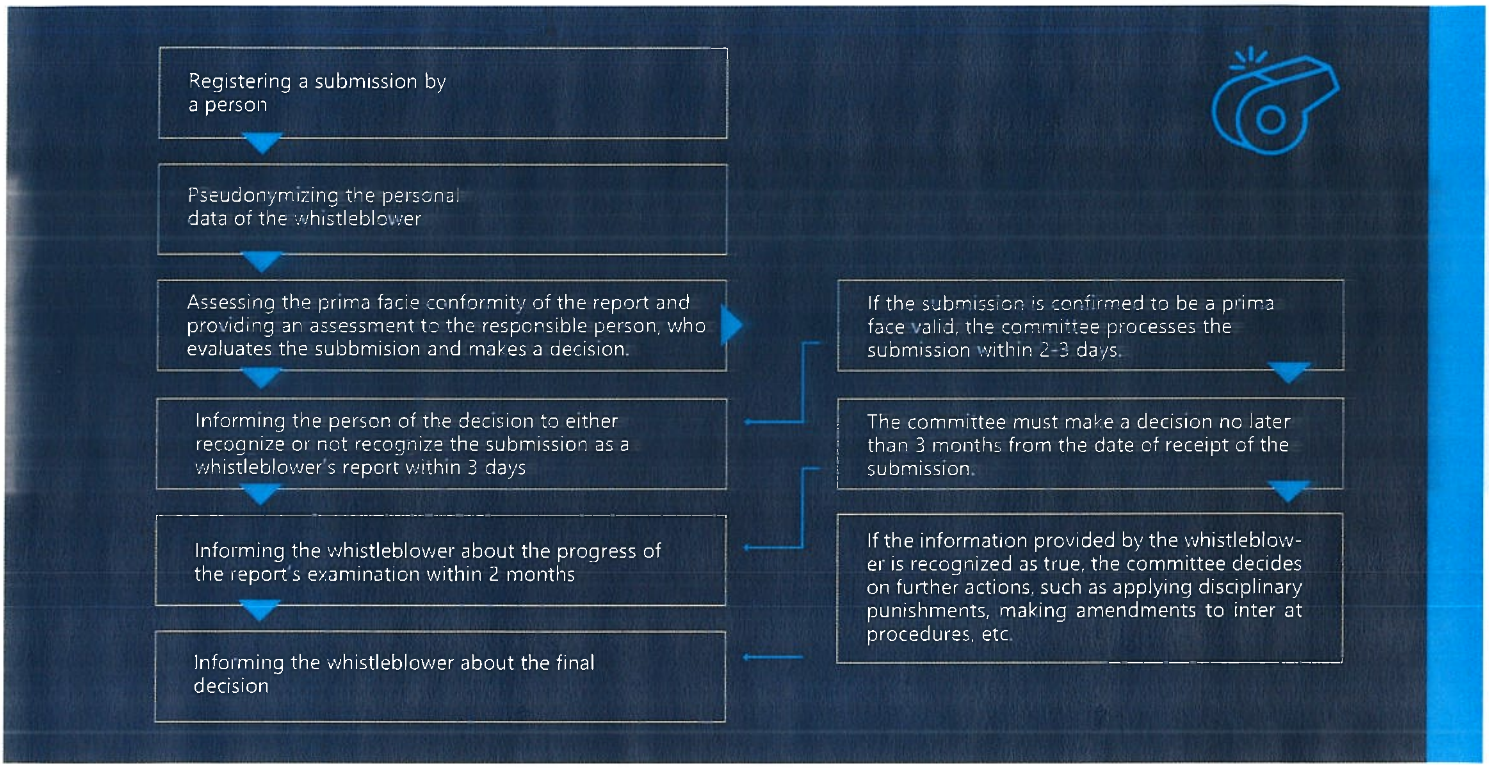
As a result of these investigations, we have taken appropriate and decisive actions. These actions have ranged from termination of employment and formal reprimands to employees to the escalation of cases to law enforcement for further investigation. In the wake of these findings, we have also implemented additional corrective measures. These measures are designed not only to address the current issues but also to prevent similar incidents in the future.

The outcomes of the investigations are communicated to the management board on the Group level and to the audit committee. During the reporting year there were no conviction of violation of anti-corruption and anti-bribery laws that resulted in fines.

