

JALAJÄLG

SUSTAINABILITY REPORT

2023
2024





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**TOGETHER,
WE CAN MAKE
A DIFFERENCE.
LET'S GET
STARTED.**

The time has come to take the next step, and we have done so with a series of strategic decisions, initiatives, and actions, all culminating in our latest sustainability report, following the pilot version released for FY20/21. As always, having a clear and transparent understanding of all ESG aspects is essential for our group to reach our goals and contribute to a larger, shared purpose. ESG is often described as a journey, and for us, this marks still the initial phase. Naturally, the journey presents many unknowns and requires constant adaptation to a shifting environment.

With enhanced knowledge and capabilities, we are progressing towards integrating ESRS standards into our reporting through a step-by-step approach, ensuring a smooth and comprehensive adoption of these frameworks. This report provides an overview of our performance against our current business, labour, environmental, and social objectives to meet stakeholder expectations and align with our strategic priorities. Our priorities extend beyond our local operations and marketplace, requiring us to adopt a broader perspective and responsibility as official distributors of a globally recognised brand.

Unlike a few years ago, we are no longer alone in this pursuit. It is encouraging to see that more and more stakeholders recognise the urgency of these issues. Beyond technical improvements – such as enhanced data collection and information-sharing capabilities – we also witness a positive shift in attitudes. This momentum is vital, as significant achievements are possible only through collective action, heightened awareness, and a shared commitment to change.

LETTER FROM CEO

RAINER TOPS, CEO of Jalajälg Group

The sustainability journey we started at Jalajälg few years ago remains unchanged. Our company, our brand, and our principles have stayed the same. What continues to evolve, however, is the world around us – and we cannot or do not want to ignore it.

As the official distributor of Nike in the Baltics, we represent a brand that has long led and defined sports participation and innovation globally. This commitment to leadership is equally strong in our local context. At Jalajälg Group, together with our subsidiaries Viva Sport and Sporto Dvasia in Latvia and Lithuania, we carry forward this ambition, driven by a mission statement that compels us to pursue greater innovation and inspire others.

When we first embarked on our sustainability reporting journey, the landscape was very different. It was all new to us, and we openly acknowledge that our understanding was limited, with marketplace awareness similarly low. Today, however, we are significantly better prepared, with in-house expertise and enhanced reporting and analytical capabilities. We've also invested in our team, increasing their ESG awareness through targeted training for both store and office staff. Stakeholder commitment to understanding and driving ESG change has also grown considerably compared to the past, though there is still room to grow together.



While it's essential that our ESG reports are professionally prepared and adhere to the latest standards, it is even more important to foster real change in people's mindsets and behaviours. Sustainability is often misunderstood as focusing solely on environmental issues. For us, however, it encompasses progress across all three pillars. If we had to highlight one area, we would prioritise the social dimension of ESG – particularly our efforts to increase youth sports participation and make sports accessible to all to improve health related aspects or our communities.

“WE BELIEVE
THAT SPORTS
DEVELOP
BETTER PEOPLE,
AND BETTER PEOPLE
BUILD
A BETTER WORLD”.
OUR JOURNEY
CONTINUES.

1. ABOUT THE COMPANY

Our journey started already in 1997 when two young and ambitious Estonian entrepreneurs Anti Kalle and Are Altraja were awarded with the exclusive distribution rights of world's leading sports brand Nike.

Jalajälg Group was born. Jalajälg Group is the official distributor of Nike in the Baltics. Jalajälg Group operates in the wholesale and retail market distributing Nike footwear, apparel and equipment products.

- Our main wholesale customers are sports retailers in Estonia, Latvia and Lithuania. Additionally, we serve hundreds of sports clubs and teams through our team sales department.

- Jalajälg Group is also the official operator of Nike mono-brand retail stores in the Baltics, holding currently 19 stores in the portfolio.

- Besides Nike, the group is distributing in wholesale another major brand in Nike, Inc. portfolio – Converse.

Today Jalajälg Group is one of the leading members of the local sports community and industry. Nike brand development has been extraordinarily strong, and the brand holds a clear leader position in all three markets of the region. Strong growth is visible also with Converse brand. As Jalajälg Group has always seen itself beyond simple trading, the company is one of the main sports supporters and contributors with a clear focus to inspire every single person to be active. Jalajälg Group is active in many fields - a multi-faceted sponsor of top federations, clubs and athletes, organiser of sports events, major contributor to children's sport, etc.

1.1. OUR GUIDING PRINCIPLES

As main guiding principles for our everyday operations we use the Nike Maxims. A set of principles and respective behaviours by Nike, Inc., that each employee is introduced to when joining Jalajälg Group.

- **Serve the athletes** – We exist to serve athletes and believe if you have a body, then you are an athlete. It's up to us to inspire and enable every athlete to turn their dreams and ambitions into personal bests and achievements.
- **Create the future of sport** – We are dreamers. Optimists. Inventors. We deliver disruptive innovations and build new businesses.
- **Be on the offense always** – We stand up for what we believe in, and we don't settle for the status quo. We amplify big ideas by making them even bigger. We evolve immediately because agility is our edge.
- **Do the right thing** – We are hard-charging but always play fair in business and in sport. We value honesty and our culture where every voice is heard. This is what it means to be accountable – doing the right thing, in the right way, every day.
- **Win as a team** – Together we dare to run an unbeatable offense – determined to unlock our potential and defy expectations.



ANTI KALLE, PHIL KNIGHT (co-founder and chairman emeritus of Nike, Inc.) and ARE ALTRAJA, Orlando USA December 2008

“OUR CLEAR FOCUS
IS TO INSPIRE
EVERY SINGLE PERSON
TO BE ACTIVE.”

In all our operations, we follow strictly local laws and regulations, providing targeted training to employees on relevant topics. Each employee receives detailed work instructions and guidelines tailored to their specific qualifications.

We place value on human rights and promote a zero-tolerance approach towards any kind of discrimination.

1.2. GROUP STRUCTURE

Jalajalg Group consists of Jalajalg AS as the parent company and two subsidiaries Viva Sport SIA in Latvia and Sporto Dvasia UAB in Lithuania, both owned 100% by Jalajalg AS. The beneficial owners of the group are Are Altraja and Anti Kalle who both have equally 50 percent of the ownership of Jalajalg AS.

