



lastmile

IKI LIETUVA

SUSTAINABILITY

REPORT 2024



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Sustainability Highlights of 2024

Rewarded as Top Employer by an independent organization “Top Employers Institute” for third year in a row



Employee wellbeing and engagement mobile application MELP

Introduction of new vegan product line “Vegavita”

IKI customers donated over 280 thousand euros to charities



Once elected, the Customer Board met four times, and their suggestions were implemented

IKI acquired a solar park – became the first legal entity in Lithuania to have a power plant of this type with the status of a prosumer



3,1 million EUR worth of food donated for the Food Bank, partnerships with 4 new charities

National Responsible Business Award “Community-Oriented Company of the Year”

“Sustainability Month” organized to introduce colleagues to IKI’s sustainability strategy



Conducted employee survey “Equal Opportunities Ruler”

Foreword

You have in your hands the third sustainability report of IKI. Although this is the third report, we have been taking care of sustainability for many years, so what you will read here is the result of our long-term work. Since everyone watches Netflix these days... well, not everyone, there are people who don't and they let you know that at the first moment of the conversation. So, since many people watch various content platforms these days, I really want to compare this with the third season of the series.

Both its creators and its viewers know that the third season is often the most difficult.

The first one – oh, something new, how interesting, you definitely need to check it out. The second one – our favorite heroes are back, they are back after a break, during which we started to miss them, so we forgive the small mistakes of the script and the cameraman. And the third one... The bar of expectations, not just a bar but the entire stick, has been raised exceptionally high. The viewer is quite spoiled but you can't force anything on them, and the creators – on the contrary, a little tired of the routine, as if they already want to try another genre, but there is nowhere to go. Commitment is more important than ratings.

So what did we do during the third season? For the final episode and in general, the culmination of the entire season, or rather, its decorations, it would be great to use our very own remote solar power plant, where IKI holds the status of a prosumer. It would be great not only because simi-

lar decorations were perfect for even two Bond films, but also because it is the highlight on our efforts in the field of environmental sustainability. In addition to a total of 180 charging stations for electric vehicles, a doubled capacity of photovoltaic systems we have other innovations, which the loyal quartermaster of the same Bond, Q, could tell in more detail.

Questions that would fuel the plot: how will the fate of our employees change after implementing a "Strengths-Based Culture"? Wouldn't it be a turn-on for us to be recognized as Community-Oriented Company of the Year at National Responsible Business Award? (The Best Employer Institute again awarded us the title of „Best Employer“, but this is the third time in a row, so you can't present it as news in the third season). Along with people who don't watch TV, there are those who can't touch meat, fish or dairy products even with a ten-foot pole. Plant-based nutrition is becoming increasingly popular, so we started offering a completely new plot, sorry, I meant to say product, line for their choice - „Vegavita“.



We did not create the third season alone – we collaborated with the Food Bank (we donated 3,1 million euros worth of products to them), supported more than 10 community initiatives, and our customers donated 40 percent more than in 2023 through IKI's stationary reverse vending machines.

And here I have only mentioned a few plot twists that accompanied us in the third season. Because the golden rule of cinema is that you can't put everything that is best in a promotional trailer. Because then who will watch the entire third season! Excuse me, report?

Nijolė Kvietkauskaitė, CEO of IKI

REWE Group Overview

UAB IKI Lietuva (IKI Lietuva or IKI) is a member of the REWE Group, an international group of retail and tourism companies. The REWE Group (formerly the Revisionsverband der Westkaufgenossenschaften) was founded in 1927 by 17 purchasing cooperatives and is headquartered in Cologne (Germany).

Key figures in 2024:

- ◆ Operating in: 21 countries
- ◆ Net sales: 96 billion EUR
- ◆ Net profit: 1 billion EUR
- ◆ Investments: 1 billion EUR
- ◆ Employees: 380 thousand

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

1. Retail Germany:

9 retail chains with 6 thousand stores, generating 41,6 billion EUR in revenue

2. Retail International:

6 retail chains with 4,5 thousand stores, contributing 20,1 billion EUR revenue

3. Convenience:

4 chains and 61,9 thousand sales points, generating 15,1 billion EUR in revenue

4. DIY:

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

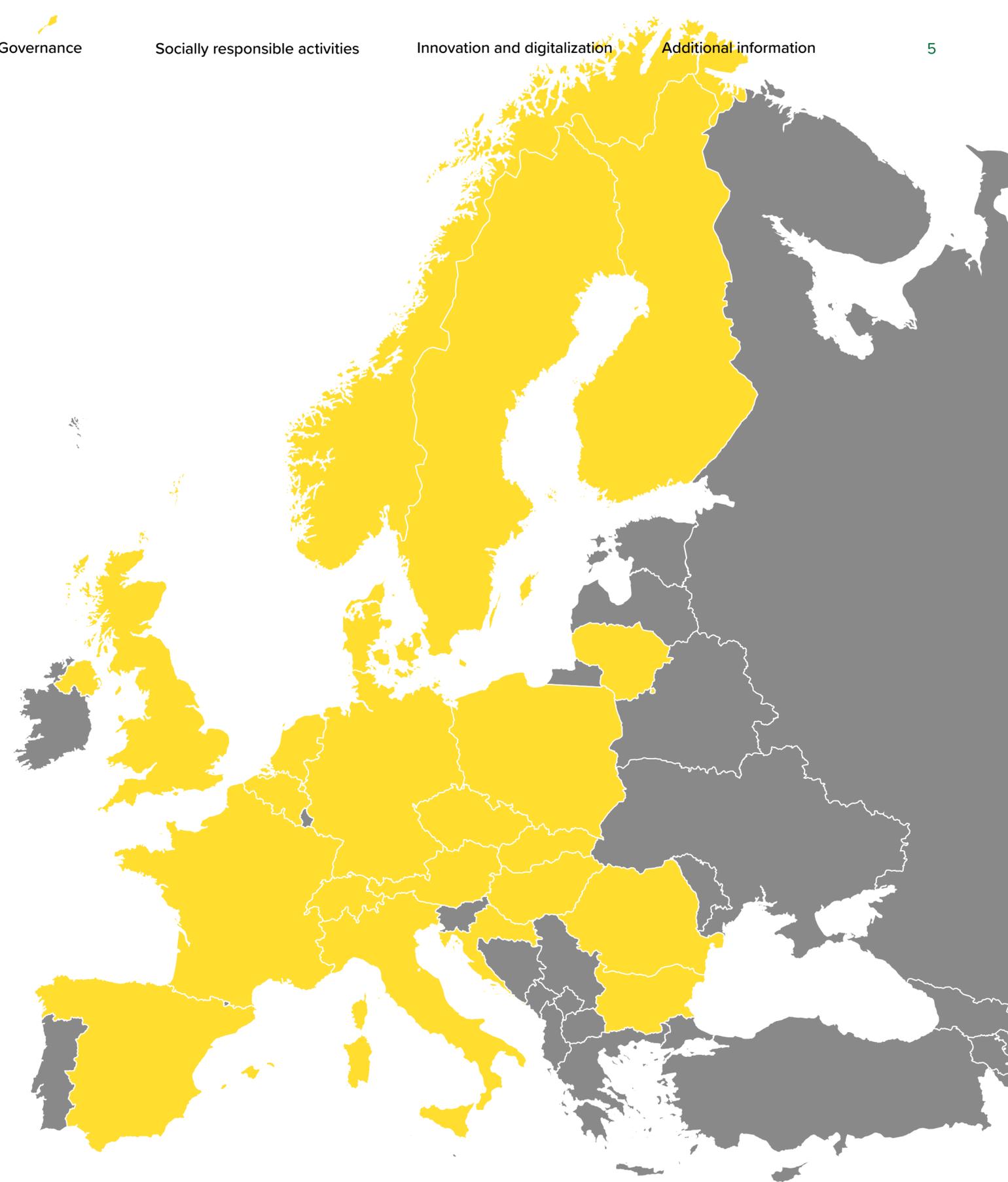
5. Travel and tourism:

Made up of 130 companies, this segment generates 8,7 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 245 traditional stores across and 5 autonomous stores Lithuania.

IKI Lietuva aims to offer its customers a wide selection of fresh and quality products at the best price, which can be found in every neighborhood. Our efforts are proven by the QUDAL award, which is awarded for products and services that offer the greatest level of quality according to the experience and opinion of consumers. In 2024, IKI was awarded with three international QUDAL medals for product quality. The awards are presented every two years - IKI Lietuva was also awarded in 2020 and 2022.



934 million EUR
sales (w/o VAT)



13,6 million EUR net profit



250 stores



180 000 sq. m. sales area



300 000 customers per day



5 282 employees



55,4 million EUR investments:

Sustainability initiatives

(solar panels, refrigeration, intelligent building control, etc.) –

5,7 million EUR

Store openings and reconstructions –

17,8 million EUR

Operational efficiency initiatives

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

6 million EUR

LastMile Overview

Focusing on fast-moving consumer goods, the startup UAB Spartuolis (LastMile) offers its customers the convenience of delivery within few hours. The platform has more than 300 thousand registered users in Lithuania. Customers can choose products from more than 50 partner stores, and the total assortment consists of more than 70 thousand products.

Services

- Delivery: Enabling customers to receive orders to home within an hour across 6 cities (Vilnius, Kaunas, Klaipėda, Šiauliai, Panevėžys and Alytus).
- Click & Collect: Enabling customers to pick up groceries from IKI in 92 dedicated pick up points across 33 cities.



lastmile
WHAT'S NEEDED.WHEN NEEDED



General disclosures



Sustainability Report 2024: Basis for preparation

This report of IKI Lietuva, including some relevant information relating to LastMile (LastMile), is prepared on an individual basis for the first time in compliance with the Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRSs), and the Law of the Republic of Lithuania on Accountability of Undertakings and Groups of Undertakings.

Confidential information clause

The undertaking does not exercise the option to omit certain information relating to intellectual property, know-how or the results of innovation, as set out in paragraph 7.7 of ESRS 1. Full disclosure of sustainability actions and results is provided to ensure transparency and compliance with EU regulatory requirements.

Impending developments and negotiating information

The undertaking does also not benefit from the exemption from disclosure of information relating to impending developments or matters in the course of negotiation as referred to in Articles 19a(3) and 29a(3) of Directive 2013/34/EC.



Disclosures in relation to specific circumstances

Time horizons

Given that the report is voluntary, and the assessment of the double materiality is carried out precisely in 2025, the definitions of time horizons are not applicable and are not disclosed in this document.

Value chain estimation

Certain disclosures in this report are subject to uncertainties. This is indicated in the chapter Additional information.

Changes in the preparation or presentation of sustainability information

Compared to the previous reporting period, and given that the disclosures in this report are prepared under the ESRSs, there may be differences in the presentation of the information, new disclosures, and different formulas for disclosing data. For the additional disclosure of waste-related data, the information is provided based on the Unified Product, Packaging and Waste Record Keeping Information System (GPAIS), which in previous years was based on reports submitted by suppliers.

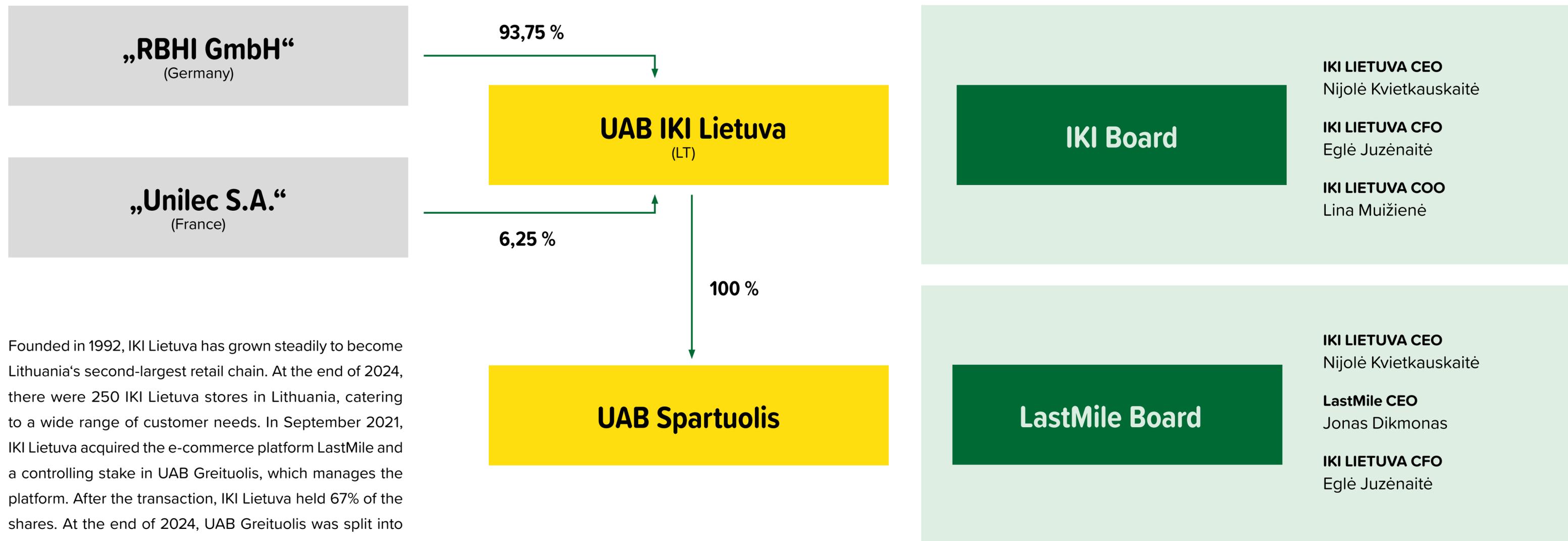
Reporting errors in prior periods

Incorrect emission factor was used in previous years when calculating greenhouse gas emissions. This report includes updated data for the last 3 years.

Disclosures stemming from other legislation

Other sustainability reporting standards or frameworks are not applicable; therefore, no additional disclosures are made following other legislation or generally accepted standards.

Governance Structure



Founded in 1992, IKI Lietuva has grown steadily to become Lithuania’s second-largest retail chain. At the end of 2024, there were 250 IKI Lietuva stores in Lithuania, catering to a wide range of customer needs. In September 2021, IKI Lietuva acquired the e-commerce platform LastMile and a controlling stake in UAB Greituolis, which manages the platform. After the transaction, IKI Lietuva held 67% of the shares. At the end of 2024, UAB Greituolis was split into two companies: UAB Greituolis and UAB Spartuolis. Today, IKI Lietuva owns 100% of UAB Spartuolis, which took over the management of LastMile. Meanwhile, UAB Greituolis currently specializes in software solutions and is owned by REWE Ventures.

The Board of IKI Lietuva is elected at the shareholders’ meeting. It has no independent Board members. The main shareholder, REWE International AG, carries out the supervisory function. The term of office of the members of the IKI Lietuva Board, each of whom has one vote, is three years. The Board elects the CEO, who can only act by consensus with one member of the Board (i.e. decisions of the Board cannot be taken unanimously). The CEO may be a member of the Board.

At the end of 2024, the following members were at Boards of IKI Lietuva and LastMile:

Lina Mužienė

Member of the Board of IKI.

Eglė Juzėnaite

Member of the Board of IKI and LastMile.
CFO of IKI.

Nijolė Kvietkauskaitė

Member of the Board of IKI and LastMile.
CEO of IKI.

Jonas Dikmonas

Member of the Board and CEO of LastMile.



Eglė Malakauskienė, head of financial control department, joined the board of LastMile in February 2025.

| Composition of the Board | IKI Lietuva | LastMile |
|----------------------------------|-------------|----------|
| Number of executive members | 3 | 3 |
| Gender balance (%) of the Board* | 100 % | 66% |

The **Labour Council** represents employees, comprising of 11 members elected in an anonymous undertaking-wide ballot. The Labour Council operates following the provisions of the Labour Code of the Republic of Lithuania. The primary responsibilities of the Labour Council are to defend and represent employees' occupational, labour, economic and social rights and interests.

*The percentage of women on the board is disclosed.

