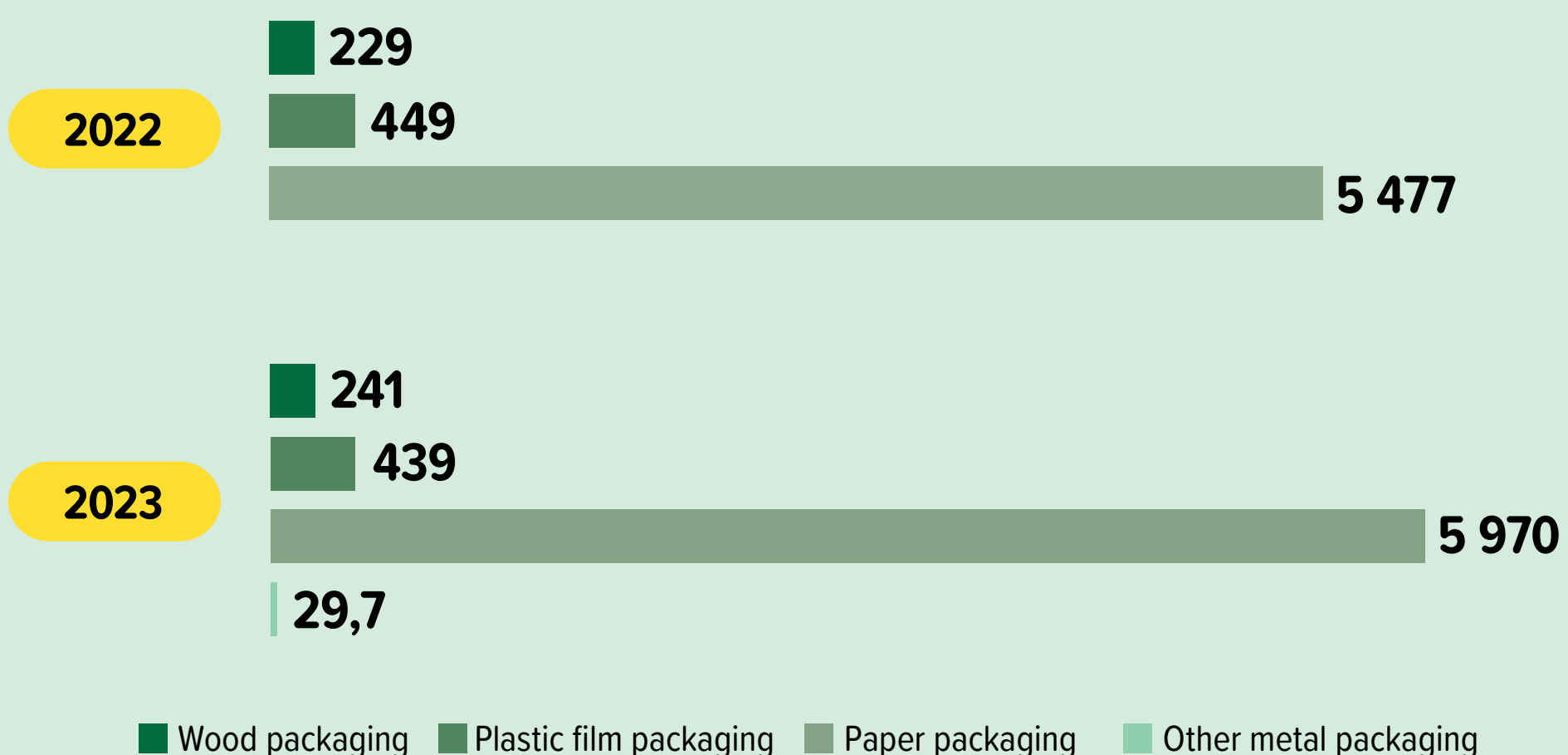
Certain products (such as vegetables and fruits) that are no longer suitable for consumption or donation are collected by Lithuanian farmers and used as animal feed. In 2023, 870 tonnes of unsold food was handed over to local farmers.



# Waste Management and Recycling

IKI is dedicated to effectively collecting and sorting waste, as it holds responsibility not only for its own production waste, but also for collecting packaging supplied to the market by its partners (e.g., food manufacturers using single-use secondary packaging such as cardboard boxes). Therefore, we invest in equipment that help us collect and recycle packaging waste more efficiently as well as educate our employees on the importance of recycling.

## Tons of packaging waste sent to recycling



In 2023, we finalized a Cardboard Baler project – baler machines that are used to efficiently compact and bundle cardboard waste for convenient recycling were installed in all stores above 500 m<sup>2</sup>.

## Other waste sent to recycling

TYPE	TONNES
Iron and steel	75,5
Large equipment	47
Obsolete equipment	43,8
Composite packaging	10
IT and telecommunications equipment	2,2
Other	931,6



# Circularity Initiatives



## Plastic bags from own plastic waste

IKI is the only retail chain in Lithuania manufacturing plastic shopping bags from its own plastic waste with ReLDPE certification. In 2023, IKI transferred almost 100 tons of plastic waste to UAB “Gerovė” which used it for producing plastic bags.



## Biofuel from own used oil

Since 2021, IKI has partnered with UAB “Biomotorai” to recycle used oil and transform it into biofuels. In 2023, 46 tons of used oil was collected from IKI’s bakeries and deli 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.