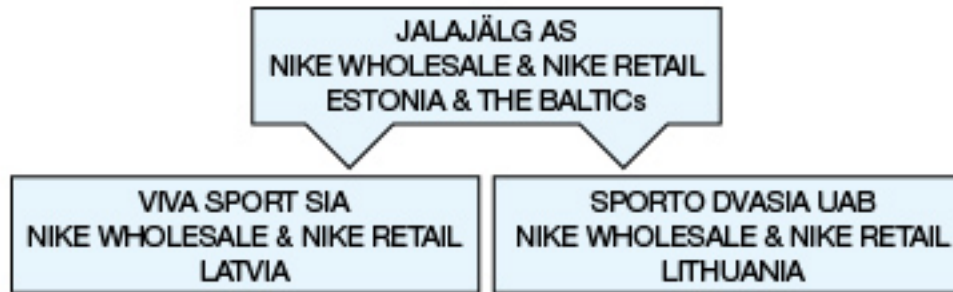


Table 1. Structure of Jalajalg Group

	23/24	22/23	21/22	20/21
Average number of employees of FTE at 30.4.24	195	189	128	136
Number of operations (stores, offices, distribution centre etc) at 30.4.24	23	21	18	17
Revenue (million euros)	87,4	88,2	74,1	60,2
Liabilities (million euros)	14,5	15,9	22,1	12,3
Equity (million euros)	35,2	29,0	19,9	12,5
Total Assets (million euros)	49,7	44,9	42,0	24,8

Table 2. Key figures of Jalajalg Group
Source: Jalajalg AS annual reports 20/21, 21/22, 22/23 and 23/24

1.3. OPERATING SITES IN THE BALTICS

Jalajalg Group's headquarters, along with all departmental leads, is in Tallinn, Estonia. As we operate physically and online (B2B team sport) in three Baltic states (Estonia, Latvia and Lithuania), we have also local offices in Latvia and Lithuania with main functions (sales, marketing, operations, finance) covered.

Our teams are comprised of a diverse group of individuals across all age groups, with women representing 64% of our total workforce. 42% of all our office positions (both top and middle management combined) are held by women. Furthermore, women hold exactly 50% of top management positions, reflecting a strong commitment to gender balance and diversity at the highest level of leadership.

The owners and top management of Jalajalg Group are working in very close contact with the organisation that allows us to understand the needs and priorities in a very real way. Strategic directions, including decisions on ESG matters, are determined at the board and supervisory board levels. For operational decision-making on environmental and social topics, however, we engage the extended management team, which includes departmental leads, to ensure comprehensive involvement.

Jalajalg Group has fully renovated all its offices in Estonia, Latvia and Lithuania offering high quality and innovative work environment for the organisation. In addition to providing comfortable and functional office spaces that support both work and rejuvenation, we also prioritise mental well-being, integrating thoughtful measures to enhance our employees' overall experience.

In our new stores, we prioritise creating more dedicated break rooms for employees, enhancing comfort in checkout areas, and optimising spaces for efficient goods intake. Similar improvements are being implemented in our existing stores as well, on a step-by-step basis, to ensure a consistent and enhanced environment across all locations. As of April 30, 2024, only one remaining older store awaits full renovation, though we will continue making ongoing enhancements across all locations into the future.



Number and locations of operational sites in the Baltics

ESTONIA

- Headquarters: Põmu mnt 144, Tallinn
- Store: Ülemiste, Suur-Sõjamae 4, Tallinn
- Store: Viru, Viru väljak 4, Tallinn
- Outlet store: Lasnamäe Centrum, Mustakivi 13, Tallinn
- Outlet store: Tondi, Tammsaare tee 60, Tallinn
- Outlet store: Kurna, Kangrumetsa tee 3, Kurna
- Outlet store: Tasku, Turu 2, Tartu

LATVIA

- Office: Dzirmieku iela 20, Mārupe
- Distribution centre: Dzirmieku iela 20, Mārupe
- Store: Spice, Lielirbes 29, Rīga
- Store: Akropole Rīga, Maskavas 257, Rīga
- Store: Akropole Alfa, Brīvības 372, Rīga
- Outlet store: Origo, Stacijas laukums 2, Rīga
- Outlet store: Olimpia, Azenes iela 5, Rīga
- Outlet store: Domina, Ieriķu iela 3, Rīga

LITHUANIA

- Office: Seimyniskiu g.3, Vilnius
- Store: Akropolis Vilnius, Ozo g.25, Vilnius
- Store: Akropolis Kaunas, Karaliaus Mindaugo 49, Kaunas
- Store: Akropolis Klaipėda, Taikos 61, Klaipėda
- Outlet store: BIG, Ukmergės g.282, Vilnius
- Outlet store: Ogmia, Lakunu g.24, Vilnius
- Outlet store: Vilnius Outlet, Vytauto Pociūno g. 8, Vilnius
- Outlet store: Klaipėda, Taikos pr. 62, Klaipėda