The primary responsibilities of IKI Lietuva and LastMile Board include:

- ◆ The company's strategy and financial forecasts;
- ◆ Annual business plans;
- ◆ Budget;
- ◆ Key transactions;
- ◆ Strategic issues related to sustainability.

Main responsibilities of IKI Lietuva CEO include:

- ◆ Convening the shareholders' meetings;
- ◆ Making important corporate governance decisions;
- ◆ Providing the Board for approval with IKI Lietuva's annual reports (consolidated financial statements, annual report and sustainability information);
- ◆ Dealing with other matters within the CEO's remit.

Expertise and knowledge of the Board

The Board consists of members possessing the theoretical and practical knowledge, as well as the hands-on experience, necessary for the company's structure and core business areas. In supervising company's activities, the members of the Board comply with the business targets, the requirements of legal acts and regulatory documents, the Articles of Association of IKI Lietuva, and the Rules of Procedure of the REWE Group. High moral standards, integrity and impartiality in decision-making are mandatory requirements for Board members. Board members must also have experience and skills in sustainability issues or be given development opportunities. This diverse set of skills enables the Board to effectively oversee the strategic direction of the undertaking and ensure its long-term success.

The appointment of the Board members is subject to a rigorous selection process using specialised tools to assess candidates' competencies. External experts may also be brought in to provide specific expertise and to ensure that the Board is always ready to meet challenges and opportunities as they arise.

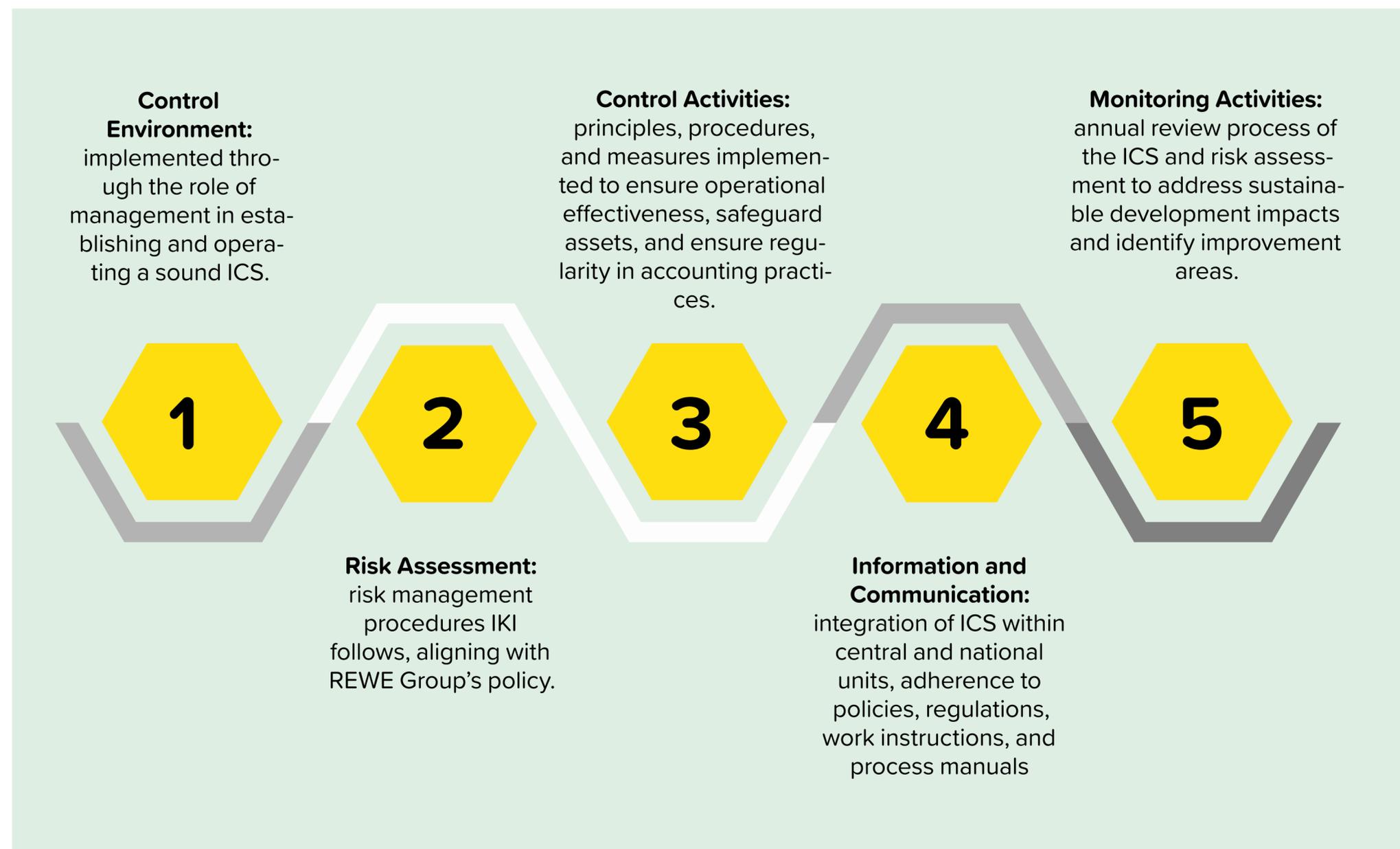
Oversight of the process to manage material impacts, risks and opportunities

The CEO is the top manager of the undertaking and is responsible for implementing the sustainability strategy and the associated impacts, risks and opportunities. The Sustainability Manager implements strategic sustainability initiatives reflecting the key sustainability orientations. The responsibilities are not formally documented, but a separate policy is planned for 2025, clearly defining and assigning duties for sustainability issues within the company.

The IKI Board is responsible for the effective operation of the **Internal Control System (ICS)**, which includes principles, procedures and measures to ensure the organisational implementation of management decisions in the following areas:

- maintaining the efficiency and profitability of business operations, which incorporates the protection of physical assets, including the prevention and detection of misappropriation, etc.;
- ensuring the regularity and reliability of internal and external accounting;
- ensuring compliance with the relevant legislation applicable to the company.

This system is embedded in the REWE Group's internal QMS Policy and provides for various control mechanisms and risk management procedures. The available ICS is integrated into the structures and processes of the IKI and LastMile business units. The specific requirements are set out in IKI's internal documents.



Sustainability governance

IKI Lietuva and LastMile are part of the REWE Group's store network in Central and Eastern Europe (CEE). Therefore, all sustainability initiatives implemented in Lithuania are closely aligned with REWE Group's strategy. The Head of the Strategy and Sustainability Department for the CEE group (comprising of IKI in Lithuania and the BILLA chain of stores in Bulgaria, Slovakia and the Czech Republic, also part of the REWE Group, hereafter referred to as „VS CEE“) oversees all sustainability issues and the alignment with the strategy of REWE Group. Regular bi-weekly meetings of the CEE Sustainability Leaders and annual strategy sessions promote knowledge sharing and harmonise approaches.

Sustainability Manager of IKI Lietuva presents to the Board the issues that require a specific solution on an as-needed basis or when the results of implemented projects must be presented. Sustainability Manager also reports weekly on current work status and related results, risks and opportunities to the Head of Strategy and Sustainability Department, who then presents key themes to the CEO. In addition, individual business functions work on specific sustainability themes and targets assigned to them.



The primary responsibilities of the Sustainability Manager of IKI Lietuva include:

- ◆ Implementing and monitoring the sustainability strategy;
- ◆ Developing methodologies, systems and processes to vertically integrate sustainability themes across business areas and ensure implementation through monitoring tools;
- ◆ Preparation of sustainability information for the annual report;
- ◆ Increasing awareness of sustainability and sustainability management among all employees;
- ◆ Implementing sustainability projects;
- ◆ Contributing to developing the sustainability strategy and ensuring the management of sustainability activities within the organisation.

Sustainability Governance

Sustainability matters discussed during the reporting period

During the reporting period, the following sustainability issues were discussed at the IKI Lietuva Board:

- ◆ Approval of the Sustainability Report;
- ◆ Support strategy and support budget 2025–2027;
- ◆ Approval of the Food Waste Plan and updated targets to reduce food waste;
- ◆ Presentation of current sustainability matters;
- ◆ Other issues related to energy efficiency, environmental protection and working conditions.

In 2024, a VS CEE Sustainability Ambition Strategy Meeting was held, attended by the IKI Board members, to set the strategic directions for sustainability in VS CEE countries.

Integration of sustainability-related performance in incentive schemes

The Board is not subject to a bonus or incentive schemes directly linked to sustainability issues (including climate targets).

Statement on due diligence

As part of the REWE Group, which is subject to German legislation on comprehensive supply chains, we are also guided by the principles set out in this legislation in our activities. As this regulation is not mandatory in Lithuania, we encourage our suppliers to provide information voluntarily through the external Ecovadis System. The suppliers' data helps assess the current situation and identify potential risks in the supply chain.

We also have an internal due diligence process: the Quality Department of IKI Lietuva carries out supplier inspections and regular audits, which check quality parameters and ask for relevant sustainability-related documentation. For example, organic products are subject to stricter requirements, and suppliers must provide documentation to support their organic credentials. The exact requirement applies to LastMile suppliers of organic products.

Sustainability risk management and internal controls over sustainability reporting

The primary risk associated with potentially misleading information is managed by involving responsible department heads during both the information gathering and report preparation stages. The report is sent to the IKI Lietuva Board for final approval. Although there is no formally documented process description, it includes the following parts:



Collecting information: The managers of the responsible areas collect the necessary information to ensure its accuracy and reliability.



Drafting a report: The information collected is processed, and a Sustainability Report is drafted.



Approval process: The report is sent to the responsible managers for approval and final approval by the Board.

Our Strategy



Vision

THE MOST FAVOURITE STORE

in every neighbourhood and
community we serve

Mission

MAKE DAILY LIFE EASIER

by providing the most convenient way
of shopping – anytime, anywhere

Values

INCLUSIVENESS

Everyone is important,
everyone is accepted

TRUST

Always true to our word

WINNING SPIRIT

Always ahead of an
ever-changing world

POSITIVITY

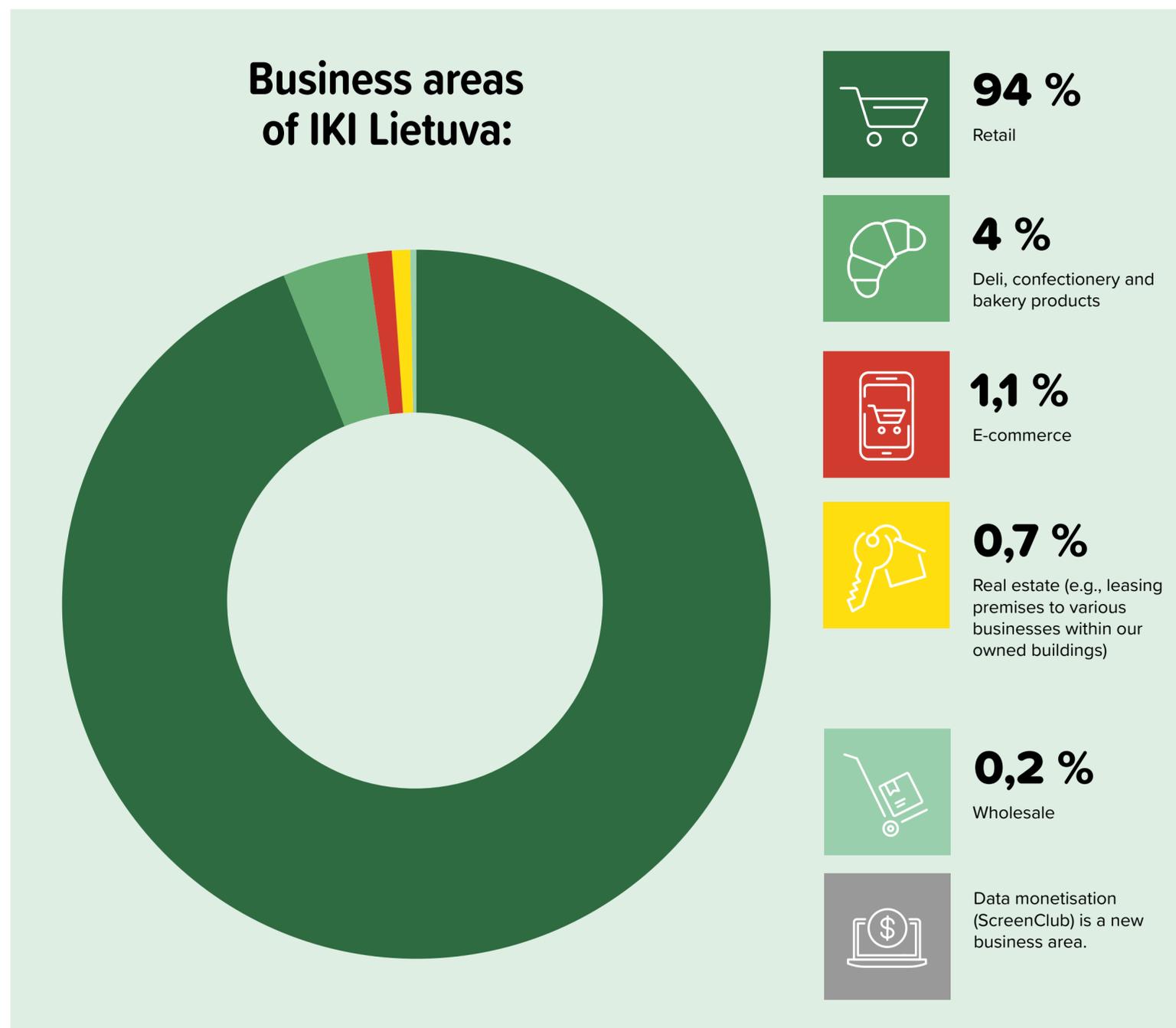
Always see a glass
as half full

Our vision – **the favourite store in every neighbourhood and community we serve** – perfectly reflects our ambition to offer our customers a wide selection of fresh, quality products at the best prices in stores close to home. Driven by our vision and mission and with a strong backbone of loyal employees, we are Lithuania’s second-largest retail chain.

LastMile platform offers shoppers food and other goods delivered within few hours and has more than 300 000 registered users in Lithuania. Shoppers can choose from more than 50 partner stores, with a total assortment of more than 70 000 items.

| | IKI Lietuva | LastMile |
|---------------------|---|--|
| Number of employees | 5 282,2 (an average number of employees for the reporting year) | 23 (at the end of the year) |
| Revenue and profit | <ul style="list-style-type: none"> • EUR 934 million of revenues (excluding VAT) • EUR 13,6 million of profit | <ul style="list-style-type: none"> • EUR 2,1 million in sales revenue (excluding VAT), including EUR 1.9 million from IKI product sales • EUR 0,3 million loss |

*LastMile data is provided for November–December of 2024



Our Value chain



Goods intended for sale, both direct and electronic, pass through the trading phase before they reach their end consumers, and at the end-of-life, they generate waste. The life cycle of some end-user-generated waste continues in the recycling cycle as the company maintains and supports the deposit system. Some goods and products past their expiry date or not in a marketable condition may be handed over to non-governmental organisations such as the Food Bank.



Services related to direct activities (e.g. security, cleaning services) and **goods not for sale** (raw materials, packaging, workwear, cleaning products) are used in the production and maintenance of the operation, and their waste is separated and transferred for recycling or energy production.



Other services (construction, repair, logistics, IT) usually include renting real estate to business clients and maintaining infrastructure.



Wholesale focuses on business customers.



Data monetisation is carried out mainly for business customers as an additional revenue generation activity.

The value chain covers different stages of an activity, from the initial supply of raw materials or services to end use and end of life.