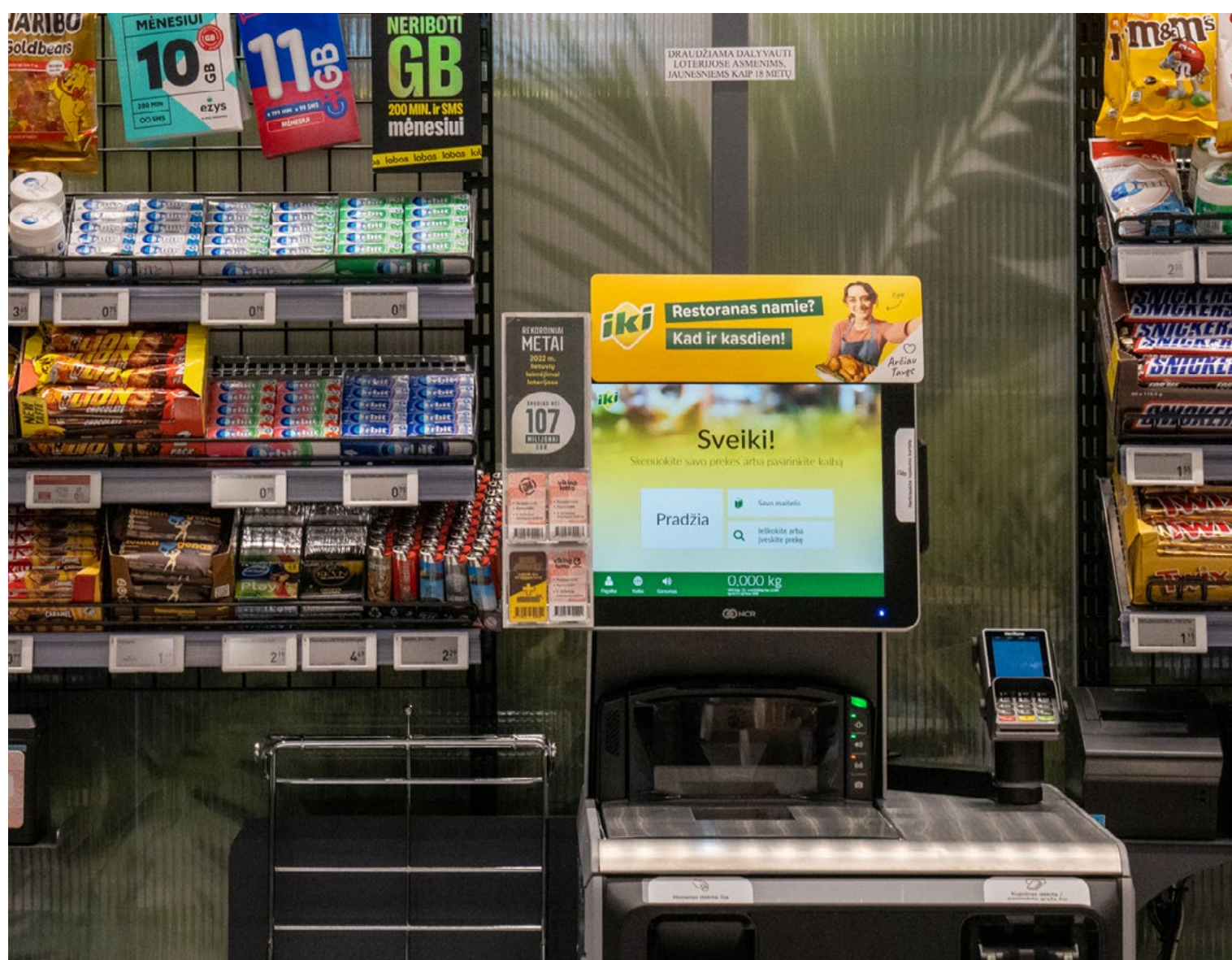


## Car parts from plastic waste

IKI has partnered with UAB “VIRBANTĖ” to recycle black plastic boxes and repurpose them into car parts since 2018. Over 150 tons of hard plastic waste have been transferred and recycled in 2023. 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 and Plastic Reduction Initiatives



## No printed receipts

In 2023, IKI introduced an innovation in self-service checkouts – customers can decide themselves whether to print a paper receipt or not. They were quick to appreciate this convenience – approximately 70% of customers buying at self-checkouts choose not to print a receipt. An electronic receipt is available to the users of the IKI Loyalty app. IKI currently has more than 900 self-service cash registers where customers can use this functionality.



## TV screens for store employees

Traditional notice boards with posters are gradually being replaced by TVs that serve as electronic notice boards. This helps not only to reduce paper and minimize waste but also ensures efficiency and increases engagement as updates to employees can be provided within matter of minutes, and the content is more engaging.



## Single-use plastic bag charge

To meet environmental regulations and reduce plastic waste, on the 1<sup>st</sup> of July 2023, IKI introduced a 0,01 EUR charge for a lightweight single-use bag. Back in 2022, IKI also introduced multiple-use fruit and vegetable bags in the stores, as a sustainable alternative to lightweight plastic bags. Even though a price for a lightweight single-use bag is only minimal, we already see a change in customer habits as usage of such bags is declining.



# Employees

## Direct Impact

5

GENDER  
EQUALITY

8

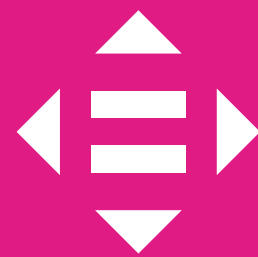
DECENT WORK AND  
ECONOMIC GROWTH

## Indirect Impact

3

GOOD HEALTH  
AND WELL-BEING

10

REDUCED  
INEQUALITIES



# Highlights



**TOP Employer 2023**



**Almost 5 million EUR dedicated to salary increases**



**School gifts for 1 700 children of our employees**



**„Internal Trainer’s Club“ launched**



**Guidebook for new employees**





# Strategic approach

IKI's People and Culture Strategy for 2022-2025 continues to revolve around 4 core pillars: Employer Image, Compensation & Benefits, Performance and Talent Development, and Organizational Efficiency. IKI abides by the REWE Group Code of Ethics, which prohibits child and forced labor.



Employer Image



Compensation & Benefits



Talent Development



Organizational Efficiency





# Employees & Other Workers

EMPLOYMENT TOTAL NUMBER at the end of 2023	GENDER		BUSINESS FUNCTION					TOTAL
	Female	Male	Administration	Stores	Sales	Logistics	Production	
Number of employees	4 386	1 079	283	4 207	66	486	423	5 465
EMPLOYMENT BY CONTRACT TYPE								
Number of temporary employees	136	15	8	139	0	1	3	151
Number of permanent employees	4 250	1 064	275	4 068	66	485	420	5 314
EMPLOYMENT BY DEDICATED TIME								
Number of full-time employees (head count)	4 208	1 026	277	3985	66	484	422	5 234
Number of part-time employees (head count)	178	53	6	222	0	2	1	231

## Employees

Employees are individuals who have an employment contract with the organization. This includes permanent, temporary, and inactive employees, such as those on parental leave. All employees have a specified number of guaranteed working hours per month as defined in their contracts. Reporting is organized based on business functions rather than geographical regions, as all of IKI's operations occur within Lithuania.

## Other workers

At the end of 2023, in addition to its regular permanent workforce, IKI employed approximately 145 workers under alternative contractual arrangements. Rental employees, sourced from external organizations, were engaged to support our workforce during peak periods or specific projects, such as store operations during flu season or administrative support for temporary projects. Secondly, self-employed specialists were engaged through service agreements to fulfill specific roles requiring

specialized skills or expertise such as legal experts. Thirdly, employees from other companies within REWE Group have been assigned to IKI to contribute to various tasks.

Additionally, IKI relied on service providers for on-premises tasks such as security, cleaning, and construction services. However, we do not track the exact number of people employed to complete these services as our agreements are based on the services provided rather than number of people engaged to complete these tasks.



# Compensation

## Updated compensation and benefits strategy

At IKI, our top priority is the well-being of our employees. Compensation and benefits (C&B) is one of the four pillars of our “People and Culture” strategy.

We started working on C&B strategy at the end of 2022, and the first initiation of relevant actions took place in 2023. We now continuing with the development of C&B strategy directions.

With our Compensation and Benefits strategy, we aim to:

- ◆ Ensure that every employee’s honest efforts are fairly compensated and directed to achieving the company’s goal
- ◆ Build this backbone of our people operations aims
- ◆ Attract and retain our talents through motivating employees in both intrinsic and extrinsic rewards
- ◆ Link our core values to the settings where our employees can feel motivated and engaged

- ◆ Ensure that our pay structures, which are based on job size, continue to work as an internal framework for valuing jobs and understanding how they relate to one another both within the organisation and in relation to the external labour market

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, in accordance with international level policies.

## Almost 5 million Eur dedicated for salary increases in 2023

In 2023, we conducted our usual phased remuneration review at the beginning of the year, in January. We increased the salaries of the most sensi-

tive group of our employees to the market changes – the compensation of our stores, bakery, production, and logistics operational employees was increased by 3% to 16%, depending on the position. In total, we invested over 3 million EUR in this salary review.

Throughout the year, we continued to monitor the labor market and adjust employee compensation accordingly. We conducted a series of reviews in March, May, July, and September, respectively, and increased salaries for stores, bakery, production, logistics, and head quarters employees by 4-12%, depending on their positions. In total, we invested almost 2 additional million EUR in these salary reviews.

We are committed to ensuring that our employees are always well-compensated and motivated. We believe that by regularly reviewing employee compensation, we can attract, retain, and motivate the best talent and continue to grow our business.

Almost

# 5 million Eur

dedicated for salary increases in 2023



# Benefits

IKI offers an extensive benefits package for full-time, part-time and fixed-term contract employees. While we strive for equal application of standard benefit programs across the entire workforce, the company also tailors benefits to address the specific needs of our employees.

In 2023, we further expanded our benefits package by including a new benefit – a school basket for the children of our employees at the beginning of the new school year. In September, 1 700 children received gifts from IKI. Additionally, through our partnerships we provide discounts to our employees, demonstrating our ongoing dedication to support our employees and their families in all aspects of their lives.