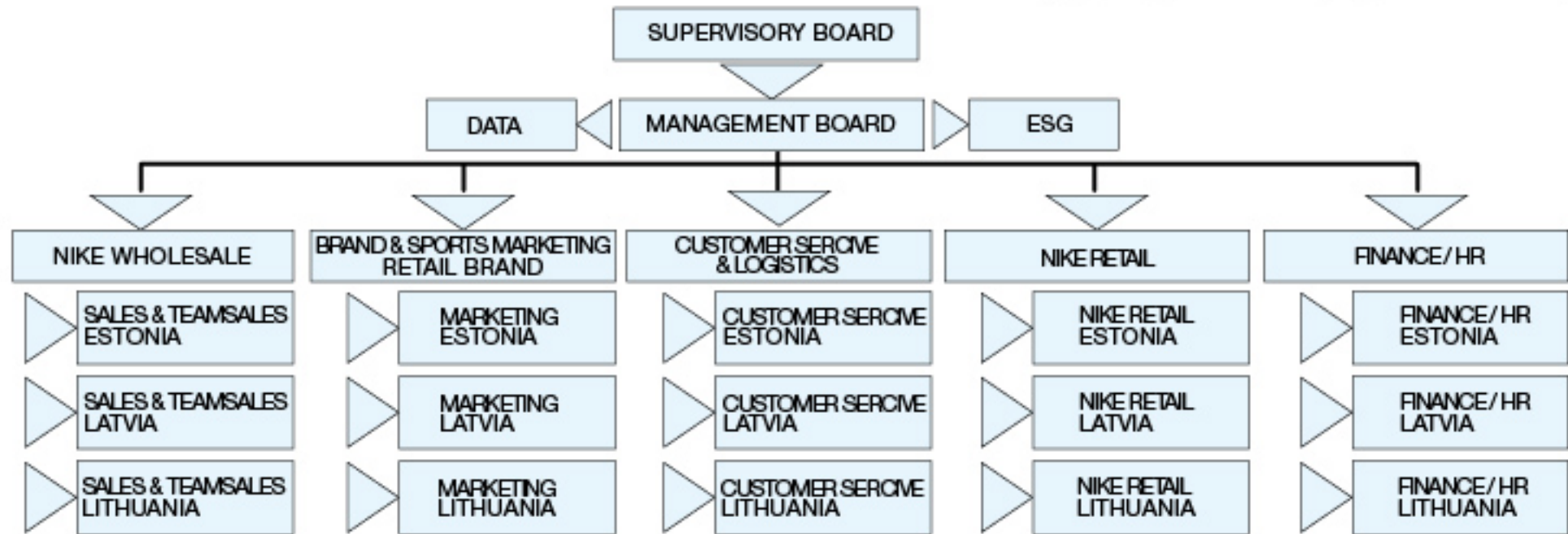


Table 3. Supervisory Board and Management Board structure

1.4. VALUE CHAIN DESCRIPTION

GLOBAL VALUE CHAIN INITIAL MAPPING

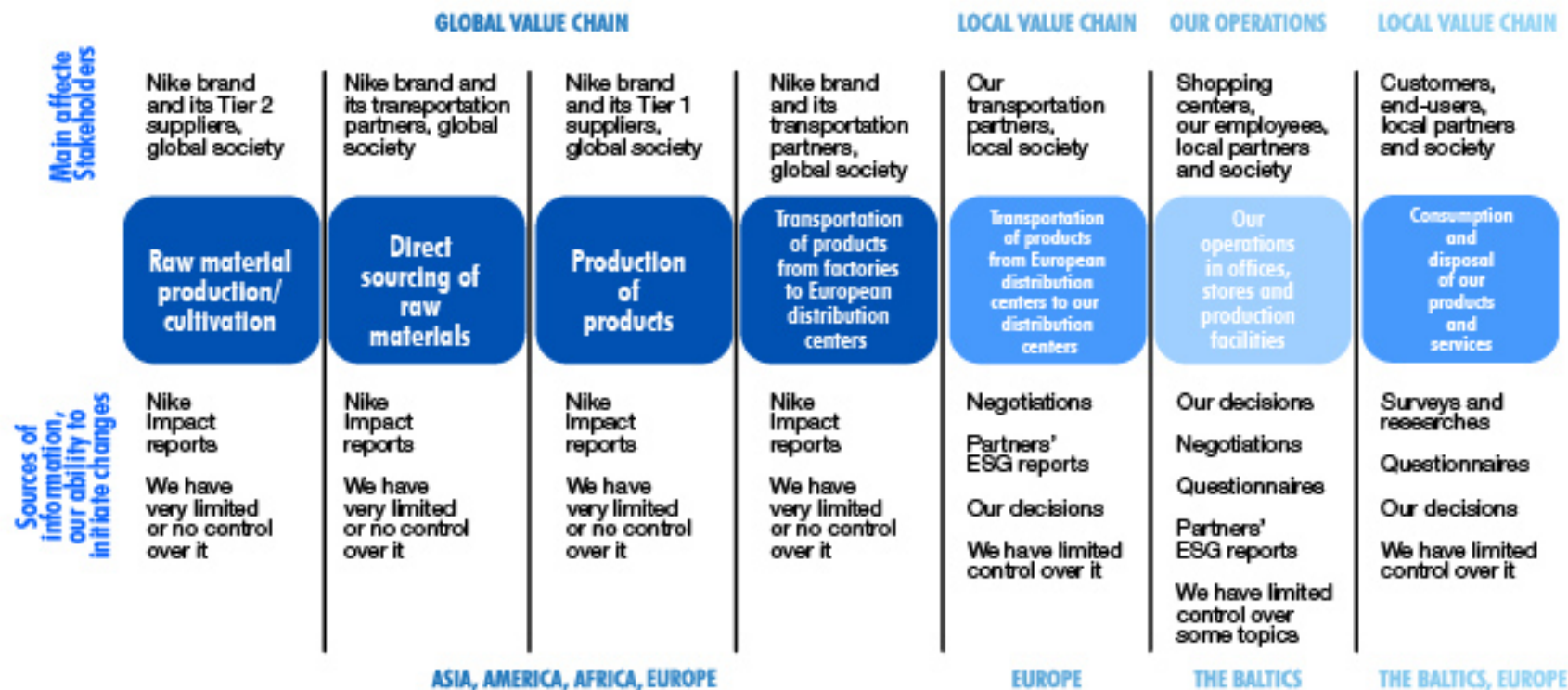
During our comprehensive double-materiality assessment, we conducted an initial mapping of our global value chain. Recognising that detailed insights are still needed, we are committed to enhancing this understanding over time. This ongoing effort aims to fully map our value chain, confirm all identified impacts, risks, and opportunities, and enable us to drive meaningful change where possible.

Our preliminary mapping of the value chain focuses on key stages from raw material production to product use and disposal at the end of its lifecycle, emphasising areas of control and primary stakeholder involvement. The global value chain for Nike products spans raw material production and cultivation (Tier 2 suppliers) primarily in Asia, the Americas, and Africa, followed by direct sourcing, production (Tier 1 suppliers) primarily in Asia, and transportation to European distribution centres. These stages involve complex partnerships where our direct influence

on ESG practices is limited, as Jalajälg Group relies on our brand partner's policies and supply chain practices. Most of our information is derived from Nike's Impact reports, where our ability to drive change is constrained by our indirect role.