This forms a comprehensive supply, production, trade and service chain, ensuring operational efficiency and sustainable use of resources.

| Upstream | Direct activities | Downstream | |
|---|--|---|---|
| | | End use | End of life |
| <ul style="list-style-type: none"> ◆ Goods for sale ◆ Goods not for sale (raw materials, packaging, workwear) ◆ Services related to direct activities (security, cleaning services) ◆ Other services (construction, repair, energy, logistics, IT services) | <ul style="list-style-type: none"> ◆ Trade ◆ Manufacture ◆ E-commerce ◆ Lease of real estate ◆ Wholesale ◆ Data monetisation | <ul style="list-style-type: none"> ◆ Selling goods to customers ◆ Selling the undertaking's products to customers ◆ Customers of online shops ◆ Lease of real estate to corporate customers (e.g. pharmacies located on premises owned by IKI Lietuva) ◆ Wholesale (to corporate customers) ◆ Corporate customers | <ul style="list-style-type: none"> ◆ Waste ◆ Sorting of waste and forwarding it to recycling ◆ Sorting of waste and forwarding it to energy production ◆ Maintenance and support of the deposit system ◆ Transfer of products to NGOs (e.g. Food Bank, etc.) |

Our stakeholders

Stakeholder engagement is key to ensuring that our strategic direction and business model align with all stakeholders' interests and views. IKI Lietuva's stakeholders are individuals and groups interested in or affected by our business activities. By proactively engaging with these stakeholders, we can make informed decisions, strengthen our operations and improve the management of key issues.

One example of how we involve our stakeholders is the IKI Customers' Board, an innovation launched in 2023. With this unique project, we aim to directly involve our customers, reflecting the different portraits of our shoppers. Four IKI Customers' Board meetings were held in 2024. The Customers' Board comprises ten selected IKI Lietuva customers who share their feedback, insights and recommendations on IKI products and services.

Interests and views of stakeholders are collected and evaluated by the heads of the responsible functional units, who also share relevant information with the top management bodies. The insights or recommendations of stakeholders lead to changes that directly impact business operations and inform business decisions. For example, if we are testing new solutions related to sustainability, stakeholder views are first gathered, stakeholders can be involved in „live“ testing, and the results are then presented to the Board. The Board's approval is required for the new solution to be rolled out across the IKI Lietuva network.

| STAKE-HOLDERS | HOW ENGAGEMENT IS ORGANISED | PURPOSE OF ENGAGEMENT (TOPIC) | HOW STAKEHOLDER VIEWS ARE TAKEN INTO ACCOUNT | STAKE-HOLDERS | HOW ENGAGEMENT IS ORGANISED | PURPOSE OF ENGAGEMENT (TOPIC) | HOW STAKEHOLDER VIEWS ARE TAKEN INTO ACCOUNT |
|-------------------|---|--|--|-----------------------|---|--|--|
| Employees | <ul style="list-style-type: none"> Regular face-to-face meetings Regular team meetings Regular meetings with management General staff meetings (organised remotely, once per quarter; employees may raise issues of concern to them) Intranet, MELP IKI Talks Initiative (monthly) Employee surveys Newsletters (weekly) and other internal documents Store and regional management meetings | <ul style="list-style-type: none"> The undertaking's information and strategy Changes and news Remuneration and benefits Employee well-being Training program Career development Health and safety Equal opportunities Sustainability | <ul style="list-style-type: none"> Feedback from employee surveys or other forms of engagement is used to make informed decisions. | Associations and NGOs | <ul style="list-style-type: none"> Membership Donations and charity Events and campaigns | <ul style="list-style-type: none"> Social projects Donations and charity | <ul style="list-style-type: none"> Contributions to various support campaigns. Physical health-related campaigns. Active participation in associations (e.g. commenting on legislation) |
| Customers | <ul style="list-style-type: none"> IKI Customers' Board (four live meetings in 2024) Customer surveys Customer service channels Focus group discussions Website Social network profiles (Facebook, Instagram, LinkedIn, "TikTok") IKI mobile app Advertising (outdoor advertising, TV and radio advertising) Brochures | <ul style="list-style-type: none"> Product-related issues Pricing Shopping experience Sustainability Customer service Data protection Partnerships | <ul style="list-style-type: none"> Updating the product range in response to consultations. Improved communication of personalised offers. Improved shopping experience at self-service checkouts. Additional communication for seniors. | Authorities | <ul style="list-style-type: none"> Discussions on regulatory issues Discussions on joint projects | <ul style="list-style-type: none"> Legislative Taxes Compliance | <ul style="list-style-type: none"> As regulations change, internal processes are improved accordingly. Sustainability targets are linked to national targets for the trade sector. |
| Business partners | <ul style="list-style-type: none"> Regular audits and consultations Joint initiatives Surveys | <ul style="list-style-type: none"> Contract terms Delivery and payment terms and Conditions REWE Group and IKI guidelines Sustainability matters (e.g. policy, data, etc.) | <ul style="list-style-type: none"> Collecting sustainability-related information from suppliers and business partners. | Media | <ul style="list-style-type: none"> Website Meetings Press releases Events and campaigns | <ul style="list-style-type: none"> Financial and operational results Accomplishments Social projects Senior management changes | <ul style="list-style-type: none"> Monitoring topics of interest to the media. Processes or initiatives can be changed in response to them. |

Double Materiality Assessment

Process

Double materiality assessment (DMA) of IKI Lietuva was conducted in accordance with the EU Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS) and the informal implementation guidelines developed by the European Financial Reporting Advisory Group (EFRAG).

The evaluation was carried out in three stages:

Stage 1: The scope of the assessment was determined and aligned, considering the main business activities of IKI Lietuva, value chain partners and stakeholders. A map of the company's value chain and key stakeholders was created, and it was used in the further double materiality assessment.

Stage 2: A preliminary assessment was carried out, during which it was determined which sustainability matters are not relevant to IKI Lithuania. Irrelevant sustainability matters were not included in the Stage 3 of double materiality assessment.

Stage 3: In-depth assessment of potentially significant sustainability matters: impacts, risks and opportunities were assessed based on expert judgment and stakeholder input, following the double materiality principle. Stakeholders were involved in two ways, either directly (written interviews with stakeholders) or through the method of analyzing documentation and available sources.

In the final stage, the impacts, risks and opportunities were assessed:

Impact materiality assessment:

- Actual impacts were assessed in terms of severity, i.e. scale, scope and irremediability (irremediability was not considered for positive impacts).
- For potential impacts, an additional parameter has been added – likelihood (its occurrence was assessed according to time perspectives: short-term (up to 1 year), medium term (from end of short term to 5 years), and long-term (over 5 years)).

Financial materiality assessment:

This part of the assessment was carried out considering the likelihood of risks and opportunities posed by sustainability matters and the magnitude of the financial consequences for the company. Both the risks and opportunities directly affecting the company and those that may have an impact across the value chain in the short, medium, or long-term were assessed. When assessing the magnitude of the various sustainability-related risks and opportunities, a qualitative description of the expected financial consequences was used as a basis, together with a numerical scale of the financial impact determined based on the company's annual EBITDA and revenue indicators.

Stakeholder involvement

Both impact and financial materiality assessments were based on stakeholder engagement. Engagement methods (i.e. different levels and modes of engagement) were developed based on the AA1000 Stakeholder Engagement standard. ESRS identifies two types of stakeholders that are relevant for the assessment of impact and financial materiality: affected stakeholders and users of sustainability information.

Involved stakeholders (method of their involvement):

- Employees (representatives of the HR department, Works Council, employees).
- Suppliers (analysis).
- Business partners (written interview).
- Consumers (IKI Customers' Board (B2C) and 5 main IKI Lietuva business clients (documentary analysis of publicly available information)).
- Local communities (written questions and analysis of publicly available information).
- Associations and NGOs (written interview).
- Environment (analysis of regulations, scientific articles, internal documents of IKI Lietuva and other sources).
- Media (written interview and analysis of publicly available information).

Double Materiality Assessment

Result

The double materiality assessment and the analysis of impacts, risks and opportunities identified the material topics for the company in accordance with the ESRS. The materiality map of these topics became a Double materiality matrix that reflects the results of the process. We present the evaluation results for important, significant, and critical topics.

When deciding which topics and subtopics are most significant for the company and will be included in the sustainability report in the future, we selected topics that were assessed as critical in terms of financial impact or impact. Also, taking into account the company's strategy and specifics of its activities, we included several topics that were assessed as significant.

IMPACT MATERIALITY

| | IMPORTANT | MATERIAL | CRITICAL |
|-----------|--|--|---|
| CRITICAL | <ul style="list-style-type: none"> ● Business Conduct: (P/-) Management of relationships with suppliers, including payment practices | <ul style="list-style-type: none"> ● Climate Change: (A/-) Climate change mitigation; ● Own workforce: (A/-) Working Time; (A/+) Social Dialogue; (P/-) Privacy ● Consumers and end-Users: (P/-) Privacy; (A/+) Access to (quality) information; (A/+) Health and safety | <ul style="list-style-type: none"> ● Own workforce: (A/-) Work-life balance |
| MATERIAL | <ul style="list-style-type: none"> ● Biodiversity and ecosystems: (A/-) Land degradation ● Own workforce: (A/-) Health and safety; (A/-) Employment and inclusion of persons with disabilities; (A/-) Measures against violence and harassment in the workplace ● Business Conduct: (P/-) Corruption and bribery | <ul style="list-style-type: none"> ● Pollution: (F/-) Pollution of air; (F/-) Pollution of water; (F/-) Pollution of soil; ● Water and marine resources: (F/-) Water consumption ● Biodiversity and ecosystems: (F/-) Species population size ● Own workforce: (P/-) Diversit ● Affected communities: (A/+) Adequate food ● Consumers and end-Users: (F/+) Access to products and services ● Business Conduct: (P/-) Corporate Culture; (A/+) Animal welfare; (P/+) Political engagement | <ul style="list-style-type: none"> ● Circular economy: (A/-) Resource inflows, including resource use ● Own workforce: (A/-) Adequate Wages; (A/+) Training and skills development ● Sector specific topic: (A/+) Sustainable innovations |
| IMPORTANT | <ul style="list-style-type: none"> ● Circular economy: (A/-) Resource outflows related to products and services ● Business Conduct: (A/+) Protection of whistleblowers | <ul style="list-style-type: none"> ● Climate change: (A/-) Climate change adaptation; ● Circular economy: (A/-) Waste ● Own workforce: (P/-) Gender equality and equal pay for work of equal value ● Affected communities: (P/-) Land-related impacts | <ul style="list-style-type: none"> ● Climate change: (A/-) Energy |

| | |
|---------------|--------------------|
| ● Environment | Ⓐ Actual impact |
| ● Social | Ⓟ Potential impact |
| ● Governance | + Positive impact |
| | - Negative impact |

FINANCIAL MATERIALITY

Information on This Year's Disclosures

Even before we started the DMA process at the end of 2024, we identified preliminary themes for the disclosures in the Sustainability Report 2024. We want to stress that this list and this year's disclosures slightly differ from the DMA matrix above due to the parallel processes of report preparation and DMA.

List of topics disclosed in 2024:

- ◆ E1: Climate Change
- ◆ E5: Resource use and circular economy
- ◆ S1: Own workforce
- ◆ S4: Customers and end users
- ◆ G1: Business conduct



Environment



Highlights



5,5 million euros in invested in sustainability projects such as solar panels



IKI acquired a solar park – became the first legal entity in Lithuania to have a power plant of this type with the status of a prosumer



Almost doubled the power of photovoltaic systems



We have started installing batteries that store excess and unused electricity produced by the solar power plant



We have installed more than 50 EV charging stations near IKI stores



Climate

One of our strategic directions is environmental protection, focusing on climate and energy. As part of the REWE Group, IKI Lietuva has also joined the Science-Based Targets Initiative (SBTi), and committed to setting science-based climate targets that limit global warming to 1.5 °C under the Paris Agreement.

We aim to reduce energy use as it is one of our business's most intensive areas, especially in our stores. That's why we are investing in sustainable technologies, such as solar panels, which help us reduce our dependence on traditional energy sources while reducing emissions. These investments help us use energy more efficiently and contribute to a cleaner environment.

Processes and projects in the company related to the environment and the environmental performance tracking are managed by Head of Energy and

Environmental Management who ensures that our activities meet the highest environmental standards. They, together with the team, continuously monitor and analyse our energy consumption and emissions to find ways to reduce our environmental impact further. We also have energy project managers who work on specific energy issues.

We are committed to protecting the environment and the climate by using energy efficiently, reducing harmful emissions and contributing to waste management. These steps are focused to building a more sustainable future for society. Every step towards sustainability is essential, so we always look for new ways to do our bit for the environment.

Climate

Our actions

We focus on renewable electricity and energy efficiency to reduce emissions and consider our operations' most intense environmental impacts. Our activities are certified according to ISO 50001 standard of energy efficiency, and external audit is carried out regularly, every two years, following its requirements. We also carry out an internal audit every year.

Key actions in 2024:

- ◆ At the end of 2024, we took a significant step by acquiring a 5 MW solar park in Elektrėnai Municipality. This park is projected to meet up to 6% of IKI Lietuva's electricity needs. We became the first legal entity in Lithuania to own this type of power plant with a generating consumer status (prosumer). This means we can generate electricity ourselves and distribute it to all the facilities we operate.
- ◆ Introduction of Building Management Systems (BMS). The system provides centralised control of electrical and mechanical equipment in buildings. In 2024, IKI Lietuva significantly focused on BMS implementation, and by the end of the year, 82% of its buildings were managed by BMS, compared to 37% in 2023.
- ◆ Cooling system upgrades. Freon is being replaced with a more environmentally friendly refrigerant alternative, carbon dioxide (CO₂). In 2024, we also began implementing „Waterloop“ refrigeration systems. This solution is based on a decentralized system where numerous individual chillers are connected to a unified cooling infrastructure. „Waterloop“ is one of the most environmentally friendly refrigeration solutions. We installed it in 15 stores in 2024.

In addition, we follow these energy indicators:

- ◆ Green energy as a share of total energy: 64%
- ◆ Green energy production capacity: 9,55 MW
- ◆ Energy efficiency per sq.m.: 341 kWh/m²

IKI Lietuva does not have an environmental policy to manage the significant impacts, risks, and opportunities associated with climate change mitigation and adaptation. The absence of this policy is based on the fact that we have not yet calculated all emissions (Scope 1, Scope 2 and Scope 3) that we consider necessary for target setting and policy development. However, in 2025, we plan to calculate all emissions at the REWE Group level and adopt targets based on this data in 2025 or 2026. We also plan to develop and update related environmental policies with specific targets.