We introduced MELP, an app allowing all IKI employees to access their benefits and company news, at the beginning of 2024. This app provides easier access to all the benefits that are available to employees and encourages them to use it. After the introduction of MELP, our employees now have access to special discounts from 35 different partners – from gas stations to leisure activities.

## Examples Of Key Benefits

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

“KAIP JAUTIESI?”  
Psychological help line

Additional health insurance for all employees after 3 months  
  
(including LastMile employees)

Payments after birth of a child or marriage

Workation, hybrid working model

Employee discount for shopping at IKI  
  
(including LastMile employees)

Financial aid in case of an accident, illness or death of a close family member.

Free lunch to store employees

Christmas presents to all employees  
  
(total of more than 7000 presents to employees and their children in 2023)



# Diversity, Equality, & Inclusion

IKI attracts qualified and diverse employees based on gender and age as indicated in the tables. IKI employed 222 Ukrainians in 2023, which comprised 2,2% of total employees.

The company seeks to create an inclusive environment for all colleagues, customers, and business partners, as outlined in the Code of Ethics of REWE Group. In 2023, IKI also continued to uphold its Equal Opportunities and Violence Prevention Procedure, which was adopted in 2022. IKI also has a set of channels that employees can use to anonymously or non-anonymously report instances of discrimination, violence, or harassment. Unfortunately, regardless of the company's efforts to prevent any violence at work, 7 cases were registered regarding alleged psychological violence in 2023. After investigation, 2 of the cases were confirmed. Corrective actions included more thorough supervision by HR partners and anonymous surveys in the departments where incidents occurred. Offenders are no longer working at IKI.

One incident was reported by potential employee on the basis of discrimination. However, after a thorough investigation, Labour disputes Commission rejected the candidate's complaint due to absence of discrimination.

Labor management relations at IKI involve providing reasonable notice of significant operational changes to employees and government authorities as required by the Lithuanian Labor Code.

In 2023, 126 female and one male employee took parental leave. Additionally, 18 males were legally entitled to one month's Paternity leave. Upon return, the retention rates stood at 66% for men and 57% for women.

## DIVERSITY AMONG IKI'S EMPLOYEES

By gender		By age group			War refugees
Men	Women	Under 30	30-50	Over 50	
20%	80%	15%	45%	40%	2,2%

## 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	
547	1 198	689	660	396	1 745

## TOTAL NUMBER OF TERMINATED EMPLOYMENTS DURING REPORTING PERIOD

By gender		By age group			Total number of terminated employment
Men	Women	Under 30	30-50	Over 50	
574	1 549	707	818	598	2 123



# Diversity, Equality, & Inclusion

At IKI, we strongly adhere to the principle of internal pay equity. We ensure that remuneration for every position is not differentiated based on the employee's gender. While analyzing the ratio results, it is crucial to consider the calculation methodology:

It is important to note that each employee group encompasses multiple positions, which means there are variations in responsibilities and job specifics within each category of employees. For instance, in the logistics business unit, we have distinct positions, such as accountant and warehouse manager in the operational administration employee group, each with different responsibilities and job function scopes. It is essential to acknowledge that these positions are paid differently in the labor market and evaluated differently in terms of the job size.

## Ratio of the basic salary and remuneration earned by women to men for each employee category 2023

BUSINESS UNIT	EMPLOYEE GROUP	RATIO WOMEN VS. MEN
STORES	Linear workforce	0,96
	Operational administration	1,02
PRODUCTION	Linear workforce	0,85
	Operational administration	1,02
LOGISTICS	Linear workforce	0,94
	Operational administration	0,72
ADMINISTRATION	Entry level	_*
	Specialists	0,96
	Functional managers / Team leads	0,94
	Functional experts / Middle management	0,93
	Top management	0,80*
	Board	_*

\_\*There are not enough incumbents for accurate ratio calculation. For the ratio to be calculated, at least 5 women and 5 men in one employee group are required.

Ratio of the entry level wage for both women and men were equal to the minimum wage.



# Talent Management & Education

In 2023, IKI continued its commitment to a unified career development and performance management policy, ensuring equitable treatment across all levels of the organization. This comprehensive policy addresses yearly targets, performance evaluations, and career planning for all employees.

To further enhance employee skills and knowledge, various educational programs are in place, including mandatory training on critical topics like anti-corruption and EU general data protection regulation (GDPR) compliance.

Occupational health and safety remain a top priority, with comprehensive training provided through both e-learning modules covering generic topics such as fire safety and live sessions conducted by external providers for specialized roles like forklift operators.

Additionally, IKI has invested in internal initiatives like the Internal Trainers Club, aimed at developing future store managers. Preparations for the initiative took place in 2023 with 19 internal trainers. A “Guidebook for New Employees” has been introduced to support

newcomers and facilitate effective knowledge transfer.

In 2023, more than 1 in 10 employees changed their position or department - we are flexible in offering opportunities for changing careers and the nature of work.

Moreover, IKI fosters a culture of continuous learning and engagement by providing opportunities for employees to access information on various non-work-related topics. “IKI Talks” initiative, that was launched in 2022, continued on a monthly basis in 2023.

Evaluation of the performance of the highest governance body takes place at the same time as for all other employees. During the process it is evaluated if the goals, that also include sustainability KPIs, were reached.

GROUP OF TRAININGS IN 2023	CLASS / ON-LINE PROGRAMS	E-LEARNING PROGRAMS	TOTAL
Competence development	47	35	82
Leadership development	7	3	10
Legally required training	4	16	20
Soft skills development	12	28	40
Total	70	82	152

## Percentage of employees receiving regular performance and career development reviews in 2023

EMPLOYEE CATEGORY	MEN	WOMEN
Stores	92,80	93,50
Sales	93,30	98,00
Production	97,40	95,20
Logistics	94,30	97,10
Administration	97,20	99,40
Total	94,20	94,10



# TOP Employer

In 2024, for the second year in a row, IKI was honored as the TOP Employer by independent organization “Top Employers Institute”. The overall company rating increased by 13% since 2023, the major increases and achievements being:



Awards and recognition increased by 13% following the implementation of the MELP app for employees in 2023, along with the distribution of school gifts to the children of IKI employees.



The onboarding of new employees increased by 28% as a result of the introduction of new initiatives for newcomers, such as the ‘Newcomers Pizza’ and the ‘Guidebook for New Employees’



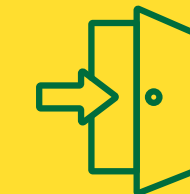
Digitalized HR increased by 19% as paper pay slips were replaced by digital ones and new digital processes for the hiring process were implemented in the stores.



Employee understanding increased by 10% following the introduction of a digital process to survey departing employees.



Business activity management increased by 25% as all employees participated in a performance review, with digital tools enabling progress tracking throughout the year.



Termination of employment improved by 22% through the implementation of recommendations and guidelines for employees conducting exit interviews, as well as the introduction of a digital survey.



Leadership increased by 21% as a result of establishing the Internal Trainers club and encouraging employees to participate in various seminars aimed at fostering collaboration with colleagues from the REWE Group and promoting leadership development.



Employee development increased by 12% through the utilization of new learning methods for our employees.



Sustainability increased by 12% as the 2022 sustainability report was prepared with great attention to our IKI employees.



# MELP Mobile Application to Improve Employee Engagement

IKI employs over 5 000 people, and maintaining connections with everyone, especially those in non-desk roles (which make up nearly 80% of IKI's workforce), can be a significant task.

Therefore, to strengthen internal communication, we partnered with Lithuanian startup MELP in 2023. MELP is a mobile employee benefits management application which will help us to stay connected with our employees.

MELP was successfully launched in January 2024 and it will:



Ensure direct communication with all employees.



Provide information and access to all employee benefits.



Increase employee engagement through various campaigns, contests, etc.



Digitize part of the HR processes that are currently performed manually.