Locally, our value chain includes product transportation from European distribution centres to our distribution centre in Riga, Latvia and the distribution of products across the Baltics, from where consumers can possibly also take some of them to Europe and wider. Here, we work with transportation partners and engage with local communities, allowing us more flexibility to negotiate and initiate incremental improvements through these partnerships.

Our operations include office and store activities where we have greater control over ESG practices. Stakeholders in this part include shopping centres, employees, and local partners. Through internal decisions, self-reported surveys, and regular engagement, we aim to drive meaningful changes, particularly in supporting local communities and promoting sustainability within our areas of influence.



VALUE CHAIN GENERAL LOGIC

Jalajälg Group is sourcing products only through its official partners Nike, Inc. and Converse, Inc. Additionally, from category specific (e.g., sports equipment) Nike, Inc. license partners (less than 10%).

The general logic of supply is based 90% on pre-orders that are placed 6-12 months prior the actual selling season. After the confirmation of orders, Nike, Inc. and Converse, Inc. proceed with the production (Tier 1 suppliers) mostly in Asian factories according to our concrete orders. 2-3 months before the selling season, brand transports the goods to European distribution centres (mostly in Belgium and Netherlands) from where Jalajälg Group collects the orders using for it our logistics partners.

Upon arriving in the Baltics, goods are directed to Jalajälg Group's Baltic distribution centre in Riga, Latvia, where they are sorted for distribution across the region.



1.5. CHANGES IN THE REPORTING PERIOD

CHANGES ON GROUP LEVEL

Throughout FY23/24, Jalajälg Group maintained its management structure, ownership, business practices, and commitment to supporting local communities. We continued optimising and enhancing our Baltic distribution centre in Riga, Latvia, to improve efficiency. In April 2024, we transitioned all local deliveries in Riga to Hydrotreated Vegetable Oil (HVO) – a renewable diesel. This shift increased our local transportation costs but reduced our environmental footprint.

During FY23/24, Jalajälg Group continued investing in retail space development and innovation to ensure lasting customer satisfaction and engage future generations of consumers. In August 2023, we opened a new 433 m² Nike Outlet store in Kurna Park, near Tallinn, to reach new target customers in the Harju region. In October 2023, we expanded and renovated the Nike Outlet in Tondi, Tallinn, increasing its size to 700 m² and allowing us to broaden our product categories. We also opened a new 533 m² Nike Outlet in Klaipėda, Lithuania, further expanding our outlet presence to connect with a wider range of local consumers. These investments in retail development also created additional job opportunities, particularly appealing to young workers looking to start or grow their careers in a dynamic environment.

Additionally, we made a notable improvement to our team sport e-commerce channel by preparing sustainability tagging for products with sustainability features (like recycled materials, etc.), planned for launching at the beginning of FY24/25.

CHANGES IN REGIONAL ECONOMIC AND POLITICAL LANDSCAPE

In recent years, Estonia, Latvia, and Lithuania have experienced significant economic and political shifts, driven by global instability and security concerns, particularly following Russia's invasion to Ukraine in early 2022. This has led to increased defence spending and strengthened NATO ties as these countries prioritise national security.

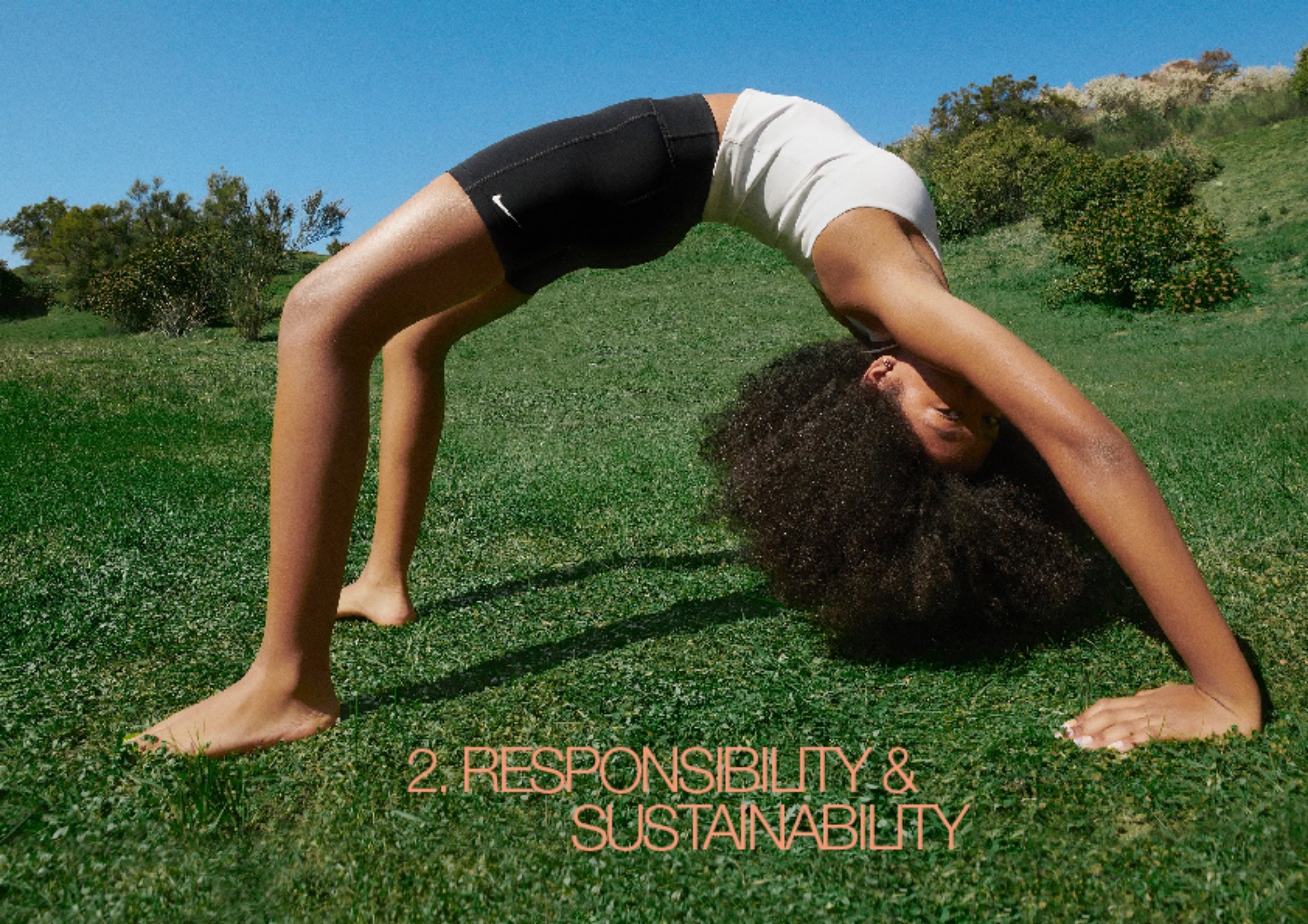
The geopolitical shifts had both direct and indirect impacts on Jalajälg Group. The decrease in Russian tourism, particularly during peak seasons in Tallinn, led to reduced retail foot traffic and sales. Additionally, these changes emphasised the need for Jalajälg Group to reinforce the region's stability and security to Nike, Inc. However, thanks to its strong, long-standing relationships with global brand and its partners, Jalajälg Group managed these challenges effectively. By leveraging established trust and maintaining open communication, the group reassured its partners, ensuring continued collaboration and support despite the evolving regional dynamics.