Climate

| | |
|------|-----|
| 2024 | 4 % |
|------|-----|

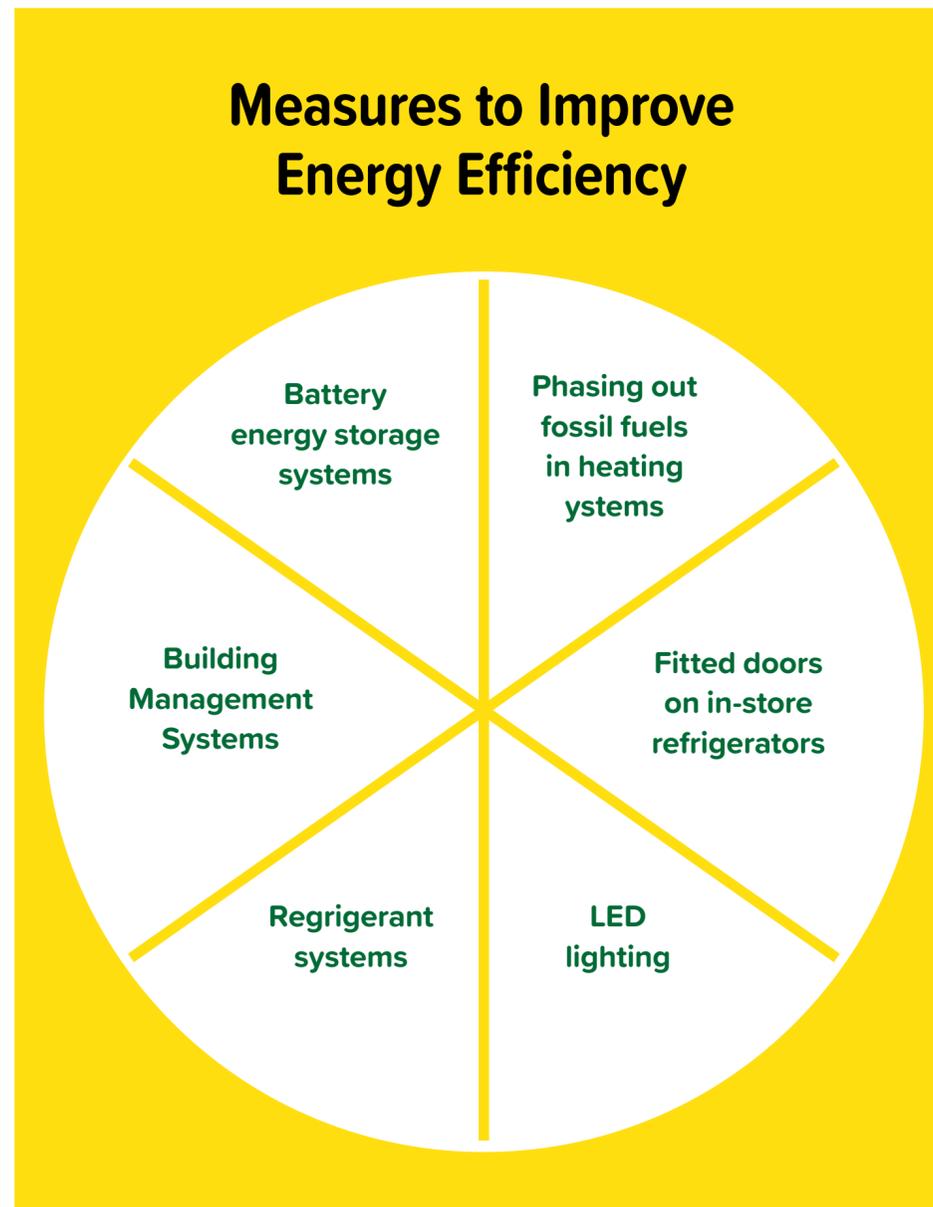
- Energy storage devices (batteries) help balance electricity supply and demand, enable more efficient use of renewable energy sources, reduce energy waste, and contribute to energy security and sustainability.
- IKI Lietuva began installing these storage units in 2024. Currently, 10 stores have them, with a total capacity of 10 MWh.

| | |
|------|-------|
| 2026 | 100 % |
| 2024 | 82 % |
| 2023 | 37 % |

- BMS allows for centralized control of a building's electrical and mechanical equipment.
- In 2024, IKI Lietuva focused significantly on BMS implementation. By the end of the year, 82% of its buildings were managed by BMS, a substantial increase from 37% in 2023.

| | |
|------|------|
| 2030 | 70 % |
| 2024 | 36 % |
| 2023 | 26 % |

- Freons are widely used in refrigeration systems, but its use has a negative impact on the environment and contributes to climate change.
- IKI Lietuva is replacing freon with more environmentally friendly refrigerant alternatives – carbon dioxide (CO₂)-based and waterloop systems. In 2024, 36% of stores used such systems, compared to 26% in 2023.



- Currently, 18% of existing heating systems use fossil fuels.
- During store reconstructions, we replace these systems with heat pumps, which allow buildings to be heated using external thermal energy.
- IKI Lietuva currently does not have a set goal to abandon fossil fuels, but systems are replaced during all reconstructions.

| | |
|------|------|
| 18 % | 2024 |
| 20 % | 2023 |

- Fitted doors allow for a significant reduction in energy losses in refrigerators.
- By the end of 2024, 80% of refrigerators in stores were equipped with doors.
- IKI plans to have all refrigerators in stores equipped with doors by 2030.

| | |
|-------|------|
| 100 % | 2030 |
| 80 % | 2024 |
| 72 % | 2023 |

- LED lighting systems are energy efficient and durable.
- In 2024, 92% of all managed retail locations had LED lighting, compared to 87% in 2023.

| | |
|-------|------|
| 100 % | 2030 |
| 92 % | 2024 |
| 87 % | 2023 |

Climate

Climate risks

While we have not currently carried out a comprehensive climate resilience analysis, we have identified key climate change risks in 2024 that are still relevant and unchanged.

| 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"> Quality control procedure in place, suppliers are introduced to the procedure Frequent testing of products |
| | | Physical damage to our infrastructure, especially – solar panels | <ul style="list-style-type: none"> Insurance plans to cover potential damages Investment in infrastructure that is designed to withstand extreme weather conditions |
| | | 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"> Improving and automating internal processes for monitoring, controlling and reporting Cooperation with NGOs and regulatory bodies |
| | | 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"> Review of assortment and communication campaigns to encourage more consumers to choose sustainable products Monitoring the supply chain to ensure high standards |

| 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 “Energy, climate and environment” . |
| 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. |

Adopting the Transition Plan will depend on further actions and strategic targets related to climate change. With clear targets for SBTi, we can develop and adopt a structured and informed Transition Plan.

Energy

Energy consumption is a significant challenge in the retail and production sectors, driven by longer operating hours and the continuous need for lighting, refrigeration, heating, ventilation, and air conditioning (HVAC) systems. To find suitable solutions, we are investing not only in increasing energy efficiency but also prioritizing the production and purchase of energy from renewable sources (IKI Lietuva purchases green electricity for all the buildings it owns and is allowed to manage).

Methodology

Data is obtained directly from the meters of our owned premises, information provided by owners and managers of leased premises, and fuel purchase invoices. We track energy consumption in primary units (e.g., liters, kWh), which are then converted to megawatt-hours (MWh). For energy from unknown sources (e.g., central heating, electricity used in buildings we don't own), we use residual mix data from the National Energy Regulatory Council and the Association of Issuing Bodies for calculation.

| Energy consumption and mix (MWh) | 2024 |
|---|----------------|
| (1) Fuel consumption from coal and coal products | 5 633 |
| (2) Fuel consumption from crude oil and petroleum products | 9 898 |
| (3) Fuel consumption from natural gas | 23 486 |
| (4) Fuel consumption from other fossil sources | 3 540 |
| (5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources | 0 |
| (6) Total fossil energy consumption (calculated as the sum of lines 1 to 5) | 42 587 |
| Share of fossil sources in total energy consumption (%)* | 34 % |
| (7) Consumption from nuclear sources | 1 841 |
| Share of consumption from nuclear sources in total energy consumption (%)* | 1 % |
| (8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) | 9 429 |
| (9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources | 67 678 |
| (10) The consumption of self-generated non-fuel renewable energy | 2 135 |
| (11) Total renewable energy consumption (calculated as the sum of lines 8 to 10) | 79 242 |
| Share of renewable sources in total energy consumption (%)* | 64 % |
| Total energy consumption (MWh) (calculated as the sum of lines 6 and 11) | 123 669 |

*The sum of the percentages is 99% due to rounding, there is no missing data.

Energy

We continued to install photovoltaic systems in our stores, and last year, the system was installed in 14 stores (compared to 11 stores in 2023). Its capacity has also almost doubled from 1.2 MW to 2.5 MW.

In 2024, we also installed a 0.55 MW photovoltaic system at the Panevėžys deli center. The capacity of all our photovoltaic systems installed in stores, deli and culinary centers, as well as the solar park in Elektrenai, has increased to 9,55 MW.

In 2024, we continued expanding our electric vehicle charging station network, installing new stations next to 12 stores. By the end of the year, owners of electric vehicles had access to 180 charging stations located near 44 IKI stores.

Number of stores with photovoltaic systems



17

2023 m.

31

2024 m.

Capacity of all photovoltaic systems



2,7 MW

2023 m.

9,55 MW

2024 m.



Emissions

Methodology

The „IKI Lietuva“ greenhouse gas (GHG) emission calculations have been prepared in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – Revised Edition, WRI/WBCSD, and are aligned with ESRS requirements. The calculations use emission factors obtained from the UK Department for Environment, Food & Rural Affairs (DEFRA), the Covenant of Mayors, and other qualified emissions factor databases.

| | Retrospective data | | | |
|--|--------------------|--------|--------|------------|
| | 2022 | 2023 | 2024 | Change (%) |
| Scope 1 GHG emissions | | | | |
| Gross Scope 1 GHG emissions (tCO ₂ eq) | 16 905 | 13 519 | 15 258 | -10 |
| Percentage of Scope 1 GHG emissions from regulated ETS (%) | Netaikoma | | | |
| Scope 2 GHG emissions | | | | |
| Gross Scope 2 GHG emissions (tCO ₂ eq) (location-based) | 20 252 | 13 886 | 14 449 | -28 |
| Gross Scope 2 GHG emissions (tCO ₂ eq) (market-based) | 1 205 | 14 398 | 2 249 | +190 |



Sustainable Resource Use and Circular Economy

The circular economy and resource efficiency are key to sustainability and long-term business success in the food retail industry. We aim to reduce waste, increase recycling efforts, and optimise resource efficiency at IKI Lietuva. Key initiatives include reducing food waste, using sustainable materials, sorting and recycling waste and developing sustainable food products. For example, we are the only retailer in Lithuania that produces plastic shopping bags from our plastic waste and labels them with the ReLDPE label. These efforts can significantly reduce our negative impact on the environment.

Our key resources:



Waste

Waste management and sorting are among our primary responsibilities. We aim to make waste management as efficient and sustainable as possible. This topic is important to us not only because of the waste generated in production, but also due to single-use packaging waste from unpacking materials or raw goods used in operations and products intended for sale. We pay special attention to this area; waste is sorted at the point of origin. Where conditions allow, baling machines are used to compact packaging waste, saving both storage space and space in transport vehicles.

Main types of waste generated by our activities:

1. Municipal waste;
2. Industrial waste (e.g. stands, broken and other bulky waste);
3. Packaging waste (the largest portion consists of secondary/tertiary packaging used for products sold by IKI Lietuva. This also includes some primary packaging, such as cardboard boxes, wooden crates (from fruits and vegetables), plastic containers, metal cans, and other similar items);
4. Food waste (unsold food that is no longer fit for consumption, food left-over from food production).

Sustainable Resource Use and Circular Economy

Our Actions and Main Targets

IKI Lietuva is subject to the publicly available Guidelines on the Use of Palm (and Palm Kernel) Oil Products adopted by the REWE Group, which are designed to manage the significant impacts, risks and opportunities related to the use of this particular resource. The policy focuses on sustainable oil palm cultivation and aims to increase the share of sustainably produced palm (and kernel) oil in private-label products. Based on these guidelines, we only buy Roundtable on Sustainable Palm Oil (RSPO)-certified palm oil. It is used both in confectionery and in our private-label products.

While we do not have a specific policy to regulate the application of circular economy principles and waste management, we have set specific targets to increase the amount of recycled plastic in private-label packaging and reduce food waste.

Target: to increase the amount of recycled plastic in private label packaging.

Today's target is 100% recycled plastic in packaging by 2030. However, we are aware that for various reasons beyond our direct control, such as the failure of suppliers to provide the necessary information or the irreplaceability of the value chain and certain products, achieving this target in the year foreseen may be challenging. We therefore plan to revisit this target and share updated targets in next year's report.

Target: to use certified palm oil.

100% sustainably grown (certified) palm oil is used in all IKI Lietuva deli and confectionery products.

Target: to reduce food waste.

The purpose of this goal is twofold: to reduce the problem of food waste, aiming to save the resources used to grow, produce, transport, and package it. Also, to ensure that as little food waste as possible ends up in landfills, where its decomposition would contribute to the creation of greenhouse gas methane. We aim to reduce food waste by 50% by 2030 compared to 2022. To this end, we are complying with the obligation of the Law of the Republic of Lithuania on Waste Management to have a **Food Waste Prevention Plan**, to set out the targets and to provide for the measures to be taken to achieve the targets.

Sustainable Resource Use and Circular Economy

Management of food waste

Food waste increased in 2024 due to changes in the process for selling last-day-of-validity products, which resulted in more food waste compared to 2023. We also updated our food waste calculation methodology according to the hierarchy listed below.

In our Food Preservation Plan, we have established a hierarchy of waste management and a set of key actions we are taking to achieve our goal:

| | Type of waste hierarchy | Implementation |
|-----------|-------------------------|--|
| Non-waste | Prevention | Expired products are sold at a discount or donated to the Food Bank and other charities. |
| Waste | Re-use | Certain products (e.g. vegetables and fruit) that are no longer fit for consumption or donation to charity are collected by Lithuanian farmers and used as animal feed. We also work with animal shelters, zoos and other organisations. |
| | Sorting | At the end of the shelf life of products, when they are no longer fit for human consumption, our food waste management partner collects all waste from stores and sends it to its recycling plants. Food waste is used to produce energy. The by-product of food waste processing is used as a high-quality organic fertiliser to generate energy. |
| | Recovery | |
| | Disposal | We are committed to zero tolerance of food waste in landfills. From 2021, IKI Lietuva's food waste is not sent to landfill. |

Plastic reduction and the use of recycled plastic

Additional actions taken in 2024:

- We collect detailed data from private label product suppliers, paying close attention to the composition of packaging. This process should be completed by early 2025, and based on the analysis, we plan to develop a separate strategic direction and targets for packaging, aiming to increase the amount of plastic recycled and reduce the amount of plastic in packaging.
- In 2024, we changed how products are transported and stored in all our stores. Instead of wooden pallets wrapped in plastic film, goods are now transported using roll-containers. This change has led to a 68% reduction in plastic film consumption.
- In 2024, we reduced plastic packaging for IKI deli products and eliminated plastic accessories, such as disposable forks. This change will reduce plastic consumption by 8 tons annually.

Other Resource and Waste Management

- There is a strong focus on efficient waste separation and recycling:
 1. All plastic shopping bags used in IKI Lietuva stores are made from plastic waste collected in our own operations.
 2. In early 2024, we started working with Circleplast (R&R IDEAS), a company that recycles waste polystyrene foam (Styrofoam) and makes pellets. In 2024, 15 tonnes of waste polystyrene foam were transferred.
 3. At the beginning of 2025, we started collecting coloured film separately at the Panevėžys Logistics Centre.
 4. Since 2018, IKI Lietuva has been cooperating with UAB VIRBANTĖ, which recycles black plastic boxes and uses them for moulding car parts. In 2024, 79 tonnes of plastic waste were delivered for recycling.
- At the end of 2023 and the beginning of 2024, all IKI Lietuva stores all shelf labels became electronic. This has led to the elimination around 76 tonnes of paper per year.

Sustainable Resource Use and Circular Economy

Metrics

Municipal waste is the only stream still sent to landfills in some areas of Lithuania. The collection and management of municipal waste depend on the region and the waste management company operating in that area. Therefore, due to varying accounting practices across municipalities, it's challenging to gather accurate data. IKI Lietuva aims to ensure that as little municipal waste as possible ends up in landfills, i.e. waste is properly sorted and, where possible, suitable materials are reused or recycled.

| | 2022 m. | 2023 m. | 2024 m. | % change vs 2022 |
|---------------------------------|---------|---------|---------|------------------|
| Food waste (tonnes) | 5 299 | 5 670 | 7 063 | 33 % |
| Food waste (kg/m ²) | 30,5 | 31,7 | 39,2 | 29 % |

- Total weight of waste: 15 841 tonnes;
- Weight of secondary materials reused or recycled in the production of company products (plastic IKI bags): 91,6 tonnes.

| OTHER WASTE SENT TO RECYCLING, TONNES | 2024 |
|---------------------------------------|----------|
| Paper and cardboard | 6 562,87 |
| Plastics | 509,57 |
| Wood | 258,66 |
| Metal packaging | 29,53 |
| Composite packaging | 16,75 |
| Iron and steel | 173,07 |
| Glass | 0,003 |
| Large equipment | 33,32 |
| IT and telecommunications equipment | 5,43 |
| Other waste | 1 189,63 |
| In total | 8 778,84 |



Social



Highlights



An anonymous employee survey “Equal Opportunities Ruler” was conducted



2,5 million EUR dedicated to salary increases



Best Employer Award for the third consecutive year



Employee wellbeing and engagement mobile application
MELP Internal Talent Program – “Grow with IKI” Academy



Launched Academy “Grow with IKI”



Implementation of Strengths-Based Culture”



Our Employees

Our employees are the foundation of our success and a key driver of innovation and growth. We aim to give them the resources and opportunities they need to develop personally and professionally. We understand that our activities positively and negatively impact our workforce. We offer competitive salaries, career growth and professional development opportunities. These initiatives contribute to high employee satisfaction. However, we are also aware of the potential negative impacts, such as work-related stress and the challenges of maintaining a work-life balance.