Through the deployment of MELP, we not only promote employee welfare but also reaffirm our commitment to innovation – we are the first major retail chain in the Baltics to use an HR-tech solution aiming to improve and simplify employee communication and benefits.





# Health and Safety: Policies and Control

As in 2022, in 2023 IKI continues to adhere to legal and recognized standards via its Occupational Health and Safety (H&S) System, which covers all employees, activities and workplaces. Job descriptions are managed by the Department of People and Culture's Administration Unit while most health and safety functions are carried out by department heads.

Hazards are regularly identified evaluated and reported under legal compliance. All workplaces undergo occupational risk assessments. All H&S professionals at IKI meet education requirements and managers are certified in H&S.

Effective measures for safety control and accountability are outlined in our Employee Safety, Health and Fire Safety Procedure. Training in hazard reporting is facilitated electronically and information is disseminated via meetings, posters and leaflets for widespread awareness.

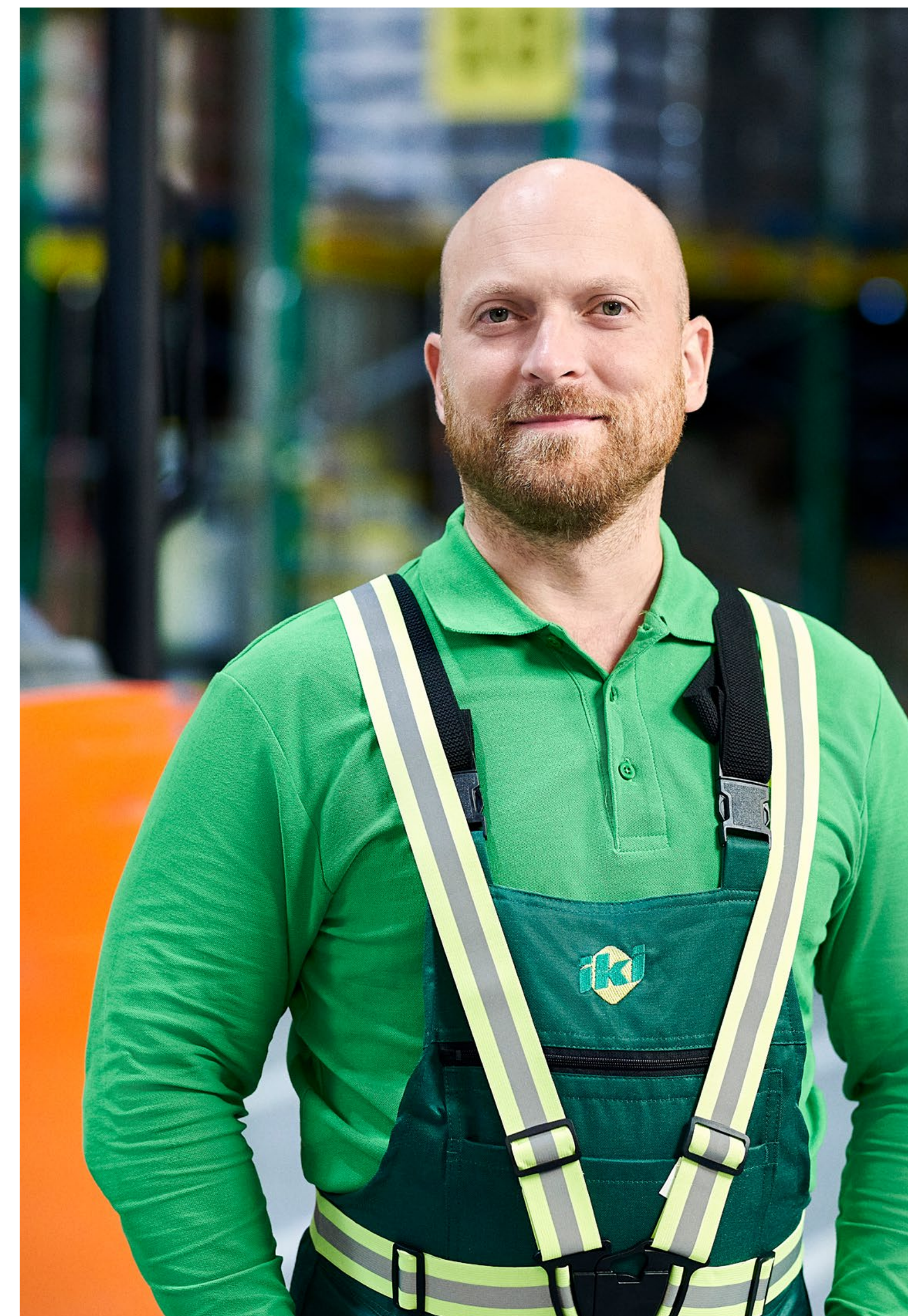
The Department of People and Culture's Administration Unit ensures clear instructions for roles and conduct via job descriptions and procedural rules, providing workers with the autonomy to excuse themselves from harmful situations and protecting them from reprisals.

IKI employs a streamlined incident investigation process that encompasses hazard identification, risk assessment and corrective actions. This also involves developing preventive measures to avert future incidents, with department heads ensuring their application and monitoring.

Quality of occupational health services is maintained through audits, inspections and frequent prevention-focused meetings. Each business unit designates H&S representatives, and worker involvement is ensured in accident probes and personal protective equipment selection.

IKI's approved Employee Safety, Health and Fire Safety Procedure outlines unit heads' responsibilities, incorporating key safety measures and procedures to prevent or lessen occupational H&S risks linked to our operations or business relationships.

The principles of employee health and safety are also integrated through the awareness of the employees themselves. The company has an electronic training system and created informative training programs and educational materials adapted to the company's activities. The material is updated periodically, taking into account prevailing risks, changing legislation, etc. We also organize live training for employees by professional lecturers.