Whistle-blowing

Companies within the Group have established distinguished whistle-blowing mechanisms that are the most appropriate considering the national circumstances, with a strong commitment to investigate business conduct incidents promptly, independently, and objectively.

General features of the whistle-blowing mechanism in the Group:



Compliance with laws and regulations

As a core principle, it is imperative that we conduct all our operations and activities within the bounds of legality and ethical standards. Adherence to these guiding principles is non-negotiable and any breach of them is met with zero tolerance. In line with this commitment, we ensure that any instance of non-compliance is promptly identified, thoroughly investigated, and effectively resolved, reinforcing our unwavering dedication to maintaining the highest levels of ethical conduct in all aspects of our operations.

In 2023, the Group encountered several instances where subsidiaries did not comply with laws and regulations, resulting in both monetary and non-monetary sanctions. Given the scope of the Group's operations and its substantial turnover, our monitoring focuses primarily on significant cases of non-compliance. Consequently, we do not have comprehensive data on all instances of non-compliance, and therefore, we are currently unable to provide a complete report.

[2-25] [2-26] [2-27] [2-16]

Membership associations

Our companies are value adding actors in the markets we operate. We are also contributing to the public discourse by being active members of industry associations and national organisations:

LITHUANIA

MAXIMA GRUPĖ is a United Nations Global Compact participant. None of the remaining Lithuania-based Group companies are members of any associations where they would participate in a significant role.

LATVIA

MAXIMA Latvia is a member of the Association of Latvian Retailers, Foreign Investors Council in Latvia, Latvian Chamber of Commerce and Industry, Latvian Employers Confederation, Latvian Association for People Management.

ESTONIA

MAXIMA Estonia is a member of PARE (Estonian Personnel Management Association), Eesti HR Selts (Estonian HR Association), Eesti Sisekoolituse Arendamise Liit (Estonian Association for the Development of In-House Training), Eesti Kaupmeeste Liit (Estonian Merchants Union), Mitmekesisuse Kokkulepe (Diversity Agreement), Eesti Tööandjate Keskliit (Estonian Employers' Confederation), GS1 organisation.

POLAND

None of Poland-based companies are members of any associations, where they would participate in a significant role.

BULGARIA

In 2023 Maxima Bulgaria terminated membership of the Modern Trade Association. As of that moment, the company is not involved in any organisations.

[2-22] [2-28]

Value Chain

The main operations within our value chain can be broken down into several key activities, each contributing to the overall process of transforming raw materials into final products ready for our customers.

Here is a more detailed breakdown:

1. **Inbound logistics** – This is the initial stage, involving the sourcing and receiving of goods from our various suppliers. This part of our value chain includes not only the finished products but also raw materials, which fall within the third tier of our supply chain. The raw materials are the building blocks for the products we sell, so this is a crucial step in our process.

2. **Operations** – This part of our value chain involves storing, managing inventory, and ensuring product quality. This involves maintaining appropriate temperature conditions for perishable items to prevent spoilage, managing our warehouse inventory to ensure a steady supply of goods, and rigorous quality checks which guarantee that all products meet our high standards.

3. **Outbound logistics** – In this stage we are getting our products from our storage facilities to our retail outlets. It involves the transportation of goods, warehousing at each retail outlet, and the process of stocking shelves. Ultimately, it is about making sure that our products are readily available for our customers in each of our stores.

4. **Marketing and sales** – We devise and execute pricing strategies, advertising campaigns, promotional offers and attractive in-store displays that assist our customers and communicate the value delivered with each product.

5. **Services** – Our responsibility to our customers doesn't end at the point of sale. Our services extend to offering customer support, handling returns and refunds, and nurturing customer relationships. We manage customer loyalty programs to reward frequent shoppers and make efforts to address customer feedback or complaints promptly and effectively. Moreover, we offer online food ordering and delivery services, catering to the demand for online shopping.

All these core activities are underpinned by numerous supporting processes, each playing a vital role in managing different kinds of resources, or so-called capitals. These include financial (monetary), manufactured (physical assets), intellectual (knowledge), human (our people), social and relationship resources (relationships with stakeholders), and natural (environmental assets) capitals. By effectively managing these capitals, we can ensure smooth operation across our value chain.