We prioritise the well-being of our employees by following our People and Culture Strategy 2022–2025, which is based on four key elements:



Attractive and valued employer image;



Competitive and transparent remuneration and benefits strategy;



Culture of quality work and talent development;



Organisational effectiveness.



Our Actions and Main Targets

The undertaking has two key policies to manage the significant impact on its own workforce: **Equal Opportunities and Violence Prevention Procedure** and **Work Procedure Rules**. These documents apply to all employees; no distinction is made between their groups.

Equal Opportunities and Violence Prevention Procedure has been drafted following the Labour Code of the Republic of Lithuania, the Law of the Republic of Lithuania on Equal Opportunities and the Law of the Republic of Lithuania on Equal Opportunities for Women and Men, which establish equality of persons and the prohibition of restricting human rights. This document defines measures to implement and monitor equal opportunities (non-discrimination) principles and ways to identify violence and harassment and their possible forms. The Procedure also provides safeguards and assistance to whistleblowers and victims of violations of equal opportunities, violence or harassment. The Procedure also sets out the rules of conduct (work ethics) and other relevant information relating to the equal opportunities policy and preventing violence and harassment within the undertaking. The Procedure defines the following grounds of discrimination:

- ◆ gender,
- ◆ race,
- ◆ nationality,
- ◆ citizenship,
- ◆ language,
- ◆ origin,
- ◆ social status,
- ◆ religion,
- ◆ beliefs or attitudes,
- ◆ age,
- ◆ sexual orientation,
- ◆ disability,
- ◆ ethnicity,
- ◆ intent to have child(ren),
- ◆ membership of a political party or association, or on other grounds provided for by law.

The Procedure also outlines channels (reports can be submitted anonymously or non-anonymously on the e-learning platform, or by sending an email to a dedicated address) through which complaints and related reports of equal opportunities violations and illegal activities can be submitted as well as the procedure for its handling. All reports are recorded in the Register on Equal Opportunities and Prevention of Violence at Work. The reports received are assigned to the responsible persons in the Department of People and Culture, who convene the investigation team. Reports are investigated impartially and objectively, and appropriate individual preventive measures are taken if an infringement is identified. The Procedure provides that an employee who experiences and/or reports discrimination, violence or harassment is protected from hostile treatment or adverse consequences. A dedicated staff member, the Workplace Violence Prevention Officer, is responsible for regularly monitoring compliance with the Equal Opportunities Policy and the prevention of violence and harassment and analysing and investigating reported cases.

The Equal Opportunities and Violence Prevention Procedure is compulsory for all employees. All employees must also receive training on the internal training platform to prevent violence at work. Additional emphasis is placed on training employees to adhere to non-discrimination principles during recruitment. This training is available and mandatory for hiring managers in all the departments.

Additional actions in 2024:

- ◆ A short educational film on diversity;
- ◆ A guide for employees on how to identify mobbing;
- ◆ A survey of the Equal Opportunities Ruler*.
- ◆ At the end of the year, two working groups were organised with employees to develop the undertaking's Diversity Strategy (facilitated by an external expert). The strategy is expected to be adopted in 2025.

We also describe our actions to contribute to the well-being of our workforce in other related sub-topics of this report.

*The Equal Opportunities Ruler is a tool for assessing the situation in the workplace, based on surveys (questionnaires) of employees and employers. Based on the collected data, the Equal Opportunities Ombudsman gives the workplace a score on a ten-point scale and provides a detailed report with recommendations on how to ensure equal opportunities in the workplace.

Work procedure rules set clear guidelines and procedures for organising work to ensure an efficient and safe work process. The Rules cover working hours, the workplace, work equipment, health and safety, and employee behaviour. They also contain provisions for confidential information. The Rules help create a safe, fair and productive working environment for all employees.

The undertaking also has an integrated Occupational Safety and Health (OHS) System covering all employees, activities and workplaces. Hazard identification and assessment and risk assessment is carried out regularly following the requirements of relevant national legislation. All workplaces are subject to occupational risk assessments. **The Safety, Health and Fire Safety Procedures** (internal document introduced to employees) describe adequate safety, control and accountability measures. Regular OHS training is being provided (online and live training by professional trainers). Training is specialised according to the functions performed by the employees, e.g. logistics employees are required to attend „Safety in Logistics“ training.

At the REWE Group level, there are also separate public documents: the **REWE GROUP Guidelines for the Prevention of Child Labour** and the **REWE GROUP Integrity Guidelines**, which deal with human trafficking, forced or compulsory labour and child labour. We do not engage in any activities that pose a risk of forced labour or child labour.

Employee job satisfaction is very important to us; we assess it through various actions and by tracking different indicators. For example, we track employee turnover and early voluntary retention. These indicators help us assess whether working at IKI Lietuva meets employee expectations. For example, an increased turnover of recruits in the first six months would indicate unsatisfactory working conditions. We also track the number of employees participating in the annual performance evaluation meetings. One of the essential ways to assess the employees' well-being and the undertaking's score is through the employees' satisfaction survey MAZU. This survey is presented in more detail in the Engagement section of this chapter.

Overview of Key Policies

| OWN WORKFORCE S1 POLICY | Equal Opportunities and Violence Prevention Procedure | Work Procedure Rules |
|---|--|--|
| Availability | Internal document. Mandatory. Employees can access it on the intranet, it is communicated by email, posters, and TV screens in the offices. | An internal document that employees have to sign upon employment. Employees have access to it on the intranet. Changes to the Rules are also communicated. |
| Responsible department/person | The Head of the Department of People and Culture or another person designated by him/her. | Department of People and Culture |
| Scope of application: | IKI Lietuva and LastMile (all new employees are introduced to all the undertaking's procedures, including this one, on their first day of employment with IKI) | IKI Lietuva and LastMile (all new employees are introduced to all the undertaking's procedures, including this one, on their first day of employment with IKI) |
| Working hours | | ✓ |
| Adequate wages | | ✓ |
| Work-life balance | | ✓ |
| Health and safety | ✓ | ✓ |
| Gender equality and equal pay for work of equal value | ✓ | ✓ |
| Training and skills development | ✓ | ✓ |
| Measures against violence and harassment in the workplace | ✓ | |
| Diversity | ✓ | |

More about our Employees

Most of our workforce consists of **employees**, i.e., people working under employment contracts with the organisation. This includes permanent, temporary and inactive workers, such as those on parental leave. All employees must work guaranteed monthly hours, as specified in their contracts.

We also have **non-employees**, i.e. people working on other bases. These are employees provided by a third-party staffing agency. These employees provided crucial support during peak periods, covered for sick staff during flu season, assisted with specific projects such as new store openings, and offered administrative help for one-off projects. In addition, we have also hired self-employed people under service provision agreements to carry out exact tasks requiring specific skills or knowledge, such as lawyers. Employees from other REWE Group companies were also assigned to IKI to contribute to various tasks. However, we cannot disclose the number of non-employees, as this precise information is not currently collected.

Total number of employees and breakdown by gender:

| GENDER | MALE | FEMALE |
|----------------------------|---------|---------|
| Total number of employees | 1 147,5 | 4 134,7 |
| Breakdown of employees (%) | 21,7 | 78,3 |

Total number of employees and breakdown by gender and contract type:

| | MALE | FEMALE |
|-------------------------------|---------|---------|
| Number of permanent employees | 1 118,8 | 3 995,3 |
| Number of temporary employees | 28,8 | 139,3 |
| Number of full-time employees | 1 092,8 | 3 964,6 |
| Number of part-time employees | 54,7 | 170,1 |

Breakdown of top management employees by gender. The top management consists of the heads of IKI Lietuva's divisions and departments, who report directly to the Board of IKI Lietuva.

| GENDER | MALE | FEMALE |
|----------------------------|------|--------|
| Total number of employees | 12 | 9 |
| Breakdown of employees (%) | 57,1 | 42,9 |

Breakdown of employees by age group:

| AGE GROUPS | <30 | 30–50 years old | >50 |
|----------------------------|------|-----------------|-------|
| Total number of employees | 793 | 2 447 | 2 097 |
| Breakdown of employees (%) | 14,9 | 45,9 | 39,3 |

Employees who left the undertaking during the reporting period: 2 181. Employee turnover rate during the reporting period: 28,8%.

Engagement

Employee engagement is an essential factor in the efficiency and sustainability of the undertaking. This process helps us better understand employee needs and expectations, ensuring that decisions are made with consideration for their potential impact on our workforce. This is to create a positive and supportive working environment. For example, we consider our employees' recommendations when planning changes that affect the whole store network. We discuss changes and recommendations with store managers at our semi-annual and quarterly meetings with regional managers responsible for store operations. In particular, we actively involve regional and sales managers (responsible for stores in their respective regions) to ensure that the planned changes are implemented efficiently, considering the stores' processes and capabilities.



Engagement

Employee satisfaction survey MAZU. The survey is carried out every two years. This internal survey aims to measure and understand how employees feel at work. Analysis of the results leads to the identification of improvement measures and actions. The MAZU survey is open to all employees and is anonymous. 90% of all IKI Lietuva employees participated in the survey in 2024. The results are monitored and compared every two years (2020 vs 2022 vs 2024) between REWE Group companies in different countries. Since the 2022 survey, the following changes have been implemented: the installation of TV screens in staff lounges, the introduction of the MELP app to improve communication with employees, the creation of more initiatives to promote internal career development, and the creation of an internal coach programme. We also periodically involve employees in developing action plans based on the results of our research.

Presentation of Company Results. Quarterly, live broadcasts reviewing the company's results are held, during which all employees can anonymously ask questions or express their opinions.

MELP feedback box. MELP is a mobile app for managing employee benefits, where employees can also ask relevant questions. Through this app, we also conduct various employee surveys, for example, about product assortment, overall shopping experience, and more.

Bank for sustainable ideas. This initiative is open to all IKI Lietuva employees, aiming to encourage the sharing of ideas that would contribute to energy saving and the implementation of our sustainability strategy.

Testing of sustainability changes. In 2024, we tested several sustainability-related changes in our stores. In addition to analysing numerical information (results, indicators, etc.), we also collect feedback from store staff. Last year, we worked with staff to test the sales of „Best before“ products after the „Best before“ deadline and the process of handing over food products to new organisations. Tests of this kind are routinely carried out in 5–10 stores. During testing, we engage directly with employees and organize feedback calls. If the change requires a change in the instructions used in the stores, the post-test instructions are sent to the managers of the test stores for review and comment. Processes are then adjusted and re-implemented in all stores based on their recommendations.

Labour Council. IKI Lietuva also has the Labour Council that can submit proposals to the employer regarding economic, social, and labor issues relevant to employees, as well as employer decisions and the implementation of labor law norms. The company consults this Council on the aforementioned matters, and the Labour Council represents the interests of the employees. 11 candidates with the most votes are elected to the Labour Council. Voting is conducted anonymously on an online training platform. The term of office of the Labour Council is three years. Meetings are held on demand. Changes that could have a significant impact on workers are coordinated with the Labour Council, e.g., pay changes, significant structural changes, major changes in working conditions, etc. Presentations to the Labour Council are initiated by colleagues in the Department of People and Culture Unit or by the project team implementing the change. Only with the approval of the Labour Council can a change be approved by the Board. In 2024, Labour Council was primarily presented with solutions aimed at improving employee working conditions, which the Council approved. However, some proposals were also rejected, demonstrating that the the Council operates effectively and actively represents employee interests.

The Head of the People and Culture Department is responsible for organizing overall employee engagement. She distributes responsibilities to individual department representatives based on engagement topics. The company does not have collective agreements.



Channels and Processes to Remediate Negative Impacts

For details on reporting channels for reporting equal opportunities violations and illegal activities, see the subtopic Our Actions and Main Targets.

Both IKI Lietuva and LastMile operate anonymous psychological support hotlines, which employees, especially those facing situations of violence or bullying, can access free of charge. Both companies undertake to deal with all non-anonymous reports of violence, harassment, violation of equal opportunities, and related conflicts received and to take into account the manifestations of violence, harassment, violation of equal opportunities as identified in the anonymous reports, and to take the appropriate measures to prevent and/or remedy the breach to the extent possible in the light of the information provided. The undertaking ensures that the confidentiality of an employee who has submitted a report and/or experienced discrimination, violence, or harassment will be maintained, the employee will not be persecuted, and will be protected from possible hostile behavior or negative consequences.

IKI Lietuva has appointed a representative from the Department of People and Culture responsible for compliance with the Equal Opportunities Procedure, recording and assessing its breaches, and assessing compliance with the employer's other obligations and all other processes related to the procedure.

In addition, REWE Group employees and external stakeholders, such as business partners or suppliers, can report any non-compliance with internal guidelines or legislation via the REWE Group's Hintbox. Reports are automatically assigned to the responsible compliance department and handled in complete confidentiality.

The accessibility and awareness of these channels is assessed in two ways:

1. It is monitored whether reports are submitted through the specified channels.
2. In the 2024 Equal Opportunities Ruler survey, 68% of employees said that they know where to officially report within the workplace if they observe or experience equal opportunities violations and/or discrimination at work, and that they can do so confidentially. 60% said they agree that their workplace responds to reports. 25% of respondents said they agreed they could face negative consequences from colleagues or managers if they reported wrongdoing. To raise awareness among employees about the possibility of using reporting channels safely and without negative consequences, we plan to communicate and inform employees in 2025 actively. As early as the beginning of this year, we posted informational flyers in internal areas frequently visited by employees (kitchenettes, break rooms, etc.).

Incidents, complaints and significant impact on human rights

Overview of 2024:

- ◆ Neither IKI Lietuva nor LastMile has received any complaints about incidents of discrimination or harassment.
- ◆ Through the established channels (elearning platform or email), in 2024, IKI Lietuva has received five complaints about possible mobbing. While neither case has been confirmed, we are monitoring the situation more closely in two cases, and an action plan is in place.
- ◆ No information is available on the number of complaints submitted to the National Contact Points of OECD MNEs.
- ◆ No fines, penalties or compensation for damages have been imposed due to the previously disclosed incidents and complaints.
- ◆ No major human rights incidents involving own workforce were reported.



Training and Skills Development

Continuous competence development includes professional development and other competencies that ensure good performance and well-being of team members. To improve our employees' skills and knowledge, we run various training programmes that ensure that our employees grow and develop different competencies. They are based on our strategic targets, the individual needs of our employees and legal regulations.

We have internal training programmes:

| | |
|--|--|
|  | <p>Training Centres (in Vilnius, Kaunas and Klaipėda). These centres provide staff with the initial training on the main processes and areas of the store. Through practical tasks, they gain an understanding of how work is done on the sales floor, including stocking shelves and performing other important duties.</p> |
| | <p>Internal Coaches' Club is an initiative where staff members share their professional experience with colleagues.</p> |
|   | <p>Occupational Safety and Health (OHS) Training: OHS remains a top priority, and training is delivered through e-learning modules that cover general topics such as fire safety. Additionally, with the help of external partners, live training sessions were organized for specific roles, such as forklift operators.</p> |

In addition to highly effective live training and reaching as many employees as possible across Lithuania, we also use other tools such as teleconferencing, webinars, and digital e-learning platforms. Time management, English, stress management and emotional literacy have been the most popular topics for employees when choosing optional training or seminars for years.

The following training is compulsory for all IKI Lietuva employees (online training):

| TITLE OF TRAINING | NUMBER OF PARTICIPANTS | PASS PERCENTAGE |
|---|------------------------|-----------------|
| First aid | 4 668 | 88 |
| Prevention of violence at work and Equal Opportunities Policy | 4 769 | 90 |
| Training on Crisis management | 4 239 | 80 |
| General safety | 5 131 | 94 |
| ISO | 4 738 | 92 |

The regularity of training varies. The completion rate is measured as a percentage of employees assigned training at the end of the year.

Other training is assigned to employees according to their responsibilities. For example, all administrative staff must also undergo Ethics and Anti-Corruption Training.