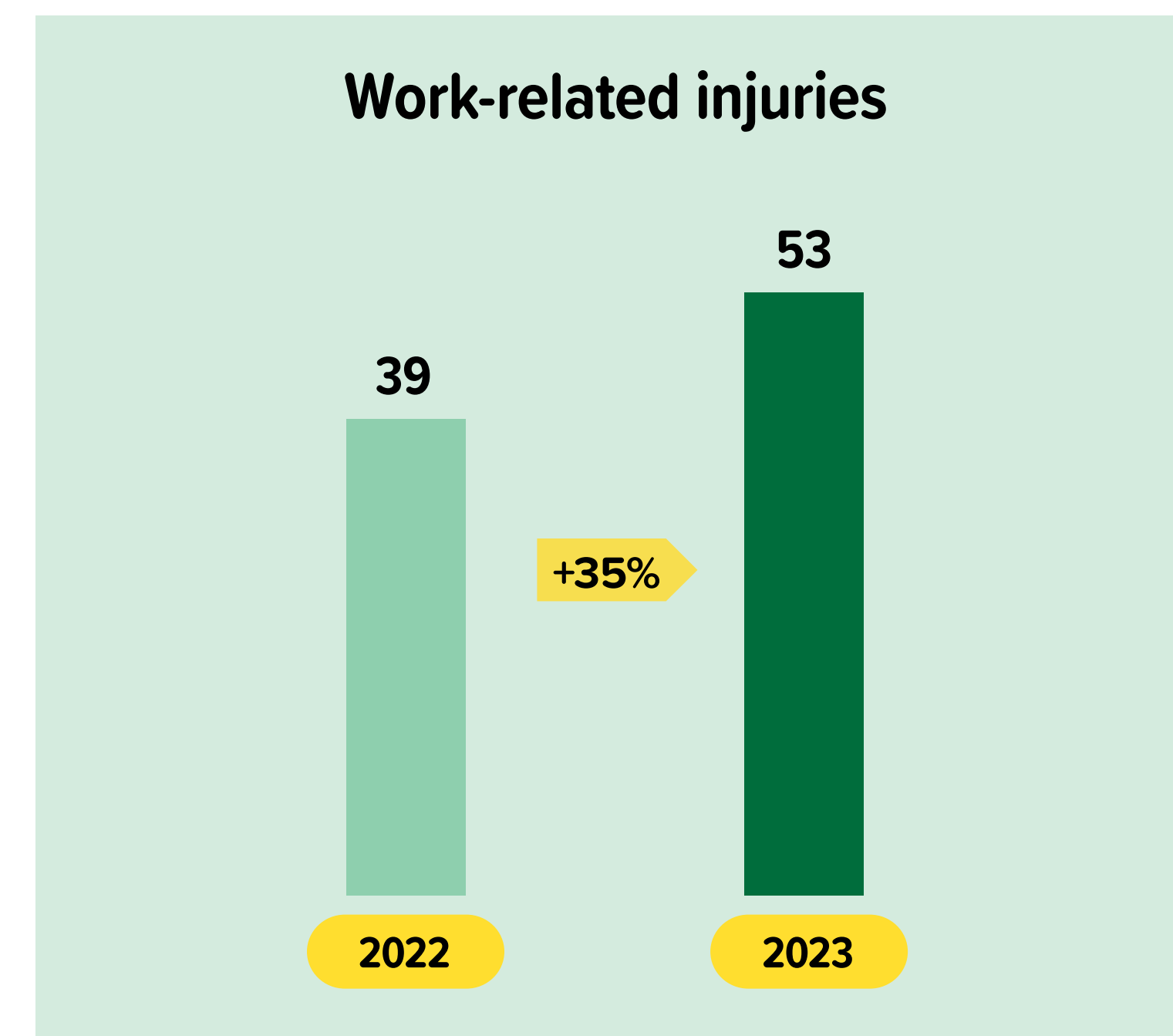


# Health and Safety: Work-related Health and Injuries

In 2023, a total of 53 work-related injuries were recorded (rate of recordable work-related injuries was 0,04), with 2 of them being classified as serious cases (rate of high-consequence work-related injuries was 1,14). The increase in work-related injuries in 2023 was mainly caused by incidents in the Logistics department. To address this concerning development, an action plan has been put in place for 2024 with the aim of reducing the number of injuries. The main types of work-related injuries reported encompass incisions, bruises, slips, and pinch injuries.

Workplace risks are assessed based on legal guidelines, performed in all units and for all roles by competent external service providers. Documented reports cover preventive and corrective actions, with follow-up and control assigned to responsible individuals. Post-accident analysis identifies causative circumstances, and preventive actions are implemented to avert recurrence. Following all accidents, the relevant department head or responsible person is given information about prevention measures, usually involving additional training on employee safety and health.

We consistently communicate reminders about the main goals and implementation of preventive measures related to improving employee health and safety in the department and ensuring better and safer working conditions for employees. We boost the qualifications of department heads in the Employee Safety, Health, and Fire Safety area, share positive examples and experiences, introduce key Employee Safety and Health themes during meetings of department heads, visit departments, actively conduct Safety and Health audits in departments, consistently consult department heads, provide recommendations, proposals and prevention, and analyze the results of internal questionnaires.



\*Rate of recordable work-related injuries = (Number of recordable work-related injuries/ Number of hours worked)\*200k hours

The rate of high – consequence work – related injuries (excluding fatalities)= (number of high-consequence work-related injuries (excluding fatalities)/ Number of hours worked)\*200k hours



# Additional Measures to Improve Health and Well-being of our Employees



## Education

In addition to formal training on work-related health risks, we actively educate our employees on various health topics. To enhance communication, we launched the new initiative “Let’s Be Healthy” in 2023. As part of this program, we organize diverse initiatives, contests and collaborative activities. Our communication channels include workplace TVs, newsletters and online workshops.



## “Let’s work together” fund

In 2013, Iki employees established a social fund called “Let’s Work Together fund”. It supports Iki employees and their family members suffering from critical illnesses and facing other difficulties. Iki organizes annual Christmas Auction, the proceeds of which are transferred to the fund. The fund has collected over 70 000 EUR since its establishment, with 30 000 EUR being allocated by Iki. During the entire period, more than 62 000 EUR were distributed to the employees.



## Health insurance

Iki prioritizes employee health and productivity. To achieve this, the company provides comprehensive health insurance covering outpatient and inpatient treatments, diagnostics, dental services, preventive health checks, vaccinations, pharmaceuticals, and medical aids. Ensuring the well-being of employees remains a central focus at Iki.



# Social Commitment

## Direct Impact

2 ZERO HUNGER



## Indirect Impact

3 GOOD HEALTH AND WELL-BEING





# Highlights



6,8 million EUR worth of food donated for the Food Bank



34 000 participants at “IKI Walking Competition 2023”



10 000 participants at 14<sup>th</sup> “IKI Velomarathon”



New initiative – encouraging donations to “Lesè” animal shelter





# Local Communities

In 2023, IKI continued to contribute and donate products, as well as provide financial support to non-governmental organizations (NGOs). In 2023, Food Bank remained the main beneficiary – total value of donated products was 6,8 million EUR. IKI was the first major retailer to become a donor of “Food Bank” in 2009 and has been its partner ever since. IKI also supported other organizations with smaller donations.

Also, during the Christmas period, for the first time we used the TV screens installed in stores for a noble purpose – we broadcasted an invitation to donate to the animal shelter “Lesė”. The campaign took place from 18<sup>th</sup> till 24<sup>th</sup> of December, 2023. Playful videos were broadcast on more than 420 screens in that are IKI stores. In 2024, IKI continues cooperation with NGOs, giving them the opportunity to communicate about their activities on IKI TV screens free of charge.

Besides direct support to NGOs, we strongly believe that infrastructure development around IKI stores, such as such as electric vehicle charging stations,

parking lots where EV owners can leave their cars overnight free of charge and providing well-developed premises, can have substantial effects on both the our stakeholders, mainly our customers and the overall economy.

Thus, in 2023, IKI continued to renovate its stores and open new ones with total investment of 21 million EUR. These investments will benefit local communities by providing new job opportunities in the retail sector, boosting economic activity, and making local infrastructure more efficient.



BENEFICIARY NAME	DONATED AMOUNT (EUR)	VALUE OF DONATED PRODUCTS (EUR)	TOTAL (EUR)
Association “Chambre De Commerce Franco-Lituanienne”	3 000	-	3 000
Association “Investors Forum”	3 000	-	3 000
Food Bank	-	6 823 895	6 823 895
Red Cross of Lithuania	-	517	517
Culture center of Panevėžys community hall	500	-	500



# Donations Through Reverse Vending Machines



IKI has supported the deposit system for beverage packaging in Lithuania from its establishment in 2016. Every day, our employees monitor the deposit machines and ensure they are running smoothly. In 2023, we made it possible for our customers to donate the deposit to various organizations.



In 2023, IKI customers donated almost 37 000 EUR through the reverse vending machines while recycling bottles or cans from beverages.



Most of the funds (76% or over 28 000 EUR, ) were directed by citizens to the “Blue / Yellow” organization, which supports the fight of Ukrainians against Russian Federation aggression. More than 4 000 EUR went to the Red Cross and almost 4 150 EUR to the “Food Bank”. The “Sengirė” foundation, which seeks to preserve the old forests, attracted some donations as well.