HOW WE CREATE VALUE FOR OUR STAKEHOLDERS

WHAT WE RELY ON		HOW WE DISCLOSE IT	WE CREATE VALUE FOR STAKEHOLDERS THROUGH	
Human capital	Our employees, their skills, engagement, safety and wellbeing	Diversity and equal opportunity Employee wellbeing and benefits Occupational health and safety	Shareholders and investors	Financial growth and orientation to sustainable operations
Intellectual capital	Accumulated know-how and knowledge Talents and innovators, who are fully committed to driving our progress	Learning and development	Suppliers and business partners	Long term partnerships, sharing insights and feedback through engagement practices
Social relationships	Our clients, who visit our stores and enjoy the convenience that we create Our long-term partners, committed to respect, trust and transparency Our communities that are our neighbours, who shop in our stores and provide localised employees	Local communities Engaging customers Product safety and quality Responsible sourcing Locality	Employees	Diversity and equal opportunities, learning and development, reward and remuneration
Natural capital	Renewable and non-renewable resources that we use in daily operation and that are a part of products we sell Ecosystem services that enable food production	Climate action Materials and waste management Water	Customers	Proximity and convenience, shopping experience, quality assurance and affordability, access to services
Manufactured capital	Our points of sale: brick and mortar stores and e-commerce Technology and logistics that enables movement of goods	Better shopping experience Climate action	Local communities	Employment opportunities, collaboration on enhancing the proximities
Financial capital	Financial resources and access to capital Our capital structure and economic performance	Our financial statements	Environment	Science-based targets to reduce climate impact, embedding circularity approaches, assuring deforestation prevention for critical commodities

The Group companies are not active in the fossil fuel (coal, oil and gas) sector, chemical production, controversial weapons, nor cultivation and production of tobacco, and had no revenue from the above-mentioned activities during the reporting period.

[2-6]

Our Stakeholders

In our organisations, we define stakeholders as a diverse array of individuals, groups or organizations that either have the capacity to influence or are themselves influenced, whether directly or indirectly, by our business operations, strategic decisions, and overall actions. This comprehensive definition underscores the multifaceted nature of our stakeholder relationships, encompassing a broad spectrum of interests and interactions.

To systematically identify and categorise these stakeholders, we employ Mendelow's Matrix, a robust stakeholder identification framework. This matrix serves as a tool, segmenting stakeholders based on two key dimensions: their level of power and their level of interest. The list of key stakeholders identified through this process is provided further in this chapter.

Further refining our stakeholder analysis, we categorise them into two types: affected stakeholders and users of sustainability statements.

Affected stakeholders. This group encompasses those who are, or have the potential to be, impacted by our business activities. This impact can be either positive or negative and spans a wide range of dimensions, including economic, social, and environmental aspects.

Users of sustainability statements. This category includes stakeholders who primarily engage with our organisation through the analysis and utilization of our sustainability reports and financial statements. These documents are instrumental for them to understand and evaluate our commitment to sustainable practices, financial health, and strategic direction.

It's important to note that some stakeholder groups may be assigned to both categories. This overlap reflects the intricate and sometimes interconnected nature of stakeholder interests. By recognizing and addressing the unique needs and concerns of each stakeholder group, we aim to foster robust, transparent, and mutually beneficial relationships that support our commitment to sustainable and responsible business practices.

Effective two-way communication, facilitated through a diverse array of communication channels, is instrumental in grasping the varied perspectives, concerns, and aspirations of different stakeholder groups.

This understanding is pivotal for several reasons. Firstly, it allows for more informed prioritisation of tasks across various sustainability domains, ensuring that resources are allocated efficiently and impactfully. Additionally, this process is vital for swiftly responding to emerging issues or needs that stakeholders bring to light. Moreover, such engaged communication is a fertile ground for innovation. It opens avenues for piloting new products or services by tapping into the insights and feedback from a wide stakeholder base.

In essence, robust two-way communication across a spectrum of channels is more than just a means of information exchange – it's a strategic tool that empowers us to navigate the complex landscape of sustainability with greater clarity, agility, and innovation. The information received through this communication is used by relevant departments to upgrade the processes, develop new offerings, prevent misconduct.

[2-26] [2-29]

The following table maps out our stakeholders, their main topics of concern and the communication channels that we use to ensure the flow of information.