Career

The undertaking is committed to applying the Unified Career Development and Performance Management Policy that ensures equal treatment of employees at all levels of the organisation. This Policy focuses on setting annual targets for staff, performance reviews and career planning. It also includes employees' development, strengthening competencies, and helping them achieve the career planning steps they set.

In 2023 IKI Lietuva has implemented a significant change and has started semi-annual and annual employee performance assessment interviews. This process continued also in 2024. The performance assessment interviews ask many questions beyond those directly related to performance. For example, we ask employees how they feel about their work, how they relate to their managers and colleagues, whether they are interested in an internal career, what competences they lack to do their current job and what they would like to learn long-term.

Percentage of employees* who participated in regular performance and career development reviews broken down by gender):

| | |
|--------|---------|
| MALE | 96,50 % |
| FEMALE | 95,90 % |

We've identified critical positions within the company and have developed replacement plans for them. These plans aim to ensure we have documented job descriptions, facilitate knowledge sharing, and foster replacement development.

2024 IKI Lietuva achievements:

- ◆ "Grow with IKI" Academy. This is an essential step towards providing the best conditions for store employees to discover areas where talents can develop their competences and become top professionals or store managers. The Academy is designed for employees who are identified as having potential within the organization after their performance review discussions. Both internal and external lecturers are invited to help Academy participants develop „soft“ leadership and management competencies.
- ◆ Talent development programme for best performing employees with the highest potential.



*Only those employees who were included in the annual performance review cycle are included. The number does not include those who were no longer employed at the time of the evaluation or who left before the end of the cycle.

Wages and Benefits

Fair pay is one of the measures that directly affects employee motivation, job satisfaction and loyalty. It enables us to attract and retain talented professionals who contribute to our success and competitiveness in the market. All IKI Lietuva and LastMile employees are paid above the minimum wage to ensure that all employees feel valued and motivated.

In 2024, 80% of all employees received a pay rise; the most vulnerable groups received an average pay rise of around 10%.

Our remuneration and benefits strategy aims to:

- ◆ ensure that every employee's honest efforts are fairly compensated and directed to achieving the company's goal;
- ◆ 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 evaluating roles and understanding how they relate to one another both within the organisation and in relation to the external labour market.

The composition of the total remuneration package and the values of the components are determined based on market research data, the company's needs and financial capacity. The benchmark market against which the company compares the various parameters of the remuneration system includes all private and multinational companies operating in the Lithuanian market. We also consider a specific function (e.g. manufacturing, trading, logistics) and if its remuneration package differs significantly (more than 5%) in the market compared to other functions. The individual remuneration package also depends on the position, its level, function, experience, competencies, and/or performance review.

IKI Lietuva and LastMile carry out regular reviews of compensation once a year. However, the frequency of reviews also depends on the employee group; for certain groups, compensation might be reviewed multiple times a year. Additionally, salary reviews within the company don't all happen at the same time. For instance, reviews for store and logistics employees take place in January, while those for administration and "LastMile" occur in the spring.

Wages and Benefits

Additional benefits

We provide a comprehensive benefits package for full-time and part-time employees on fixed-term contracts. While we aim to ensure that standard additional benefit programmes apply equally to all employees, we also tailor them to the specific needs of our employees. At the beginning of 2024, we launched MELP, an app that makes it easier for all IKI Lietuva employees to access all the additional benefits. In early 2025, LastMile staff also started testing the MELP app.

Main benefits for employees:



Supplementary health insurance for all employees after three months of employment (including LastMile employees)



Childbirth or marriage benefits;



Work holidays (hybrid working model);



Psychological helpline „How are you?“



Free lunch for store staff;



Discounts when shopping in IKI Lietuva stores (including LastMile employees),

We also focus on educating our employees on health topics, continuing the „Let's Be Healthy“ (liet. „Būkime sveiki“) initiative launched in 2023, through which we organise various wellness initiatives, competitions and joint activities.

The „Veikime drauge“ (Let's Act Together) fund, established in 2013 by „IKI Lietuva“ employees, continues its operations. This fund is dedicated to supporting employees and their family members suffering from critical illnesses or facing other hardships. Each year, „IKI Lietuva“ organizes a Christmas auction, with all proceeds transferred to the fund. Since its inception, the fund has raised over EUR 75 thousand, with „IKI Lietuva“ contributing more than EUR 30 thousand of that sum. In 2024, „IKI Lietuva“ employees donated EUR 5,5 thousand to the fund.

Health and Safety

Ensuring health and safety is a key priority as it directly affects not only the well-being of our employees but also our operational efficiency and reputation. Healthy and safe employees can perform their duties more effectively, ensuring high-quality customer service and smooth store operations. That's why we continuously invest in health and safety programmes, training and preventive measures to create the best working environment for all our employees.

Employees are informed about workplace hazards and risks through periodic briefings and annual training. Employees are provided with information on potential and prevailing hazards in the workplace, protection measures, mandatory fire safety requirements within their structural unit and other relevant safety and health requirements specific to their job.

The undertaking carries out regular occupational risk assessments (updated and created for new workplaces); conducts regular audits of fire safety and occupational safety in all departments; reviews the content of training programmes; provides preventive measures and recommendations; and provides ongoing counselling.

To ensure the safety and health of our employees, we are guided by and operate following the legislation and standards in force in Lithuania, such as the Labour Code and the Law on Occupational Health and Safety, which apply to all employees, workplaces and the entire undertaking's operations. We also follow the following approved procedures:

1. Description of Procedures for Investigating Accidents at Work and Occupational Diseases; and
2. Description of Procedures for Investigating and Recording Incidents.

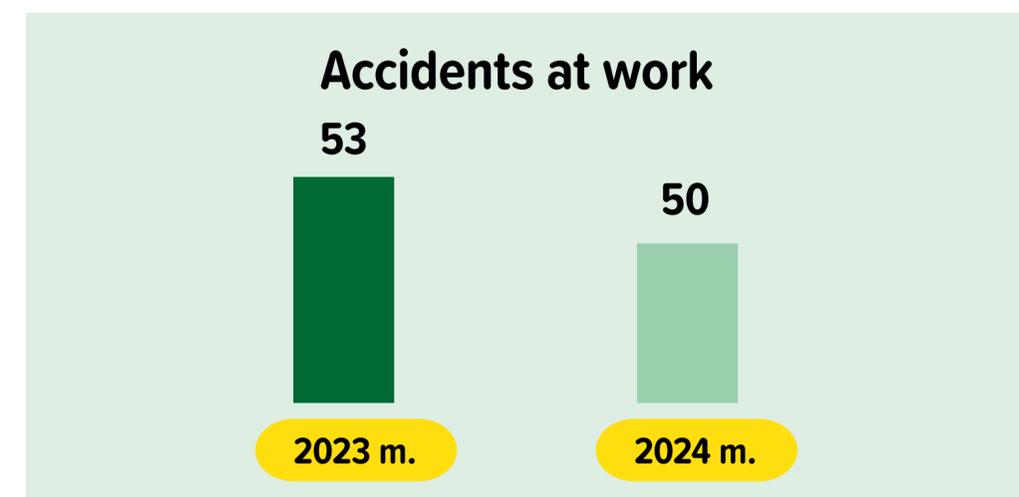
These internal documents provide procedures for investigating, recording, and preventing accidents and incidents. The following principle applies to the investigation of an accident:

1. Receipt of notification;
2. Investigating the incident: organising the necessary documentation for the investigation;
3. Analysis of the circumstances of the accident;
4. Informing other staff in the unit about the accident and its circumstances;
5. Applying preventive measures and monitoring the implementation of preventive measures.

In 2024, 91 stores were audited. We conduct internal audits of stores based on an audit checklist consisting of relevant questions based on the legislation of the Republic of Lithuania. These audits are designed to assess the stores' state, check compliance with safety requirements, and identify the most common violations.

Health and safety indicators for 2024:

- ◆ There were no fatal accidents;
- ◆ There have been 50 mild work-related accidents (compared to 39 in 2022 and 53 in 2023);
- ◆ Information on the two suspected occupational diseases was sent to the National Labour Inspectorate. Both cases have not been confirmed.



Customers and Sustainable products



Highlights



Election and launch of Customer Board



Introduction of new vegan productline “Vegavita”



EUR 155 thousand spent for meat quality tests



We have conducted nearly 90 tests on fruits and vegetables for pesticide residues



370 organic products in the assortment



Our Approach

Around 300,000 Lithuanians visit our stores and online shopping platforms every day. Therefore, we consider the primary consumers and end-users to be all residents of Lithuania who have access to our services and products and already are or may be our customers.

Operating in the dynamic food retail sector, we aim to ensure consumer well-being and sustainability. That's why we have strict food safety and quality standards to ensure that every product on our shelves meets the highest health and safety criteria. Furthermore, we implement rigorous quality control processes, carry out regular supplier audits, and undertake ongoing improvement initiatives. Our quality assurance team works in close partnership with suppliers to guarantee adherence to our standards, providing support and guidance to help them meet our specifications.

Our main goal is to offer our customers a wide range of healthy products, focusing on healthier (additive-free, organic, functional) and environmentally friendly products. By prioritising food safety and health, we aim to empower our customers to make informed decisions that contribute to their well-being.

Through transparent disclosure and continuous improvement, we aim to positively impact the lives of our users and the wider community.



All of our “Su meile, IKI” and „Šefai“ products are made using renewable electricity.



Our Actions and Targets

Quality control procedures

The main risks in our business are related to non-conforming products, and we focus on managing and resolving them. In particular, we place extremely high demands on food safety systems for our private-label products. We have thorough and systematic control and supervision of the entire production process, from the supply of raw materials to the final product. In addition to product quality control procedures, each store is subject to food safety and quality audits at least once a quarter.

IKI Lietuva has the Quality Division responsible for product safety, the quality of sales processes (to ensure compliance with legislation, e.g., timely removal of expired goods from the sales floor), and product quality. The department has 15 employees who carry out routine inspections (two types of audits in the stores: quality and process) and unscheduled inspections, for instance, when a customer reports a product unfit for consumption.

Process of Introducing a New Private Label Product

This process isn't just for new products; it also applies whenever there's a supplier change or an update to an existing product's recipe. The essential steps in the Process include:

The Quality Department evaluates the final sample, including sensory analysis and risk categorisation (i.e., presence of high-risk additives, microbiological risk, etc.). If necessary, the product is tested by an external accredited laboratory.

We conduct supplier audits to verify their adherence to food and occupational safety requirements, and to ensure they have a food safety system in place.

Confirmation that the supplier has product liability insurance is received.

An accredited body must issue the packaging declaration certificate.

For non-private-label products and suppliers, the procedure is more straightforward, as the supplier is the one that must comply with the legislation, so IKI Lietuva does not conduct additional testing of such goods.

Through these processes, we aim to ensure that:

- ◆ Customers receive safe-to-consume products (ensured through supplier audits);
- ◆ Goods are adequately stored both in the warehouse and in the sales area;
- ◆ The products are of good quality (if not, they are immediately pulled from the shelves).

The effectiveness of our audits and control processes is measured by their results; a positive audit evaluation confirms the benefit of our established processes and prior audits. During audits, we prioritize employee education. When we identify areas for improvement, we set goals for store managers and monitor their implementation.

Additional actions:

- ◆ In 2024, 96% of private label suppliers were subject to quality inspections (compared to 99% in 2023).
- ◆ We implement strict pesticide control measures and voluntarily test fruits and vegetables annually. In 2024, 87 fruit and vegetable samples were tested for pesticide residues; all results were good, requiring no further action.
- ◆ We have allocated EUR 155 thousand for meat quality tests.

Sustainable Products

The main goal of IKI Lietuva regarding sustainable products, set by the company in 2022, is to eliminate caged-hen eggs from production and shelves by 2025. Although the number of caged-hen egg brands was reduced in 2024, the goal will be fully implemented by the end of 2025.

By the end of 2024, 70% of the regular fresh egg assortment consisted of cage-free eggs, a significant increase from 53% at the end of 2023. Additionally, in 2024, we completely eliminated caged-hen eggs from IKI's deli and confectionery products. We set this goal taking into account the expectations of our stakeholders, including non-governmental organizations advocating for animal rights. This objective also directly aligns with the REWE Group's „Focus on Animal Welfare“ policy, which is publicly available. This policy outlines a commitment to ensure better animal welfare across all supply chains that use animal-derived products by the end of 2030.

billa
BIO

This is our private brand, where we pay special attention to sustainability and nutritional needs. The BIO label ensures that plants are grown in compliance with strict restrictions on pesticides and synthetic chemical fertilizers and are not genetically modified. Therefore, this brand meets the highest standards of organic farming and welfare.

VEGA
VITA
VON **BILLA**

With consumers' interest in healthy eating, sustainable consumption, and environmental issues rapidly growing in recent years, in 2024 we introduced „Vegavita,“ a new private-label line of vegan products. This is a high-quality, innovative brand made from 100% plant-based ingredients, and its products are exclusively available in stores belonging to the international REWE Group.



GOAL: only cage-free eggs on shelves and in production by 2025.
PROGRESS IN 2024



Shelf

- ◆ 70% of egg brands were cage-free.
- ◆ 43% of actual egg sales were cage-free eggs.



Production

- ◆ Only cage-free eggs are used in deli and confectionery

Sustainable Products

We follow five key principles to provide our customers with products that are sustainable and do not cause adverse health effects:

1. We do not sell foods or ingredients treated with ionising radiation, including private and exclusive brand and directly imported products. Treating products with ionising radiation results in a loss of nutritional value, changes in sensory properties and increased costs.

2. We exclude harmful food colouring agents (E110, E104, E122, E129, E102, E124) from private and exclusive brand products to ensure consumer safety. Artificial food colours and sweeteners increase.



3. Only fresh and cage-free eggs and antibiotic-free chicken. IKI deli products and fresh private label chicken are made exclusively with chicken raised without antibiotics, helping to reduce the risk of antibiotic-resistant diseases while also improving the birds' living conditions and nutrition. Additionally, no eggs from caged hens are used in deli and confectionery products.

4. Our suppliers are committed to providing private-label products that do not contain any ingredients (including additives, flavourings, solvents and excipients) derived from genetically modified organisms (GMOs) and are non-GMO.

5. We only buy RSPO-certified palm oil. It is also used for confectionery, and in the production of IKI private label products.

These principles are clearly included in agreements with suppliers. In particular, during the above-mentioned Process of Introducing a New Private Label Product, all relevant information about the process, documents, etc., are sent to suppliers. With other non-private label suppliers, we include requirements in our contracts.

Customer Engagement

We strive to understand and respond to our customers' needs and preferences. By involving them, we can better ensure that our products and services meet their expectations. This collaboration also provides valuable feedback and encourages continuous improvement and innovation.

We involve customers both directly, e.g., through the IKI Customer Board, and indirectly, e.g., by asking their opinion in various surveys. Customer surveys are a key source of relevant information and customer insights – based on them, we make essential decisions related to customers, products and services offered.

IKI Customers' Board

This unique channel was created in 2023 and became active in 2024. The IKI Customers' Board consists of ten IKI customers who provide their feedback, insights, and recommendations regarding IKI products and services. In 2024, four live meetings were held where the Customers' Board visited the IKI Lietuva deli and confectionery centers as well as the IKI Lietuva logistics center and participated in our product tastings.

The IKI Customers' Board will continue to meet regularly in 2025. The IKI Customers' Board will continue to meet regularly in 2025, now with a new composition following the election of a new board in April.



Customer Engagement

Customer surveys

In 2024, we conducted almost 40 customer surveys. Their purpose was very diverse – from questions about specific product categories, specific stores and their experience in them, to questions about the services we offer or about important events, such as Christmas. We also measure the NPS (Net Promoter Score). These surveys are usually conducted by email.

LastMile also conducts customer surveys and collects feedback after each order (to assess the quality of the order) or enquiry (when customers contact the Customer Service Centre). It also sends periodic surveys by email.