Energy security has become a central priority, with the Baltic states working to reduce their reliance on Russian energy sources. Lithuania achieved energy independence with its LNG terminal, while Estonia and Latvia are accelerating investments in renewable energy for a sustainable solution. For Jalajälg Group, this shift prompted a collaborative effort with shopping centres to review energy consumption and identify opportunities for energy efficiency.

Inflation surged across the Baltics, especially in 2022, driven by rising energy costs and persistent supply chain disruptions. In response, governments introduced subsidies and adjusted interest rates to stabilise living costs and bolster economic growth. Balancing inflation control with sustainable economic progress has become a key challenge.

Politically, the Baltic region remained stable, though economic pressures and rising living costs attracted public attention. Baltic governments enhanced ESG governance practices, aligning with the EU's Corporate Sustainability Reporting Directive (CSRD) to boost corporate transparency and sustainability standards. These ESG measures are set to be regulated and implemented across the Baltics by the end of 2024, pushing businesses toward more transparent and sustainable practices.

These economic and political developments highlight the growing importance of ESG integration for businesses, as the region prioritises energy independence, inflation management, and reinforced governance structures.



2. RESPONSIBILITY & SUSTAINABILITY

2.1. MANAGEMENT APPROACH

NELLI PORMEISTER, ESG lead of Jalajälg Group

In recent years, Jalajälg Group has made notable progress in integrating sustainability and ESG principles into its core operations throughout the Baltics. Establishing a dedicated ESG lead role in October 2023 marked a significant step, reinforcing the company's commitment to prioritising sustainability at a strategic level.

To align with emerging regulations, Jalajälg Group has proactively conducted a comprehensive double-materiality assessment (DMA) based on the European Sustainability Reporting Standards (ESRS). This analysis, along with an updated ESG roadmap, allows Jalajälg to anticipate future compliance requirements. By gradually shifting from the Global Reporting Initiative (GRI) to ESRS, Jalajälg Group seeks a deeper understanding of its sustainability impacts, enabling improved ESG data mapping and a more actionable strategy aligned with new regulations and stakeholder expectations.

Jalajälg Group has also started developing an ESG data warehouse, ensuring that sustainability data is traceable, accurate, and reliable. This system supports transparency and enhances the credibility of Jalajälg Group's sustainability reporting, building trust among stakeholders.

To engage employees across the Baltics, we launched a pan-Baltic ESG newsletter, featuring industry news and internal updates. The newsletter, distributed via email and available in local languages, ensures that team members in Estonia, Latvia, and Lithuania can stay connected to Jalajälg Group's sustainability efforts, regardless of location or role.



"SUSTAINABILITY IS AN ONGOING JOURNEY."

Embedding ESG into the group's culture, we have introduced training programs for our Baltic teams during two seasonal kick-off events, fostering a collaborative approach to sustainability. These sessions encourage team leaders and store members to discuss ESG topics openly, promoting shared responsibility and empowering employees to drive sustainability initiatives across the organisation.

Through these initiatives, Jalajälg Group is building a strong foundation for long-term ESG leadership, grounded in transparency, adaptability, and a forward-thinking approach. This holistic strategy aligns sustainability with the company's values, ensuring that ESG principles are not only part of daily operations but also integral to its long-term vision.

Jalajälg Group's sustainability strategy is being developed in harmony with its overarching corporate strategy, ensuring that sustainability is seamlessly integrated into the company's broader business objectives. This approach guarantees that ESG initiatives not only align with operational and strategic goals but also support the long-term growth of the group's business model.

Jalajälg Group has also revised its ESG roadmap and set clear targets for upcoming years, providing a structured framework to achieve significant sustainability milestones in the nearest future.



2.2. SUSTAINABILITY STRATEGY IN JALAJÄLG GROUP

Jalajälg Group's sustainability strategy reflects our commitment to fostering a healthy, active lifestyle among youth and communities, fully aligning with our core values of inspiring movement and community engagement. Sustainability is not a separate initiative but a valuable addition that strengthens our path toward a successful future. This strategy integrates environmental, social, and governance (ESG) principles across our operations, supporting our long-term vision to inspire movement, build resilient communities, and make a lasting impact.

Aligned with the UN Sustainable Development Goals (SDGs), our strategy embodies both a global perspective and a local focus. While our vision is long-term, we concentrate on actionable steps within the coming years to drive meaningful change where we can have the most impact – primarily within our own operations and throughout the local value chain. Through strong, ongoing partnerships with like-minded leaders, we aim to promote sustainability and community development, working closely with our partners to amplify our shared goals.

Our ESG framework is seamlessly integrated into Jalajälg Group's business model, emphasizing data-driven transparency and youth engagement as key components. We strive to cultivate a culture of activity and inclusivity, ensuring compliance with both current and future regulations while establishing a foundation for long-term ESG leadership. By aligning our actions with these core values, we contribute to a sustainable future where movement, community engagement, and youth development remain at the heart of our mission.