## 37 000 EUR

IKI customers donated through the reverse vending machines in 2023





# Cooperation with Food Bank and Inmate Employment

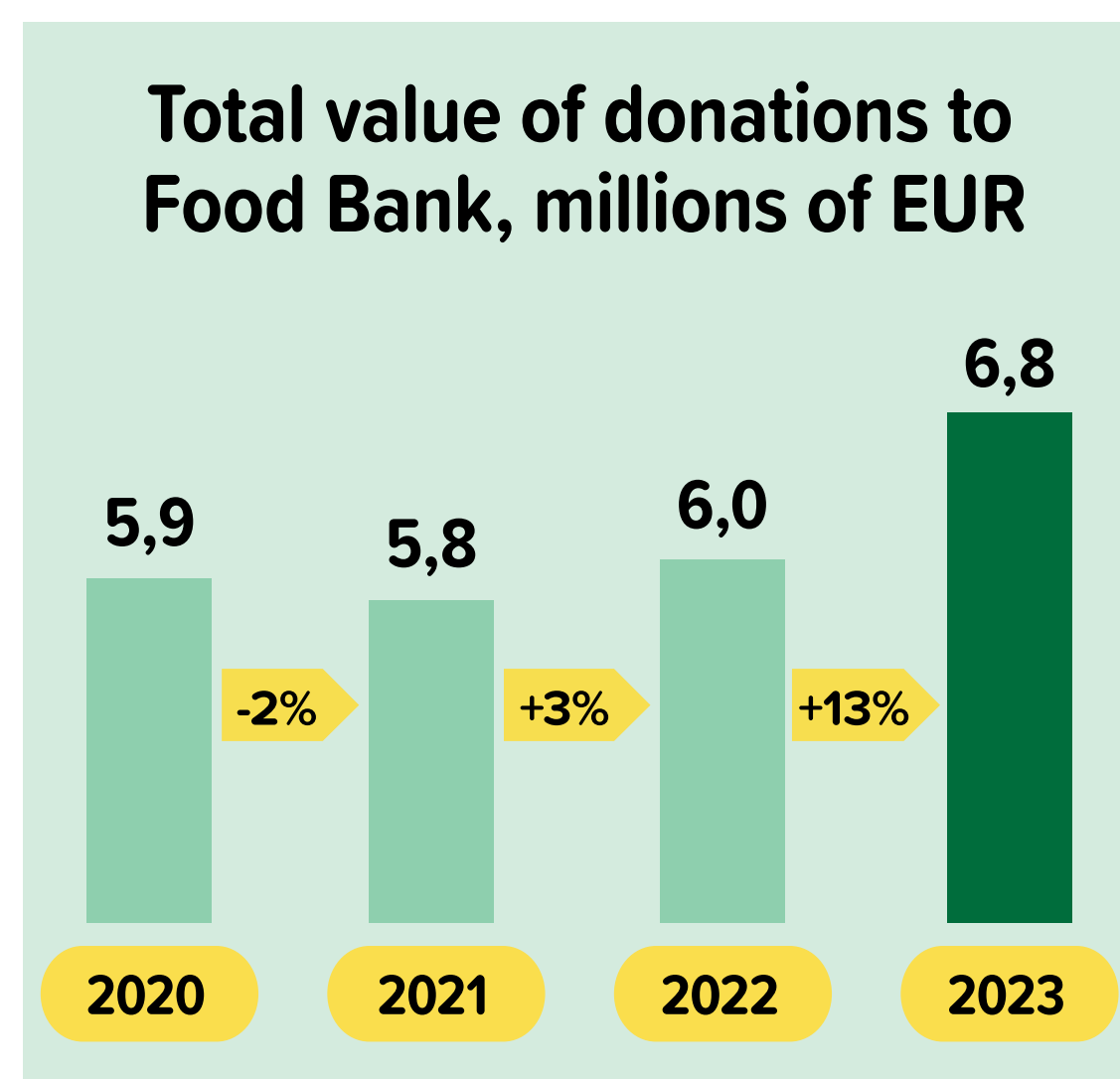
The Food Bank currently collects food aid in 89 Lithuanian towns and regions and distributes it in more than 295 locations. In 2022, about 40% of all rescued food items came from the IKI stores located in different towns around the country and reached those living in difficult conditions.

IKI continues to be Food Bank's partner ever since 2009. In 2023, IKI donated 2 700 tons of food worth around 6,8 million EUR.

Twice per year, IKI also participates in food donation campaigns: our customers are encouraged to donate food products. In 2023, our customers donated products valued at nearly 190 000 EUR.

IKI continues its partnership with **Panevėžys Women's Correctional Facility** to provide job opportunities for inmates. Approximately 10 inmates (the number varies at any given time) work at a deli center as kitchen staff or at a logistics center as product assemblers.

They are employed in accordance with Republic of Lithuania Labor Code, including social guarantees, and



their time at IKI is considered official work experience. They acquire valuable skills and can continue working after their sentence if agreed by both parties.

These employees, like others, commute using company buses. This initiative aids their societal reintegration during their sentence, equips them with new skills, and encourages some savings for a fresh start.





# Other Initiatives



Through a collaboration with Walk15, any of 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, together with Walk15, ERGO and LRT organized “The IKI Walking Competition” across Lithuania. The total number of participants reached 34 000, the highest number yet. In Alytus, it even became of the largest events in this region.



IKI Velomarathon serves as a significant initiative aimed at fostering a vibrant cycling culture in Lithuania while establishing a cherished and distinctive tradition. In 2023, already 14th Velomarathon took place, attracting over 10 000 participants.





# Innovation and Digitalization Initiatives

## Direct Impact

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



13 CLIMATE ACTION



## Indirect Impact

9 SUSTAINABLE CITIES AND COMMUNITIES





# Highlights



Expansion of autonomous stores - 5 stores in total



Click and Collect service network expanded to 31 new stores, 54 stores in total



IKI loyalty program relaunched, incl. new mobile application



Electronic shelf labels rolled out



More than 150 stores with digital signage





# The Importance of Innovation and digitalization to IKI

At IKI, we are embracing innovation to shape the future of retail. Starting in 2008, we initiated and popularized the use of Self-Checkout Options (SCOs) in Lithuania and we were the pioneers in introducing autonomous stores in partnership with Pixevia. We also set industry benchmarks with our strategic acquisition of a significant stake in the LastMile delivery startup.

We believe in using technology to make shopping easier and more enjoyable for our customers. That is why IKI is constantly investing in new ideas and partnering with startups that have cutting-edge solutions for the retail industry. We believe that innovation can manifest in any domain of retail, from harnessing AI to optimize supply chains, leveraging augmented reality to enhance in-store customer experiences, to integrating green technologies that pivot our operations towards

sustainability. If a solution holds potential and relevance to modern retail, we are keen on exploring it.

And it is not just about technology – we are also focused on sustainability, exploring ways to make our operations more environmentally friendly. Whether it is optimization of our supply chains or integration of green technologies, we are always looking for new ways to make retail better for everyone.





# Expanding the Network of Autonomous Stores

We are dedicated to making our customer's life simpler with innovative ideas and solutions. Therefore, throughout 2023, we opened 3 new autonomous stores totaling up to 5 stores by the end of the year. Customers now can shop at these stores on their own, anytime, day or night.

Artificial intelligence applications implemented in autonomous stores support the forecast of products demand and place automatic orders. This helps us to reduce food waste. Autonomous stores are also unaffected by labor shortages and have lower operational costs. Where possible, autonomous stores are powered by renewable energy to reduce any negative environmental impact.

Moreover, autonomous stores contribute to the concept of a “walkable city” where people are encouraged to walk more than drive. A walkable city is good for people's health, the environment and the local economy.

Indirect economic impact: due to IKI's expansion, Vilnius ranks second in Europe in terms of the number of autonomous stores, contributing to its innovative image and attractiveness





# Loyalty Mobile Application

In May 2023, we relaunched IKI loyalty program, which offers various benefits to its users through the IKI Loyalty mobile application or to IKI card holders. IKI Loyalty mobile application aims to improve our customer experience, making it both entertaining and rewarding.

In the application, customers can:

- ◆ enjoy personalized offers
- ◆ review electronic receipts
- ◆ participate in gamified challenges
- ◆ check their reward balance
- ◆ play various games

To enhance customer experience, we installed tablets in all our stores for easy access to loyalty program information.