Every two years, the REWE Group conducts a more in-depth, sustainability-focused customer survey in all its countries of operation. In 2023, such a survey was also conducted in Lithuania, with about 1,000 IKI Lietuva customers participating. The survey looked at how customers perceive IKI Lietuva in terms of several aspects of sustainability: fairness and respect for society and social responsibility, fairness and respect for employees, and responsibility for environmental protection in the business strategy. This type of survey helps to understand how customers perceive company's efforts and what they pay the most attention to. A survey is planned to be repeated in 2025.

We also have a „Customer Service Procedure“, which sets out the main rules for working with customers. The document describes what is most important at each stage of service or in different situations with customers. The procedure also provides examples of appropriate employee behavior and describes how to act in exceptional situations, for example, when the customer is a foreigner, a child or has a disability.

Processes to remediate negative impacts and channels

Both IKI Lietuva and LastMile allow customers to report harm caused to them (often in the case of a low-quality, defective product) through the following channels: email or customer service, in-store information centre and social media accounts. The customer is asked to provide a receipt and a photo of the item. The information is then passed on to the Quality Department, which checks whether the problem relates to just one particular product or, for example, the whole batch. If the problem is not isolated, the product is withdrawn from sale, and the customer will receive a refund. If a client experiences food poisoning or suffers more serious harm, each situation is handled individually. However, we always aim to compensate clients for any inconvenience they've experienced. We measure our efficiency by the response time to a customer's message: we have set a target of responding to a customer's message within 3–4 working days, but we usually respond sooner, i.e. within 1–2 working days. External suppliers manage all of the messaging channels we use. The number of enquiries is volatile, with up to several thousand monthly.

As the rights and health of our customers are our priority, and as all customer data is protected under applicable national legislation, there is no likelihood of retaliation, and we do not take specific measures to protect our clients from retaliation in our operations. When customers make a report live in the store, we can guarantee anonymity as we do not collect customer data in this case. However, we collect personal information under all laws if the communication is made through other channels. We also assure that we do not take any retaliatory actions.

Governance



Governance

Our business is based on a strong commitment to ethical business practices and principles. Every day, we follow our internal policies and the guidelines set by the REWE Group, focusing on ethics, transparency and integrity. We strive to comply with both local and international legislation.

Our values – Inclusiveness. Trust. Winning Spirit. Positivity. – contributes to fostering and strengthening our internal culture. Employees can thank each other through the MELP app for upholding IKI values and even award each other special points, thus recognizing their colleagues' contribution to maintaining the overall culture.

In this chapter, we discuss the key topics of business ethics and our approach to them, outline the internal processes we have in place, and share the results of our work. Specifically, it will focus on:

- Business conduct and corporate culture (including anti-corruption and anti-bribery measures, reporting channels);
- Supplier relationship management (with a focus on payment practices).

Policies, goals and targets

REWE Code of Conduct is the guiding document of our business conduct topic, and the principles set out in it are binding on all employees. It sets out the fundamental principles and values that guide our daily activities:

| | | |
|-----------------------|---------------------|------------------|
| Respect | Loyalty | Integrity |
| Reliability | Transparency | Honour |
| Sustainability | | |

Employees of IKI Lietuva and LastMile administration participate in an annual electronic test to evaluate their knowledge of the code. Other employees of IKI Lietuva can familiarize themselves with the Code of Conduct and update their knowledge using the internal e-learning system and the intranet.

Reporting channels

Violations related to the Codes of Conduct can be reported electronically via the REWE Group Hintbox system (applies to both IKI Lietuva and LastMile). It is publicly available online both for REWE Group employees and external parties, such as business partners or suppliers. Reports submitted this way are automatically assigned to the responsible compliance unit and handled with complete confidentiality. In IKI Lietuva, these reports are the responsibility of the Safety Management Department (reporting directly to the CEO of IKI Lietuva). The REWE Group Hintbox can also be used anonymously. In any case, it is ensured that the whistleblower is not

adversely affected in any way, whether or not the information is confirmed. IKI Lietuva and LastMile comply with the provisions of the Law of the Republic of Lithuania on the Protection of Whistleblowers. In addition, if individuals do not wish to use this platform, they can contact the undertaking's ombudsperson directly. Also, our employees and external partners can report breaches to the local IKI Lietuva email address: skaidrumas@iki.lt.

If a report is received through a messaging or other channel, the first step is to assess the circumstances of the incident and decide who should handle the report. If the question relates to a specific unit and its functions, the information is passed on to that unit. If the issue is generic, it is analysed by the Safety Management Department. There are no defined deadlines for resolving reports, as each case is investigated individually and depends on the complexity of the situation.

Employees are informed about the channels of communication in several ways:

- Having read the policies and signed the Rules of Procedure;
- During the training;
- By email;
- Through TV screens in office and rest areas.

In 2024, a total of 11 reports were received through the reporting channel managed by IKI Lietuva. However, none of them was related to corruption or non-transparent practices (these were complaints about goods and promotional campaigns, offers of cooperation).

Overview of Key Policies

The REWE GROUP Donation Guidelines and the REWE GROUP Guidelines for the Acceptance and Provision of Gifts provide an overview of the donation process and bind all employees.

The company's Rules of Procedure also contain specific provisions that define/complement the Code of Conduct and provide particular provisions regarding gifts, conflicts of interest, and breaches of employment duties. By signing these Rules, staff members acknowledge that they have read, understood and agree to comply with all policies, procedures, guidelines and other relevant documents. The HR oversees this process.

The REWE Supplier Code of Conduct governs relationships with suppliers. It requires suppliers to adhere to the principles of human rights and environmental protection, ethical business practices, risk management, compliance with laws and animal welfare. REWE Group expects its suppliers to carry out risk assessments and provide the necessary information for risk analysis.

The REWE Group ensures the implementation of this code by regularly updating the document and requesting suppliers to provide detailed information about their supply chains, thereby confirming compliance with these standards. Under the Code, suppliers are obligated to report any violation of human or environmental rights. The document specifies the channels for reporting, either through the REWE Group's general mailing address or an external complaints system.

| Business conduct | REWE Group Code of Conduct | Rules of Procedure | REWE GROUP Donation Guidelines | Guidelines for Accepting and Giving Gifts | REWE Supplier Code of Conduct |
|---|---|---|---|---|---|
| G1 Policy | Public document | Internal document | Public document | Public document | Public document |
| Responsible department/person | - | Department of People and Culture | Central Governance & Compliance Department | - | - |
| Scope of application: | REWE Group companies (including IKI Lietuva and LastMile) | IKI Lietuva (all new employees are introduced to all the undertaking's procedures, including this one, on their first day of employment with IKI) | REWE Group companies (including IKI Lietuva and LastMile) | REWE Group companies (including IKI Lietuva and LastMile) | REWE Group companies (including IKI Lietuva and LastMile) and suppliers related to them |
| Corporate culture | x | x | | | |
| Protection of whistleblowers | x | | | | |
| Animal welfare | | | | | x |
| Management of relationships with suppliers, including payment practices | | | | | x |
| Corruption and bribery | x | x | x | x | |

We link the target for mandatory training to the policies: 100% of all employees to whom it is assigned.

We take various steps to ensure adherence to the principles of business conduct and effectively manage related risks, such as:

1. various training on this topic (both mandatory and optional).
2. Management Department provides recommendations for initiating internal processes or updating existing procedures if it is determined that there is a risk of corruption and/or bribery.

Preventing Corruption and Bribery

We support transparent and ethical business and stand against corruption. In addition to complying with applicable legislation, we have an internal governance and risk control system developed and maintained by REWE Group. We are also a member of the White Wave (lt. “Baltoji Banga”) Initiative. As a part of it, we aim to create a corruption-proof environment, promote a culture of ethical business, and share best practices with other members of the initiative, the business community and the public.

The Central Governance and Compliance Department plays a key role in regulating and coordinating the compliance activities of all companies within the REWE Group. In addition, decentralised compliance officers act as competent intermediaries for the relevant business sectors and country affiliates. The purpose of a compliance management system is to help employees behave appropriately in every situation. It is also designed not only to educate them on compliance issues, but also to prevent potential risks and respond to violations.

The head of the Safety Management Department at IKI Lietuva reviews policies and procedures (especially newly approved ones) and identifies where corruption risks may occur. When such risks are identified, they propose to change existing procedures and processes to reduce the risk of corruption and/or abuse. The head of the Safety Management Department is also involved in the approval of procurement. The four-eyes principle is always applied in decision-making, i.e., at least two responsible staff members approve the decision. We have also identified positions with a higher risk of corruption.

We cannot achieve our goal of transparent and ethical business without the active involvement of our employees, who are provided with a range of related training and, where necessary, individual counselling to develop a corruption-proof business environment.

Training (all delivered remotely, online):

- 1. Code of Conduct Training:** In 2024, 96% of employees required to attend completed the Code of Conduct training. This training is for administrative staff and, in addition, for staff in administrative positions in production and logistics). The training focuses on the REWE Group Code of Conduct values and ethical behaviour.
- 2. Anti-corruption Training** is mandatory for all employees performing administrative and managerial functions and is organised once a year. In 2024, 97% of employees required to attend the Anti-Corruption Training completed the course, up from 95% in 2023.
- 3. Competition law training** is an optional training course organized once a year. The number of participants is not tracked.
- 4. Competition law training for Commerce department** – organized quarterly and intended for employees of these departments, as they have been identified as facing the highest risk of competition law violations.

All of the above trainings include members of administrative, management and supervisory bodies. We have identified positions at risk of corruption and bribery because of their tasks and responsibilities. These posts are related to asset maintenance and large (financial) projects.

Percentage of functions-at-risk covered by training programmes:

- ◆ Business Conduct training: 433 employees (about 10%);
- ◆ Anti-Corruption training: 843 employees (about 20%)

In 2024, there was one case of corruption in IKI Lietuva.

There were no convictions or fines for violations of anti-corruption and anti-bribery laws in 2024.

Management of Relationships with Suppliers

Supplier Code of Conduct

The Supplier Code of Conduct is a key part of the Supplier Risk Management Framework, enabling the integration of a human rights strategy into procurement processes. In 2024, we have included the Code in all new contracts with indirect* suppliers (with direct suppliers, the Code was already included in 2023).

Supplier risk management

As part of the REWE Group, IKI is obliged to ensure compliance with the German Supply Chain Due Diligence Act. Since 2023, we have been conducting an annual supplier risk analysis. Our business partners are categorised as high or very high-risk based on industry, country and supply chain risks. Risks are determined by their negative impact on the environment, working conditions and human rights. In 2024, very high-risk suppliers were invited to carry out a self-assessment and share the results with IKI and REWE.

Requirements for suppliers of private label products

„At IKI, a significant focus is placed on ensuring high quality of our private label products. Thus, we have set strict food safety and quality standards for private-label manufacturers.

In order to support regional suppliers, especially small Lithuanian producers, who may lack relevant knowledge and may not have food safety and quality management systems in place, we devote more time and attention to them during audits. Before each audit, we provide suppliers with an audit questionnaire so they can familiarise themselves with the requirements and prepare the necessary documentation. During the audit, IKI Lietuva representatives thoroughly explain each requirement and assist with the necessary procedures. Suppliers sometimes even review their internal processes to meet the standards we set. It should be noted that these audits are free of charge, which is particularly appreciated by small producers. We are pleased that due to

the dedicated efforts of our colleagues, we have witnessed success stories where small companies, by enhancing their processes based on our requirements, have attracted new customers and expanded their operations.

Payment practices

There is no specific policy to prevent late payments, but there are clearly defined processes and systems for the reconciliation, approval and payment of invoices. Specific payment terms are set out in agreements with suppliers. We pay our bills on time, and the more common practice is to pay bills before the deadline. However, payment delays may occur due to systemic or human errors. However, these are exceptional cases that are immediately rectified.

24% of the entire assortment are products made in Lithuania.

Share of IKI's procurement budget was spent on products purchased from Lithuanian suppliers in 2024

85 %

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



*Indirect supplier - a supplier who supplies goods for internal use, such as work equipment. Direct supplier - a supplier who supplies products specifically for resale purposes, and not for the company's internal use.

Socially Responsible Activities



Highlights



EUR 3,1 million worth of food donated for the Food Bank



4 new partnerships with charity organizations



We have contributed to more than 10 community initiatives by donating food or other products



Customers donations through reverse vending machines increased by 40%



Information from our social partners were shown to our customers through in-store TV screens more than 10 million times



The “IKI Walking Competition” brought together more than 35 thousand Lithuanian residents



Financial Support and Food Donations

In 2024, IKI continued its long-standing commitment to donating products and providing financial support to non-governmental organizations (NGOs). In 2024, the Charity and Support Fund Food Bank remained our primary beneficiary, with a total value of donations of EUR 3,1 million. We have continued this important partnership since 2009, when we became the first major supermarket chain to support the Food Bank.

We also aim to support smaller organisations operating at the city or regional level. Last spring, we started supporting two foster families, and at the end of 2024, we started working with the charity and support foundations Wings of Kindness (liet. “Gerumo sparnai”) and Hope Centre (liet. “Vilties centras”). These organisations receive fresh food (meat, dairy products, etc.) from IKI stores.

| BENEFICIARY | VALUE OF DONATED PRODUCTS (EUR) | DONATED AMOUNT (EUR) | TOTAL (EUR) |
|---|---------------------------------|----------------------|------------------|
| Charity and Support Fund “Food Bank” | 3 134 230 | 9 000 | 3 143 230 |
| Vilma and Ramunas Kavanauskas Family-Home “Bravo” | 7 328 | | 7 328 |
| Family-Home “Šatrijos namas” | 7 599 | | 7 599 |
| Association “Investors Forum” | | 3 000 | 3 000 |
| Panevėžys Cultural Centre | | 2 178 | 2 178 |
| TOTAL | | | 3 163 335 |

In 2024, we set priority areas for social action and engagement with communities:

- ◆ Food support for local communities and initiatives;
- ◆ Food support for people living in poverty;
- ◆ Promoting the physical health of the Lithuanian population.

In 2024, we contributed to more than ten community initiatives by donating food or other products. For example, we supported the Children’s Theatre Festival organised by the Palanga Culture Centre, the 8th Folk Dance Festival „Palangos miestely“, the festival of the Domeikava Culture Centre, the festival „Būkime kartu“ organised by the Lithuanian Children’s Homes and Foster Care Centres, and others with various food products.

Publicity and Support Campaigns for NGO

We understand that visibility and the ability to reach more people with their messages are essential to NGOs. Therefore, we provide them with a possibility to advertise free of charge in our stores, where we have more than 700 screens. In 2024, six NGOs used this advertising channel to communicate about themselves free of charge. Our partners' messages have been shown to IKI customers more than 10 million times.

Not only do we support various initiatives ourselves, but we also encourage our clients to be active and involved. We do this by contributing to different campaigns and by creating opportunities for our customers to donate themselves:

- Twice a year, we take part in the Food Bank's donation campaigns, where our customers are encouraged to donate food products. In 2024, our customers donated almost EUR 234 thousand worth of products. Our employees also volunteered in the autumn donation campaign.
- In May 2024, we also joined a Red Cross campaign inviting customers to donate essential hygiene and stationery items to people in crisis.

Donations through reverse-vending machines grew by 40 percent in 2024 compared to the previous year, with IKI customers contributing nearly EUR 53 thousand. The majority of the funds (EUR 34 thousand) was donated to Blue Yellow, an organisation that supports the Ukrainian sfight against aggression by the Russian Federation. More than EUR 4,3 thousand were allocated to the Red Cross, EUR 4,5 thousand for the Food Bank and the Sengirė Foundation, which aims to preserve old-growth forests, attracted EUR 10 thousand.

In 2024, we continued our cooperation with the Panevėžys Women's Penitentiary, employing female prisoners serving their sentences: on average, ten inmates (the number of inmates varies at any given time) are working in the Deli Centre, either as kitchen staff or as product assemblers in the Logistics Centre. The initiative helps them to reintegrate into society while serving their sentence, gives them new skills and encourages them to earn money.



Promoting the Physical Health of the Lithuanian Population

To encourage our customers to move more, form new healthy habits and eat more fruits and vegetables, we organise several initiatives every year with our partners.



Through a collaboration with Walk15, all our customers who accumulate 20 thousand steps using the Walk15 app can get a 20% discount on fruit, vegetables and private label pet food at any IKI store.