TO MAKE SPORT A DAILY HABIT FOR EVERY INDIVIDUAL IN OUR COMMUNITY

PEOPLE & PLAY

PROCESS & LEADERSHIP

our S

local S

global S

- Continues and measured improvement of employee health and wellbeing through promoted actions and possibilities
- Employee education measurable improvement, additional knowledge sharing on ESG topics
- Working condition improvements
- Life development courses to all our employees

- Daily sport participation increased to 7% of population
- 5% of population (plus influence circles of 15% of population) driven into sports through our initiatives and contributions
- NPI models initiated for measuring sport's impact on people, youth and on society in general

- All our key partners: social essence, initiatives and actions mapped and evaluated
- Compliance with Nike EHO updated distributor requirements

Jabajäg Group is proud to educate new strong employees, develop wellbeing of young people, train leadership and inspire team spirit.

Jabajäg Group promotes sports. Sport, a healthy lifestyle and inclusive wellness are the purpose of our existence as a brand and business.

Jabajäg Group cooperates with global brands with clear and transparent targets to be fair employer and partner to all its value chain employees.



OUTDOOR

BODY

MIND

SOCIAL & ENVIRONMENTAL CONSCIOUSNESS

SOCIAL & ENVIRONMENTAL LOVE AND ACTIVENESS



SPORT



PHYSICAL HEALTH



MENTAL HEALTH



PERSONAL CHANGE



COURAGE TO CHALLENGE

PLANET & RESOURCES

our E

local E

global E

- LED solutions in place in 100% of the stores
- New HR-system launched for HR paperless management

- Events planned with decreased environmental footprint
- 25% of our apparel/footwear portfolio is made of at least 25% recyclable materials

- All our key partners: environmental essence, initiatives and actions mapped and evaluated
- Compliance with Nike EHO updated distributor requirements

Jabajäg Group is initiating renewable energy-saving methods and fostering smart solutions within its daily operations, paving the way for collaborative change.

Jabajäg Group is all about high quality Nike brand and products to drive and spread smarter consumption awareness and choices.

Jabajäg Group ambition is to become climate neutral in its own operation and carbon optimal in its global value chain impact by FY 2030.



Our passion is to promote a holistic active lifestyle that emphasises the importance of a balanced mind and body, which ultimately leads every individual to value and protect environment.

Our real actions latest by FY 25/26

Our real actions latest by FY 25/26

Our main ambition in sustainable development

Our main ambition in sustainable development

Cornerstones to our ESG strategy

Cornerstones to our ESG strategy

Foundation

Foundation

OUR MISSION, VISION & VALUES AS A BASE OF EVERYTHING WE DO

DATA-DRIVEN TRANSPARENCY & ACCURACY THROUGH VALID & TRUSTED ESG DATA SYSTEM

ESG KNOWLEDGE-STRONG APPROACH & ALWAYS UP-TO-DATE COMPLIANCE WITH FUTURE REGULATIONS

Our aim has always been to go beyond business – to set example of fair and ethical business which do not just sell the product but builds and develops whole marketplace to healthy and sustainable future.

our G	local G	global G
<ul style="list-style-type: none"> • Full and continues ESG due diligence process in place • All changes continuously implemented to strategy and action plan 	<ul style="list-style-type: none"> • Our local partners awareness raised about ESG subjects • Our local partners ESG/climate goals mapped 	<ul style="list-style-type: none"> • All our key partners: governance essence, initiatives and actions mapped and evaluated • Compliance with Nike EHO updated distributor requirements
<p>Jabajäg Group respects laws and regulations, offers needed legal trainings to our partners and tolerates zero corruption.</p>	<p>Jabajäg Group provides products that leverage the benefits of sport to strengthen resilience, promote health, and enhance vitality, helping to build future-ready communities.</p>	<p>Jabajäg Group supports the global sustainable development goals and follows that all its strategic partnerships will do it as well.</p>
<p>16 FAIR JUSTICE & STRONG INSTITUTIONS</p>	<p>11 AFFORDABLE AND CLEAN ENERGY</p>	<p>17 PARTNERSHIPS FOR THE GOALS</p>

2.3. STRENGTHENED RISK MANAGEMENT

In the beginning of 2024, Jalajälg Group conducted a transformative double-materiality assessment (DMA) in line with ESRS standards. This approach allows us to move beyond traditional risk assessments, which typically involve the supervisory and management boards and focus solely on financial risks and opportunities. Instead, we now incorporate a broader view that includes the environmental, social, and governance (ESG) topics. By addressing both the risks and opportunities that affect the company and the impacts we have on the world around us, Jalajälg Group is better positioned to anticipate challenges, adapt to regulatory changes, and meet stakeholder expectations. This shift has strengthened our long-term resilience and established Jalajälg as a proactive leader in sustainability, equipping us to manage both financial and non-financial risks in a dynamic global environment.

In our FY23/24 ESG report, we reaffirm our commitment to maintaining an ethical business environment and closely monitoring climate-related risks throughout our value chain. Through the double-materiality assessment (DMA), we mapped our entire value chain for the first time, gaining preliminary insights into the impacts, risks, and opportunities associated with it our global value chain. This initial mapping lays a solid foundation for future improvement, especially as we work with globally recognised Nike brand and solid partners. We recognise the need for deeper analysis, particularly in areas of the value chain beyond our direct control or where information is currently limited. This focus on transparency and enhanced understanding will be pivotal in our ongoing efforts.

Direct business risks continue to be influenced by national retail regulations, but the landscape has grown more complex. We now face additional challenges, including increased logistics, transportation, and warehousing costs due to fuel price fluctuations and evolving import/export tax regulations. In response, we have strengthened our supply chain strategies to better navigate these risks.

The retail sector, central to our business, was significantly impacted during the pandemic, particularly in 2021 when store closures affected sales. By 2023, however, the retail landscape has adapted, with e-commerce playing an enlarged, but somewhat stabilised role. As a retail-oriented group, we remain dedicated to refining our retail concepts, ensuring that physical store experiences are seamlessly integrated and prioritised in our growth plans.