STAKEHOLDER GROUP	STAKEHOLDER TYPE	TOPICS OF CONCERN	HOW WE COMMUNICATE AND ENGAGE
Stakeholder group	Users of sustainability statements	Financial stability and performance, sustainable performance, continuity of activities, risk management, ethics and transparency	Corporate website, individual meetings, email, phone communication, annual reports, interim financial statements, market news announcements
Suppliers and business partners	Affected stakeholders Users of sustainability statements	Delivery terms and conditions, fair payment terms, fair treatment, trustworthiness, ethics and transparency	Corporate website, individual meetings, supplier surveys and audits, email, phone communication, annual supplier events
Employees	Affected stakeholders	Working conditions, well-being, benefits, professional development, career opportunities, availability of information, equal opportunities, safety measures during pandemic	Intranet, employee surveys, feedback channels, internal magazines and other documents, trainings, company events, continuous communication through internal meetings
Customers	Affected stakeholders	Products (quality, availability, safety, assortment), affordable prices, sustainability, good shopping experience, possibility to submit a claim, data protection	Corporate website, social media, promotional magazines, TV, radio and outdoor advertising customer surveys, newsletters, customer loyalty programs, feedback / claims channels
Local communities	Affected stakeholders	Food waste, impact on environment, social initiatives, investments into infrastructure, local suppliers, ethics and transparency	Corporate website, regular face-to-face communication, various events, social media, TV, radio, and outdoor advertising
Media	Users of sustainability statements Affected stakeholders	Open dialogue, timely presentation of relevant information, ethics and transparency	Corporate website, corporate publications, press releases, social media, annual report and CSR report, email and phone communication
Authorities and public administration	Affected stakeholders	Taxes, reporting, compliance, ethics, and transparency	Corporate website, individual meetings, email and phone communication, annual report and CSR report
Non-governmental organisations (NGOs)	Users of sustainability statements Affected stakeholders	Environmental and health impacts, social inclusion and accessibility, animal welfare, ethics, and anti-corruption	Corporate website, corporate publications, social media, annual report and CSR report, email, and phone communication

To better understand the changes in stakeholder views since the last engagement process, we intend to conduct a new survey in 2024. The results of the survey will be utilised to inform our priorities for action on material topics.

[2-26] [2-29]

Materiality

This report has been developed based on the results of the materiality assessment process that was described in more detail in CSR Report 2022. The materiality has been established based on the severity of the actual and potential impacts.

Following the requirements laid down in Commission Delegated Regulation (EU) 2023/2772 (European Sustainability Reporting Standards – ESRS), a process of double materiality assessment was commenced in the reporting year 2023. The results of the assessment will be presented in the upcoming sustainability report for the reporting year 2024. During the assessment process we have identified the data points that are to be disclosed in accordance with the ESRS and have started internal processes for data collection.

List of material topics

People	A. Diversity and equal opportunity
	B. Learning and development
	C. Employee wellbeing and benefits
	D. Occupational health and safety
Customers	A. Product safety and quality
	B. Private label
	D. Engaging customers
Environment	A. Climate action
	B. Materials and waste management
	D. Engaging customers
Supply chain	A. Partnership with suppliers
	B. Responsible sourcing
	C. Locality
Communities	A. Local communities
	B. Food donations
	C. Encouraging education
	D. Supporting those in need
	E. Promoting healthier lifestyle

Our People

Growth of average annual remuneration — +13%

Top management breakdown 49.6% 50.4%

[3-1] [3-2]

Our Group deeply values its employees, recognising them as the cornerstone of our success. We are committed to nurturing a positive and dynamic workplace culture that inspires motivation, encourages engagement and fosters teamwork. At the heart of our organisational culture lie three fundamental values: Awareness, Responsibility, and Self-belief. It is designed to celebrate the diverse backgrounds and unique contributions of each individual. We place a high priority on nurturing personal freedom and individuality within our team. This approach not only creates a more inclusive work environment but also drives innovation and creativity.

Furthermore, we believe that the skills required for a role extend beyond just technical or professional competencies. Emotional intelligence is equally crucial. Therefore, we encourage and support our team members in their journey to develop and enhance their emotional intelligence. Our aim is to not just succeed in our business endeavours but to do so in a manner that is enriching and fulfilling for every member of our team.

NUMBER OF EMPLOYEES (HEAD-COUNT) ON 31ST DECEMBER 2023[1]

GENDER	LT	LV	EE	PL	BG
Male	2,668	1,476	838	2,097	559
Female	10,036	4,821	2,552	10,838	1,943
Other	-	-	-	-	-
Not reported	-	-	-	-	-
Total Employees	12,704	6,297	3,390	12,935	2,502

Throughout the Group companies, there are no non-guaranteed hours employment contracts. During the reporting period, the changes in the share of permanent and temporary employees and the changes in the share of full-time and part-time employees was not material and the majority of employees within the Group companies were permanent full-time employees. The employee turnover rate was 48.1%, which is an increase of 0.9 p.p. compared to the previous reporting period.