The IKI Walking Competition is the largest free fitness event in Lithuania and that was organised for the ninth time. In 2024, participants could walk in different Lithuanian cities. In total, the events brought together more than 35 thousand Lithuanians.



IKI Velomathon is another important initiative to foster a vibrant cycling culture in Lithuania. In 2024, the 15th IKI Velomathon took place, with more than 10 thousand cyclists participating.



Innovation and Digitization



Highlights



ScreenClub – country's largest digital display platform



Partnership with startup Traxlo



Implementation of a new document management system "IKIdokas"



Our Approach

In today's fast-paced world, innovation and the digitalisation of processes are at the forefront. Technological advances and fostering a culture of innovation are key to staying competitive and meeting the ever-changing needs of our customers. That's why we have worked hard over the past few years to integrate cutting-edge digital solutions and innovation into our operations. This has not only increased our efficiency but also improved the customer experience. Below, we share key initiatives and achievements.

Screen Club: digital marketing platform

In 2024, we have opened up the possibility for other companies to advertise on the country's largest digital display platform. This means that with just a few clicks of a button, businesses can access the nearly 2,4 thousand screens and other advertising spaces in IKI Lietuva stores across the country that attract the eyes of our customers every day. Because our in-store displays and other advertising areas are designed to deliver the most effective messages to the audience, businesses that want to advertise can choose the region most relevant for them. The Screen Club platform operates on a highly user-friendly self-service principle with an automated booking process.



Startups: Cooperation and Investment

We have been fostering strong relationships with Lithuanian start-ups for many years. After a successful partnership with IKI Lietuva, LastMile, the sustainable activity app Walk15 and the intelligent electric vehicle management app Inbalance Grid have started cooperation with other REWE Group companies. Meanwhile, Pixevia, developers of artificial intelligence-based smart retail solutions, after having gained experience together with IKI Lietuva in managing the only chain of autonomous stores in Lithuania, also establish contacts with potential investors from other countries.

„IKI Lietuva and REWE Digital startup evening

For the second time in 2024, representatives of REWE Digital, the innovation division of REWE Group, together with IKI Lietuva, organised the IKI x REWE Digital Startup Night event, which aimed to introduce REWE Digital representatives to the Lithuanian startup ecosystem and open the way for potential investments. At the event, REWE Digital representatives and investors from Germany, Austria, and the Baltic States met with dozens of technology companies from Lithuania and other neighbouring countries to hear about their solutions.

The partnership of IKI Lietuva and start-up Traxlo

Lithuanian start-up Traxlo developed the app Tasku that unites local freelance workers, providing a solution that improves the efficiency of retail operations. The app allows its users to perform short, simple, but daily tasks necessary for every store. This solution provides people with an opportunity to earn additional income while helping the company to more effectively manage the challenges of the current labour market situation. Thanks to the Tasku app, almost 1 thousand people in more than 20 cities and towns in Lithuania tried out a variety of small tasks in IKI Lietuva in 2024.



Other Initiatives

Document management system

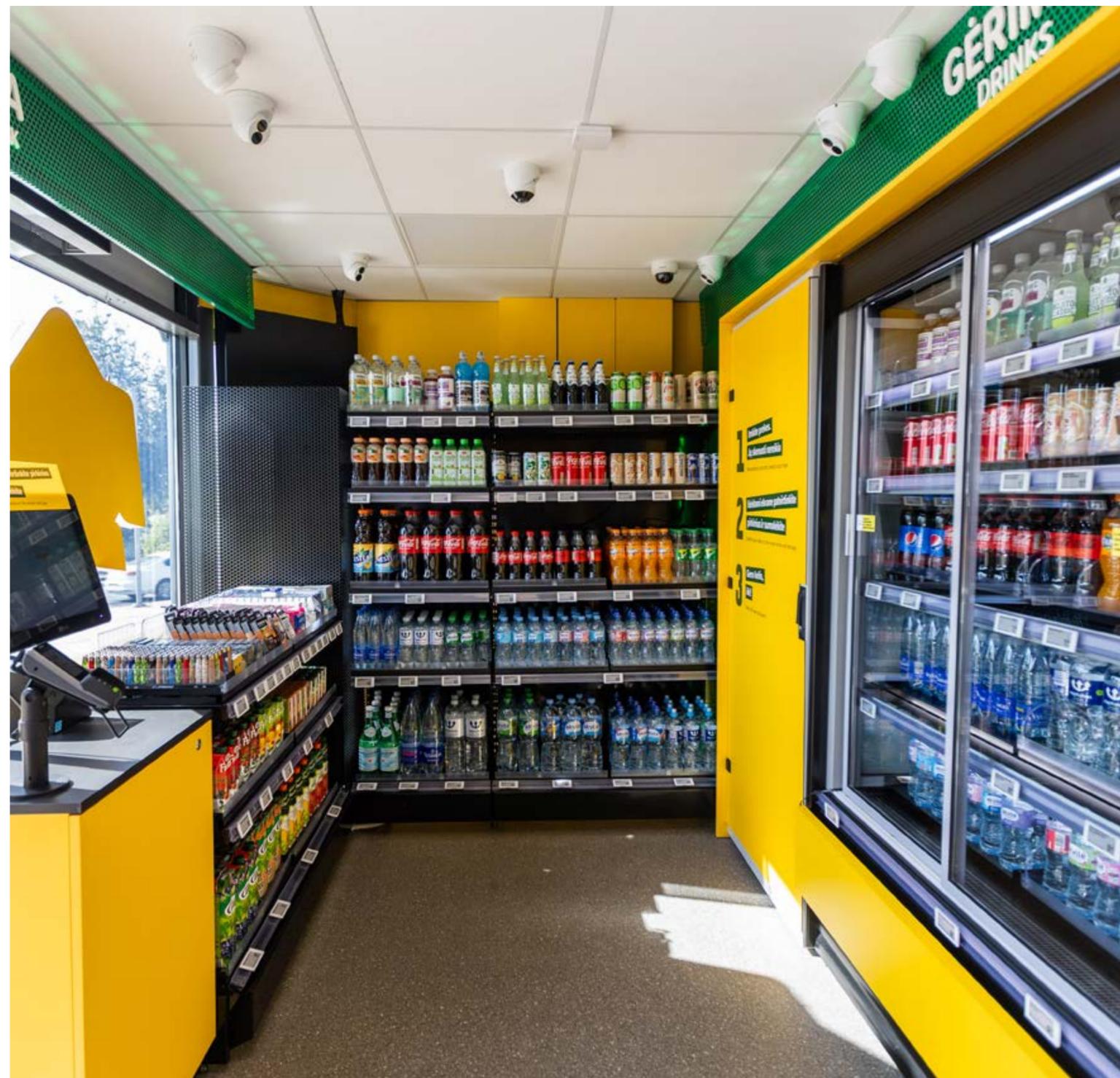
In 2024, we started implementing a new document management system, “IKIdokas”, which, over time, will replace the tools currently in use and digitise and simplify many other company processes, bringing the whole organisation together. The system manages company documents, assigns and executes tasks, and performs many of the day-to-day functions that are important to our business.

In 2024,

- ◆ more than 39 thousand documents have been digitised;
- ◆ 800 active users every month;
- ◆ Over 2,3 employees have already taken advantage of the functionalities offered by “IKIdokas”.

Autonomous stores

In 2024, we remained the only company in Lithuania operating a chain of autonomous stores offering a completely unique shopping experience. The stores use artificial intelligence technology that automatically recognises items taken from the shelves and creates a virtual shopping basket, which customers can pay for using an app or credit card. As the stores are unstaffed, they are open 24 hours a day and on public holidays. The number of customers has almost quadrupled in the last two and a half years. We closely monitor the performance of autonomous stores and emerging customer needs, and we can use this information to transfer stores to more convenient locations. For example, in 2024, one of the shops was moved from Savanoriai Avenue to Saulėtekis in Vilnius, near the student dormitories. We still consider the operation of autonomous stores an experiment, and we don't plan any expansion in the near future.



Additional Information

Description of the methodologies and assumptions used in data collection and calculations

| | |
|------------|--|
| S1-13 | <ul style="list-style-type: none"> • We are currently unable to provide information on training participants by gender. However, we plan to include this breakdown next year and share it in next year's report. • We are unable to provide the average number of training hours per employee due to lack of accurate data. |
| S1-14 | <ul style="list-style-type: none"> • Information on fatal accidents involving other employees working at the company's sites, such as value chain employees, if they work at the company's site, is not collected. • Data is collected by internal human resources systems. Audits are documented. |
| E1-4 | <ul style="list-style-type: none"> • Energy consumption per total area is calculated by dividing the total energy consumption (the sum of electricity and heat energy) by the overall area. This measurement encompasses all buildings owned and managed by IKI, including shops, administrative offices, logistics warehouses, and production facilities. |
| E5-4, E5-5 | <ul style="list-style-type: none"> • The amount of waste is measured based on the actual weight that we transferred to waste management company. • We have updated the methodology for calculating energy costs by sales area. The indicator is calculated by assessing the electricity and heating energy consumption for logistics, production, administrative and sales (sales halls and technical premises) areas at the end of the year. |
| S1-6, S1-9 | <ul style="list-style-type: none"> • The information is based on the calculation formula and methodologies specified in ESRs. • The employees' headcount information is presented as an annual average, excluding inactive employees (those whose dismissal date is the last day of the month. Redundancies exclude employees who have left the undertaking due to the expiry of a fixed-term contract), and the amount of employees who left the undertaking during 2024 is given for the end of the year, i.e. as of 31 December 2024. • The number of non-employees is not tracked, so no relevant information is disclosed. • The employee turnover rate is calculated according to the following formula: The number of employees who left the company divided by the total number of employees. • The information is collected using internal HR systems. |
| E1-6 | <ul style="list-style-type: none"> • REWE Group tracks Scope 1 and Scope 2 emissions centrally, along with a limited range of Scope 3 emissions. 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. • Scope 1 emissions include all direct emissions from sources owned or controlled by IKI Lietuva, including fuel and refrigerant use. The amount of energy consumed is multiplied by the most recent available emission factors. When calculating Scope 2 emissions using market-based approach, we apply a zero emission factor to electricity that is produced from renewable sources and documentation proving it. |

List of disclosure requirements

| ESRS CODE | DISCLOSURE REQUIREMENT | | REPORT PAGE NO |
|---|------------------------|---|----------------|
| ESRS 2 GENERAL DISCLOSURES | BP-1 | General basis for preparation of sustainability statements | 8 |
| | BP-2 | Disclosures in relation to specific circumstances | 8 |
| | GOV-1 | The role of the administrative, management and supervisory bodies | 11 |
| | GOV-2 | Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies | 13 |
| | GOV-3 | Integration of sustainability-related performance in incentive schemes | 13 |
| | GOV-4 | Statement on due diligence | 13 |
| | GOV-5 | Risk management and internal controls over sustainability reporting | 13 |
| | SBM-1 | Strategy, business model and value chain | 14, 15 |
| | SBM-2 | Interests and views of stakeholders | 17, 18 |
| | SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 19, 20 |
| | IRO-1 | Description of the processes to identify and assess material impacts, risks and opportunities | 27 |
| | IRO-2 | Disclosure requirements in ESRS covered by the undertaking's sustainability statement | N/A |

| ESRS CODE | DISCLOSURE REQUIREMENT | | REPORT PAGE NO |
|------------------------------|------------------------|---|----------------|
| E1 CLIMATE CHANGE | E1.GOV-3 | Integration of sustainability-related performance in incentive schemes | 13 |
| | E1-1 | Transition plan for climate change mitigation | 27 |
| | E1.SMB-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 27 |
| | E1.IRO-1 | Description of the processes to identify and assess material climate-related impacts, risks and opportunities | N/A |
| | E1-2 | Policies related to climate change mitigation and adaptation | 25 |
| | E1-3 | Actions and resources in relation to climate change policies | 25 |
| | E1-4 | Targets related to climate change mitigation and adaptation | 25 |
| | E1-5 | Energy consumption and mix | 28, 29 |
| | E1-6 | Gross Scopes 1, 2, 3 and Total GHG emissions | 30 |
| | E1-7 | GHG removals and GHG mitigation projects financed through carbon credits | N/A |
| | E1-8 | Internal carbon pricing | N/A |

| ESRS CODE | DISCLOSURE REQUIREMENT | | REPORT PAGE NO |
|---|------------------------|---|----------------|
| E1 CLIMATE CHANGE | E1-9 | Anticipated financial effects from material physical and transition risks and potential climate-related opportunities | N/A |
| | E2 POLLUTION | | N/A |
| E3 WATER AND MARINE RESOURCES | | | N/A |
| E4 BIODIVERSITY AND ECOSYSTEMS | | | N/A |
| E5 RESOURCE USE AND CIRCULAR ECONOMY | E5. IRO-1 | Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities | 31 |
| | E5-1 | Policies related to resource use and circular economy | 32 |
| | E5-2 | Actions and resources related to resource use and circular economy | 32 |
| | E5-3 | Targets related to resource use and circular economy | N/A |
| | E5-4 | Resource inflows | 34 |
| | E5-5 | Resource outflows | 34 |
| | E5-6 | Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities | N/A |

| ESRS CODE | DISCLOSURE REQUIREMENT | | REPORT PAGE NO |
|-------------------------|------------------------|---|----------------|
| S1 OWN WORKFORCE | S1.SBM-2 | Interests and views of stakeholders | N/A |
| | S1.SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 19, 20 |
| | S1-1 | Policies related to own workforce | 38 |
| | S1-2 | Processes for engaging with own workers and workers' representatives about impacts | 41 |
| | S1-3 | Processes to remediate negative impacts and channels for own workers to raise concerns | 41 |
| | S1-4 | Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches | 38 |
| | S1-5 | Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities | 38 |
| | S1-6 | Characteristics of the undertaking's employees | 40 |
| | S1-7 | Characteristics of non-employee workers in the undertaking's own workforce | N/A |
| | S1-8 | Collective bargaining coverage and social dialogue | 41 |
| | S1-9 | Diversity metrics | 40 |

| ESRS CODE | DISCLOSURE REQUIREMENT | | REPORT PAGE NO |
|--------------------------------------|--|--|----------------|
| S1 OWN WORKFORCE | S1-10 | Adequate wages | 46, 47 |
| | S1-11 | Social protection | N/A |
| | S1-12 | Persons with disabilities | N/A |
| | S1-13 | Training and skills development metrics | 44, 45 |
| | S1-14 | Health and safety metrics | 48 |
| | S1-15 | Work-life balance metrics | N/A |
| | S1-16 | Remuneration metrics (pay gap and total remuneration) | N/A |
| S1-17 | Incidents, complaints and significant impact on human rights | 43 | |
| S2 WORKERS IN THE VALUE CHAIN | | | N/A |
| S3 AFFECTED COMMUNITIES | | | N/A |
| S4 CONSUMERS AND END-USERS | S4.SBM-2 | Interests and views of stakeholders | 17 |
| | S4.SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | N/A |
| | S4-1 | Policies related to consumers and end-users | 52 |
| | S4-2 | Processes for engaging with consumers and end-users about impacts | 56 |
| | S4-3 | Processes to remediate negative impacts and channels for consumers and end-users to raise concerns | 55, 56 |

| ESRS CODE | DISCLOSURE REQUIREMENT | | REPORT PAGE NO |
|-----------------------------------|---|--|----------------|
| S4 CONSUMERS AND END-USERS | S4-4 | Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions | 52 |
| | S4-5 | Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities | 52 |
| G1 BUSINESS | G1.GOV-1 | The role of the administrative, supervisory and management bodies | 9 |
| | G1.IRO-1 | Description of the processes to identify and assess material impacts, risks and opportunities | 19, 20 |
| | G1-1 | Business conduct policies and corporate culture | 58 |
| | G1-2 | Management of relationships with suppliers | 61 |
| | G1-3 | Prevention and detection of corruption and bribery | 60 |
| | G1-4 | Confirmed incidents of corruption or bribery | 60 |
| G1-5 | Political influence and lobbying activities | N/A | |
| G1-6 | Payment practices | 61 | |