Main social and governance impacts, risks and opportunities

GLOBAL VALUE CHAIN

- Adequate housing, water and sanitation
- Adequate wage and working time
- Gender equality and equal pay for work of equal value
- Privacy
- + Health and safety, trainings, measures against violence and harassment
- + Avoiding child and forced labor

- Adequate housing, water and sanitation
- Adequate wage and working time
- Gender equality and equal pay for work of equal value
- Privacy
- + Health and safety, trainings, measures against violence and harassment
- + Avoiding child and forced labor

Raw material production/cultivation

Direct sourcing of raw materials

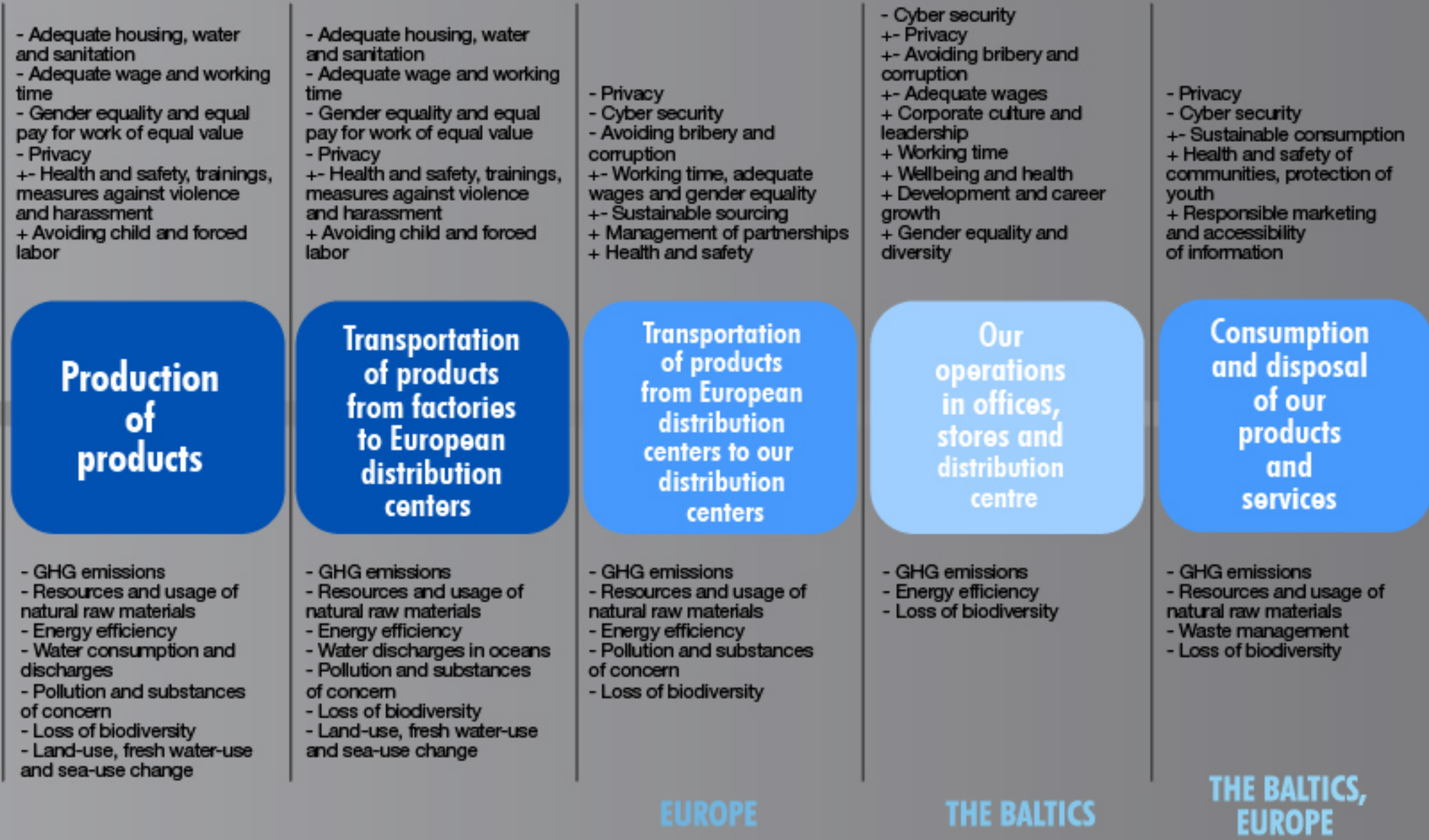
Main environmental impacts, risks and opportunities

- GHG emissions
- Resources and usage of natural raw materials
- Water consumption and discharges
- Pollution and substances of concern
- Loss of biodiversity
- Land-use, fresh water-use and sea-use change

- GHG emissions
- Resources and usage of natural raw materials
- Energy efficiency
- Pollution and substances of concern
- Loss of biodiversity
- Land-use, fresh water-use and sea-use change

ASIA, AMERICA, AFRICA

ABOUT THE COMPANY
 RESPONSIBILITY & SUSTAINABILITY
 PEOPLE
 PLAY
 PROCESS & LEADERSHIP
 PLANET & RESOURCES
 OUR APPROACH



2.4. UPDATED SUSTAINABILITY ROADMAP

2020/21

- Start of ESG journey
- First CO2e footprint calculations

2021/22

- Start of new distribution centre development in Riga, Latvia
- IT systems upgrade starting from Estonia
- Digital transformation in management system

2022/23

- Start of ESG training for employees
- Focus on HR department development
- IT systems upgrade in Latvia and Lithuania
- Opening new distribution centre in Riga
- Productive orderbook 60-120 min units/SKU
- Prioritization of sustainable products in the assortment

2024/25

- Compilation of Code of Conduct
- GDPR audit for strengthened compliance
- Increase daily sport participation to 7% of population
- Drive 5% of population directly (plus influence inner circles of 15% of population) into sports through our initiatives and activities
- Map our partners ESG/climate initiatives, actions and goals
- Sustainability awareness programs for local partners
- Initiate KPI models for measuring sport's impact on people, youth and on society in general
- Personal life development courses to all our employees