By the end of the 2023, more than 700 thousand people downloaded IKI mobile application. Our plan for 2024 is to make the IKI mobile application even easier to use. We are speeding up the sign-up process and adding an English option to ensure that foreigners can use all the benefits of Loyalty mobile application.

## 700 000+

people downloaded IKI mobile application by the end of the 2023





# Collaborating *with* and Investing *in* Startups



## IKI became a business angel of Coinvest Capital

At the end of 2023, IKI became a business angel of ColInvest Capital. The goal of ColInvest Capital is to contribute to the financing of new promising companies by expanding the community of private investors (business angels). ColInvest Capital's list of the investors features more than 150 business angels and venture/private capital funds.

By joining fund's list of private investors, IKI would have access to information regarding companies that are seeking financing from the fund.

## Startup night organized by IKI and REWE digital

In the summer of 2023, delegates from REWE Group's innovation division REWE Digital made a trip to Lithuania. REWE Digital is responsible for establishing new businesses within the group and making investments in early-stage companies. IKI hosted the "IKI x REWE Digital Startup Night" event to familiarize the REWE Digital representatives with the Lithuanian startup ecosystem and to pave the way for potential investments.

Almost 30 startups and 10 venture capital funds participated in the event.





# Other Digital and Innovative Developments

## Workforce management system for store employees

In 2023, IKI implemented a new work management system that optimizes labor forecasting, scheduling and budgeting with AI-powered technology. The system also:

- ◆ Allows store managers to generate schedules and ensure the presence of necessary employees at specific times.
- ◆ Helps employees to understand the activities and timings of their assignments.



## Expansion of retail media under Screen\_Club brand

To enhance its online and offline retail media presence in Lithuania, as well as to utilize data and create new revenue streams, IKI has formed a separate unit under Screen\_Club brand.

Team of “Screen\_Club” is developing a new advertising solution with advanced algorithms that analyze and segment customer behaviors to deliver messages to the right people at the right time and through the right channel.

By the end of 2023, IKI had more than 160 stores with digital and self-checkout screens reaching more than six million screen contacts per week.





# About the Report





# Sustainability report methodology and structure

This is our second Sustainability Report, further establishing IKI's (IKI Lietuva, UAB) continued commitments and enhancements to sustainability practices throughout the year 2023 (January 1 – December 31). Building upon our initial experience, this report is prepared in accordance with the Global Reporting Initiative (GRI) standards. Although this report is primarily dedicated to IKI (IKI Lietuva, UAB), it also covers aspects of operations and sustainability efforts of our delivery subsidiary LastMile (Greituolis, UAB). Pages which contain information on LastMile are clearly marked as such with a small LastMile logo. We also present key information about LastMile in the appendixes.

GRI standards, internationally recognized and extensively adopted in sustainability reporting, cover wide-ranging topics from biodiversity to emissions, from taxes to waste management, and from diversity & equality to health & safety. Reflecting global sustainability reporting best practices, the GRI standards help organizations meet the increasingly complex information needs of stakeholders and regulatory bodies. They

are updated regularly to reflect evolving best practices. Our sustainability report for 2025 will have to be compliant with ESRS standards. Therefore, where applicable, we now also indicate the corresponding ESRS number in the index table.

This second Sustainability Report involves feedback from our internal stakeholders, building on the learnings gathered from our initial report in 2022. We outline IKI's sustainability journey over the last year, emphasizing key achievements, ongoing initiatives, and future plans anchored in our commitment to sustainability. Our comprehensive approach integrates the main aspects of our footprint, focusing primarily on reducing our environmental impact, promoting ethical practices across our supply chain, and fostering socio-economic development in our communities.

✉ For more information, please contact [labas@iki.lt](mailto:labas@iki.lt)

📍 Address of headquarters: **Pilaitės pr. 42,  
LT-06222, Vilnius, Lithuania**





# Restatements of information

This section contains corrections of information that was presented in our Sustainability Report 2022 in cases where we have discovered that previously presented information needs to be revised due to an error.

RESTATED MATTER	EFFECT OF THE RESTATEMENT
Page 3 of IKI's sustainability report 2022 states that "this report presents IKI Group's ("IKI Lietuva", UAB and "Greituolis", UAB) sustainability activities. However, most of the information presented in the subsequent sections of the report covers the sustainability activities of "IKI Lietuva", UAB.	<ul style="list-style-type: none"><li>Both narrative and quantitative disclosures presented in the IKI's sustainability report 2022 should be understood as pertaining to "IKI Lietuva", UAB (except the chapter covering employees).</li><li>The error is corrected in this report by stating on page 7 that this report is primarily dedicated to "IKI Lietuva", UAB.</li></ul>
On page 25, it was stated: "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." However, the fine was actually paid only in 2023.	<ul style="list-style-type: none"><li>On page 33 of this report, it is explained that fine was imposed in 2022, paid in 2023.</li></ul>
Page 38 of IKI's sustainability report 2022 states that 87% of energy used was green. However, this actually represents the electricity, not overall energy consumption.	<ul style="list-style-type: none"><li>The error is corrected in this report – share of green electricity is presented.</li></ul>
On the page 52 of IKI's sustainability report 2022, it is stated that IKI is using only third-party water. However, it is not correct as only about 50% of water is bought from the third parties.	<ul style="list-style-type: none"><li>Correct information is presented in this report, page 53.</li></ul>







GRI Disclosure	ESRS Standard	Page
GENERAL DISCLOSURES		
2-1 Organizational details		6, 88
2-2 Entities included in the organization’s sustainability reporting	ESRS 1 5.1; ESRS 2 BP-1 §5 (a) and (b) i	6, 88
2-3 Reporting period, frequency and contact point	ESRS 1 §73	88
2-4 Restatements of information	ESRS 2 BP-2 §13, §14 (a) to (b)	89
2-5 External assurance		The reporting has not been externally assured.
2-6 Activities, value chain and other business relationships	ESRS 2 SBM-1 §40 (a) i to (a) ii, §42 (c)	5-6
2-7 Employees	ESRS 2 SBM-1 §40 (a) iii; ESRS S1 S1-6 §50 (a-b) and (d-e), §52	63
2-8 Workers who are not employees	ESRS S1 S1-7 §55 (a-c), to §56	63
2-9 Governance structure and composition	ESRS 2 GOV-1 §21 (a,c), §22 (a), §23; ESRS G1 §5 (b)	27-28
2-10 Nomination and selection of the highest governance body	Not covered by ESRS	28
2-11 Chair of the highest governance body	Not covered by ESRS	28
2-12 Role of the highest governance body in overseeing the management of impacts	ESRS 2 GOV-1 §22 (c); SBM-2 §45 (d); ESRS G1 §5 (a)	22
2-13 Delegation of responsibility for managing impacts	ESRS 2 GOV-1 §22 (c) i; ESRS G1 G1-3 §18 (c)	21
2-14 Role of the highest governance body in sustainability reporting	ESRS 2 GOV-5 §36 (a,c); IRO-1 §53 (d)	22
2-15 Conflicts of interest Corporate Governance	Not covered by ESRS	34
2-16 Communication of critical concerns	ESRS 2 GOV-2 §26 (a)	22
2-17 Collective knowledge of the highest governance body	Not fully compliant with ESRS standards	22
2-18 Evaluation of the performance of the highest governance body	Not covered by ESRS	68
2-19 Remuneration policies	ESRS 2 GOV-3 §29 (a)	64
2-20 Process to determine remuneration	Not fully compliant with ESRS standards	64
2-21 Annual total compensation ratio		Information is not disclosed due to confidentiality.
2-22 Statement on sustainable development strategy	ESRS 2 SBM-1 §40 (g)	4