EMPLOYMENT TYPE DISTRIBUTION ON 31 DECEMBER 2023	2022	2023	CHANGE
Share of permanent employees	82.0%	81.1%	-0.9 p.p.
Share of temporary employees	18.0%	18.9%	+0.9 p.p.
Share of non-guaranteed hours employees	0%	0%	-
Share of full-time employees	83.6%	82.5%	-1.1 p.p.
Share of part-time employees	16.4%	17.5%	-1.1 p.p.

At the end of the reporting period, 46.4% of the total employees in the Group were covered by collective bargaining agreements. There were no agreements for employee representation by the European Works Council (EWC), Societas Europaea (SE) Works Council, or Societas Cooperativa Europaea (SCE) Works Council during the reporting period. At the end of January 2024, a trade union was established in UAB "Barbora", an e-commerce subsidiary that operates in Lithuania.

[1] We apply the same methodology for calculating the employee head count for financial and non-financial disclosures, and the total number of employees matches that provide in financial statements.

[2-7]

COLLECTIVE BARGAINING AND SOCIAL DIALOGUE

GENDER	COLLECTIVE BARGAINING COVERAGE		SOCIAL DIALOGUE
Coverage Rate	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0-19%	Estonia, Poland, Bulgaria		Estonia, Bulgaria
20-39%			
40-59%			
60-79%			
80-100%	Lithuania, Latvia		Lithuania, Latvia, Poland

All our companies operate in countries with legally set minimum wages that meet the concept of adequate wage, and we ensure that all of our employees are compensated in line with the regulations. The EU Commission is updating the methodologies and approaches to establish minimum salaries, ensuring that actualisation of suitable pay is imbedded in the national laws.

All our employees are covered by social protection through public programs against loss of income due to major life events: sickness, unemployment, employment injury and acquired disability, parental leave, and retirement.

We focus on creating a healthy, safe, and attractive workplace, providing employees with benefits packages. The average salaries increased by 13% in 2023 compared to 2022.

During the reporting year we had an average of 1,819.1 FTE[2] of non-employee workers. These non-employee workers primary performed functions of warehouse workers, shop assistants, order pickers and couriers. Majority of such non-employee workers were provided by the undertakings primarily engaged in employment activities (NACE Code N78).

Diversity and equal opportunities

Ensuring diversity and equal opportunities is an important part of our business conduct. Throughout our companies, we have diverse workforce, which includes people of various ages, gender identities, backgrounds and other characteristics that we embrace and give our best to support.

EMPLOYEE BREAKDOWN BY GENDER AND AGE

OWN EMPLOYEE HEAD COUNT	<30 YEARS	30–50 YEARS	>50 YEARS	TOTAL
Male	2,256	3,519	1,863	7,638
Female	4,505	14,979	10,706	30,190
Other	-	-	-	-
Not reported	-	-	-	-
Total Employees	6,761	18,498	12,569	37,828
Distribution	17.9%	48.9%	33.2%	100%

[2] Detailed methods for calculation of FTE are presented in the annexes

[2-8] [2-30]

At the end of the reporting period the gender distribution within our top management stands at 50.4% female and 49.6% male. This composition aligns well with what is generally considered to be good practice in terms of gender representation, adhering to the widely accepted 60/40 gender ratio benchmark. Such a balance is indicative of meaningful representation of both genders in leadership positions, fostering an inclusive and diverse organisational culture.

In the context of this report the definition of top management has been adjusted to the definition set in the ESRS standards. Top management has been defined to include individuals who are one and two levels below administrative and supervisory bodies of each company. It is important to note that this definition marks a departure from the criteria used in our previous reports. This shift in the framework impedes a direct comparison with data from previous years.

TOP MANAGEMENT BREAKDOWN BY GENDER

GENDER	HEAD COUNT	PERCENTAGE
Male	67	49.6%
Female	68	50.4%
Other	-	0%
Not reported	-	0%
Total Employees	135	100%

Learning and development

Continuous learning and professional development are key for successful development and competitive resilience of the company. While learning and continuous professional development practices vary among Group companies, they all have the same underlying principles to promote the professional growth of our employees. Our companies facilitate different approaches to delivering trainings: e-learning, supervision, mentoring, classroom trainings, external trainings and similar. The goal is to provide our employees with the resources required to unlock their potential.