GRI Disclosure	ESRS Standard	Page
2-23 Policy commitments	ESRS 2 MDR-P §65 (b, c, f); ESRS S1 S1-1 §20, §21, and §AR 14; ESRS S2 S2-1 §16, §17, §19; §AR 16; ESRS S4 S4-1 §16, and §AR 13; ESRS G1 G1-1 §7 and §AR 1 (b)	30-31
2-24 Embedding policy commitments	ESRS 2 MDR-P §65 (b, c, f); ESRS S1 S1-1 §20, §21, and §AR 14; ESRS S2 S2-1 §16 to §17, §19, §AR 16; ESRS S4 S4-1 §16, and §AR 13; ESRS G1 G1-1 §7 and §AR 1 (b)	30-31
2-25 Processes to remediate negative impacts	ESRS S1 S1-1 §20 (c); S1-3 §32 (a, b, e); ESRS S2 S2-1 §17 (c); S2-3 §27 (a), (b) and (e), §AR 26; S3-3 §27 (a), (b); S4-3 §25 (a), (b).	19
2-26 Mechanisms for seeking advice and raising concerns	ESRS G1 G1-1 §10 (a); G1-3 §18 (a)	30, 33
2-27 Compliance with laws and regulations	ESRS E2 E2-4 §AR 25 (b); ESRS S1 S1-17 §103 (c) to (d)); ESRS G1 G1-4 §24 (a)	33
2-28 Membership associations	MDR-P, MDR-A, MDR-T	17
2-29 Approach to stakeholder engagement	ESRS 2 SBM-2 §45 (a) i to (a) iv; ESRS S1 S1-1 §20 (b); S1-2 §25,	23-24
2-30 Collective bargaining agreements		Collective bargaining agreements are not in place.
MATERIAL IMPACTS		
3-1 Process to determine material topics	ESRS 2 BP-1 §AR 1 (a); IRO-1 §53 (b) ii - iv	25
3-2 List of material topics	ESRS 2 SBM-3 §48 (a,g)	25
3-3 Management of material topics	ESRS 2 SBM-1§ 40 (e); SBM-3 §48 (c) i and (c) iv; ESRS S1 S1-2 §27 (a,b); S1-4 §39; S2-4 §33 (a); ESRS S4 S4-2 §20, S4-4 §31	46, 50, 54, 56, 62, 66, 68, 72-73,
ECONOMIC PERFORMANCE		





GRI Disclosure	ESRS Standard	Page
201-1 Direct economic value generated and distributed	Not covered by ESRS	5-6
201-2 Financial implications and other risks and opportunities due to climate change	ESRS 2 SBM-3 §48 (a, d, e); E1-3 §26; E1-9 §64 (c)	52
201-3 Defined benefit plan obligations and other retirement plans	Not covered by ESRS	IKI does not have benefits and other retirements plans in place.
201-4 Financial assistance received from government	Not covered by ESRS	IKI does not receive assistance from the government.
Market Presence		
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	S1 S1-10 §67, §68 and §69	67
Indirect Economic Impacts		
203-1 Infrastructure investments and services supported	Not fully compliant with ESRS standards	76
Procurement Practices		
204-1 Proportion of spending on local suppliers	Not fully compliant with ESRS standards	42
Anti-Corruption		
205-2 Communication and training about anti-corruption policies and procedures	ESRS G1 G1-3 §20, §21 (b,c)	32
205-3 Confirmed incidents of corruption and actions taken	ESRS G1 G1-4 §25	32
Tax		
207-1 Approach to tax	Not covered by ESRS	32
207-2 Tax governance, control, and risk management	Not covered by ESRS	32
Materials		
301-1 Materials used by weight or volume	ESRS E5 E5-4 §31 (a)	55
301-2 Recycled input materials used	ESRS E5 E5-4 §31 (c)	55
Energy		
302-1 Energy consumption within the organization	ESRS E1 E1-5 §37 (a, c); §38; §AR 32 (e)	49
302-3 Energy intensity	Not fully compliant with ESRS standards	49
302-4 Reduction of energy consumption	MDR-A, MDR-T	49
Water and Effluents		
303-1 Interactions with water as a shared resource	ESRS 2 SBM-3 §48 (a); ESRS E3 §8 (a); E3-2 §15	53

GRI Disclosure	ESRS Standard	Page
303-2 Management of water discharge-related impacts	Not fully compliant with ESRS standards	53
303-3 Water withdrawal	MDR-A	53
303-5 Water consumption	Not covered by ESRS	53
Emissions		
305-1 Direct (Scope 1) GHG emissions	ESRS E1 E1-4 §34 (c); E1-6 §44 (a); §46; §AR 39 (a-d)	51
305-2 Energy indirect (Scope 2) GHG emissions	RS E1 E1-4 §34 (c); E1-6 §44 (b); §49; §AR 25 (b, c); §AR 39 (a-c); §AR 40; §AR 45 (a), (c), (d), and (f)	51
305-5 Reduction of GHG emissions	ESRS E1 E1-3 §29 (b); E1-4 §34 (c); §AR 25 (b) and (c);	51
Waste		
306-1 Waste generation and significant waste-related impacts	ESRS 2 SBM-3 §48 (a), (c) ii and iv; ESRS E5 E5-4 §30	54
306-2 Management of significant waste-related impacts	ESRS E5 E5-2 §17 and §20 (e) and (f);	54
306-3 Waste generated	ESRS E5 E5-5 §38	54, 56-57
306-4 Waste diverted from disposal	ESRS E5 E5-5 §38	57
Supplier Environmental Assessment		
308-1 New suppliers that were screened using environmental criteria	Not fully compliant with ESRS standards	42
Supplier Social Assessment		
414-1 New suppliers that were screened using social criteria	Not fully compliant with ESRS standards	42
Employment		
401-1 New employee hires and employee turnover	ESRS S1 S1-6 §50 (c)	66
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1 S1-11 §74; §75	65
401-3 Parental leave	ESRS S1 S1-15 §93	65
Labor/Management Relations		
402-1 Minimum notice periods regarding operational changes	Not fully compliant with ESRS standards	66
Occupational Health and Safety		
403-1 Occupational health and safety management system	ESRS S1 S1-1 §23	71





GRI DISCLOSURE	ESRS STANDARD	PAGE
403-2 Hazard identification, risk assessment, and incident investigation	ESRS S1 S1-3 §32 (b)	71
403-3 Occupational health services	MDR-P, MDR-A	71
403-4 Worker participation, consultation, and communication on occupational health and safety	MDR-P, MDR-A	71
403-5 Worker training on occupational health and safety	MDR-P, MDR-A	71
403-6 Promotion of worker health	MDR-P, MDR-A	65
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not fully compliant with ESRS standards	71
403-9 Work-related injuries	ESRS S1 S1-4, §38 (a); S1-14 §88 (c)	72
TRAINING AND EDUCATION		
404-2 Programs for upgrading employee skills and transition assistance programs	ESRS S1 S1-1 §AR 17 (h)	68
404-3 Percentage of employees receiving regular performance and career development reviews	ESRS S1 S1-13 §83 (a) and §84	68
DIVERSITY AND EQUAL OPPORTUNITY		
405-1 Diversity of governance bodies and employees	ESRS S1 S1-6 §50 (a)	66
405-2 Ratio of basic salary and remuneration of women to men	Not fully compliant with ESRS standards	67
NON-DISCRIMINATION		
406-1 Incidents of discrimination and corrective actions taken	ESRS S1 S1-17 §97, §103 (a), §AR 103	66
CUSTOMER HEALTH AND SAFETY		
416-1 Assessment of the health and safety impacts of product and service categories	Not fully compliant with ESRS standards	37-40
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	ESRS S4 S4-4 §35	33
MARKETING AND LABELING		
417-1 Requirements for product and service information and labeling	Not fully compliant with ESRS standards	37-38
CUSTOMER PRIVACY		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESRS S4 S4-3 §AR 23	34