New employees receive the essential training they need, both in theory and in practice. Before they begin working, they typically receive training either online or in person. Employees who need specific skills, like those working in stores, at cash desks, preparing food, in warehouses, with special machinery, or as e-commerce pickers and couriers, get custom training courses. Additionally, all new employees are required to complete and pass work safety and company policy trainings.

Grocery store workers face unique challenges like handling a wide range of products, using various equipment and machinery, meeting diverse customer needs, and dealing with ever-changing inventory. To address these challenges effectively, employees need special knowledge and skills. That is why we provide targeted training for cashiers, including training about self-scanning systems, customer service training, and specialised courses for new store managers. By offering these specialised training programs, we ensure our staff is well-equipped to deliver excellent customer service and maintain a safe and efficient workplace.

In 2023, we launched the 12th edition of the STOKROTKA Manager Express (SME) development program. This program is designed to enhance the skills of our employees, paving the way for their advancement to the role of Regional Operations Managers. It targets individuals keen on bolstering their competencies. Within this initiative, chosen Store Managers participate in a comprehensive series of training sessions, equipping them for their future responsibilities as Regional Operations Managers. Participants collaborate with their supervisors to devise a training agenda and undertake a developmental project that involves analysing the performance of a specific store and formulating a plan for its improvement. The duration of the program is five months; and, notably, 50% of the participants from the last program edition have successfully promoted.

[405-1] [404-2]

MAXIMA Lithuania's employee development and growth programme "Speed Board" has been reinvented after running for over three years. In 2023 the programme was reworked and "Career Centre" was established. "Career centre" is a real operating store, where through a fast-paced programme ambitious persons have an opportunity to understand the peculiarity of the retail business and develop skills needed for swift career growth. The programme is open for internal and external participants.

Throughout 2023, we continued our initiative to provide language trainings for our colleagues from different backgrounds and nationalities, who are eager to improve their national language skills.

Employees within the Group receive regular performance and career development reviews in different way and approaches, but the most crucial aspect is continuous dialogue to keep the feedback timely, discuss challenges and celebrate milestones. Despite being a large organisation, the Group maintains a flat structure and emphasizes informal continuous feedback and self-assessment between managers and employees.

Employee wellbeing and benefits

We focus on creating healthier and more effective workspaces by improving facilities used by our personnel, providing advanced equipment, and offering benefits such as free of charge meals to the employees of stores, logistics centres, warehouses in addition to larger discounts for goods purchased in stores. The Group's efforts are aimed at creating an ergonomic work environment that makes it easier for employees to perform their tasks quickly and efficiently, saving their time and energy.

The well-being of our employees is of utmost importance to us. Therefore, all our companies conduct health screenings before hiring new employees and provide the necessary personal protective gear in areas where it is needed. We continue to conduct employee health check-ups throughout entire tenure, offering guidance on occupational health, safety, and hygiene, as well as access to first aid and emergency care. Some businesses employ third-party providers to offer these services, while others have their own medical professionals. Additional benefits such as private health insurance, possibility to consult psychologists, and similar, are aimed at increasing the overall health of our employees.

Additional social benefits for our employees (may vary between the Group companies):

- Additional health and critical illness insurance
- Additional allowance in case of major life events (loss of a close family member, birth or adoption of a child, death of the employee)
- Additional allowance in case of home fire
- Accommodation allowance
- Various financial bonuses, such as reference bonus, best employee programme, long-term employee awards, etc.
- National language courses

The Group is committed to fostering a family-friendly work environment, offering a suite of additional benefits designed to support the well-being and work-life balance of our employees. Recognizing the diverse needs and preferences of our workforce, we have hybrid working conditions for our administrative staff across most countries. This flexible approach allows employees to seamlessly integrate their professional and personal lives by giving them the freedom to work both from the office and remotely from home.

Furthermore, we extend the commitment to flexibility to our employees in stores, warehouses, and logistics centres by providing adaptable work schedules and options for part-time employment. These measures are part of our ongoing efforts to accommodate the varying needs of our team members, ensuring they have the support they need to thrive both in their careers and in their personal lives.