2026/27

- Paperless work environment
- RE100
- Escalation of the Conscious Recycling program to all stores
- Drafting/implementing a transition plan to become Carbon Mapped in our value chain

2028/29

- Net Zero Jalajalg Group (in our own operations)
- Carbon Mapped (in our value chain)

2023/24

- Initiating journey towards paperless management and stores
- LED lamps in all stores (except 1 store in Kaunas, Lithuania)
- LED screens in more stores to minimise produced marketing materials and related transportation impacts
- Starting to search sustainable packaging
- Perform full ESG double-materiality assessment (DMA)
- Implement changes to strategy and action plan from sustainability perspective
- Create reliable ESG data system to secure target tracking
- Introducing new waste management system

2025/26

- 25% of our product portfolio made of at least 25% recyclable materials
- Event planning with decreased environmental impact
- Event planning development to include environmental education and actions
- Pilot the Conscious Recycling program (recycling and reselling opportunities)
- Drafting/implementing a transition plan to become Net Zero in our own operations

2027/27

• ...to be updated in FY25/26 according to real situation and progress to date

2029/30

ROADMAP UPDATES

Following the creation of a dedicated sustainability role within the Group and the integration of ESG factors into our strategic planning, we have significantly increased our awareness and understanding of sustainability-related opportunities and constraints since Autumn 2023.

Consequently, we have deferred our investment target for RE100 from FY24/25 to FY26/27, allowing additional time to gain a comprehensive understanding of the local energy market and plans from key stakeholders, who control our energy consumption sources. We have also recognised that mapping each partner's ESG goals, real initiatives, and challenges is a substantial undertaking. Therefore, we decided to integrate preliminary mapping into our double-materiality assessment (DMA) and conduct a more in-depth value chain mapping in FY25/26 (initially scheduled for FY21/22). This approach not only aligns us with our partners' sustainability efforts and challenges but also provides a clearer view of the priorities and focus areas that will be essential moving forward.

Regarding customer engagement, we have temporarily paused concrete plans to introduce circularity options for apparel and footwear at the end of their lifecycle, as local recycling options for consumer goods remain limited in our region. However, finding partners who can offer scalable recycling solutions with efficient return logistics remains one of our top priorities, and we have already made progress in this area. Additionally, we have postponed the development of a Code of Conduct and a GDPR audit to allow more time and insight for a strengthened approach to compliance.

A major update to our roadmap is our commitment to achieving carbon neutrality in our direct operations by FY29/30. However, our ability to extend this goal across our entire value chain remains contingent on stakeholders' evolving plans, both locally and globally. We maintain a firm target to fully map our value chain carbon consumption by FY29/30, aligning it with our broader sustainability objectives.

In the meantime, we have established several actionable goals to be met by FY24/25 and FY25/26, after which we will reevaluate our roadmap to enhance long-term planning.

NET ZERO JALAJÄLG GROUP

To achieve net zero in line with Paris Climate Agreement, we have planned to set clear emissions targets, measure and reduce greenhouse gas emissions (Scopes 1, 2, and 3), integrate sustainability risks into business strategy, and disclose progress transparently. A transition plan for achieving Net Zero in scope 1 and 2 is targeted to be ready in FY25/26. After minimising emissions, the company can offset remaining emissions through verified projects. Continuous monitoring, verification, and alignment with regulatory standards are essential throughout the process.

CARBON MAPPED VALUE CHAIN

Carbon mapped refers to having a comprehensive understanding of the carbon emissions produced throughout the entire value chain of a product, process, or operation. It involves identifying and quantifying carbon output at each stage, from raw material sourcing to production, transportation, and usage. This thorough analysis allows a business to pinpoint emission hotspots and develop targeted strategies for reduction also in this part of value chain which is not under our direct control, ensuring transparency and alignment with sustainability goals and standards.



2.5. OUR CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)



1 NO POVERTY
Jalajälg Group cooperates Nike, Inc. and with other global brands with clear and transparent targets to be fair employer and partner to all its value chain employees.



3 GOOD HEALTH & WELL-BEING
Jalajälg Group inspires and promotes sports. Sport, movement, healthy lifestyle and related wellness are the purpose of our existence as a brand and business.



7 AFFORDABLE & CLEAN ENERGY
Jalajälg Group is initiating energy-saving methods and fostering smart solutions within its daily operations, paving the way for collaborative change towards renewable energy.



8 DECENT WORK AND ECONOMIC GROWTH
Jalajälg Group is proud to educate new strong employees, develop wellbeing of young people, train leadership and inspire team spirit.



10 REDUCE INEQUALITIES
Jalajälg Group is proud to support youth through sport to foster social cohesion, promote social interactions and increase courage for reducing inequalities within future generations.



11 SUSTAINABLE CITIES & COMMUNITIES
Jalajälg Group provides products that leverage the benefits of physical and mental health to strengthen resilience and vitality of future generations who build future-ready communities.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Jalajälg Group is all about high quality Nike brand and products to drive and spread smarter consumption awareness and choices.



13 CLIMATE ACTION
Jalajälg Group ambition is to become climate neutral in its own operation and carbon mapped in its global value chain impact by FY29/30.



16 PEACE, JUSTICE & STRONG INSTITUTIONS
Jalajälg Group respects laws and regulations, offers needed legal trainings to our partners and tolerates zero corruption.



17 PARTNERSHIPS FOR THE GOALS
Jalajälg Group supports the global sustainable development goals and follows that all its strategic partnerships will do it as well.



3. PEOPLE



“WE ARE DEDICATED TO PROMOTING SPORTS AND A HEALTHY LIFESTYLE, SUPPORTING YOUTH DEVELOPMENT, REDUCING INEQUALITIES, AND BUILDING TEAM SPIRIT TO EMPOWER THE NEXT GENERATIONS.”

#uskomatupont
**WINAS
A TEAM**

3.1. MANAGEMENT APPROACH – OUR PEOPLE

TRIIN KUNART, Retail Manager of Jalajälg Group

Working at Jalajälg Group has always been about doing things right, and this comes to life best in how we prioritise our teams and everyone within them. Everyone's uniqueness adds diversity to the team, reflecting the uniqueness of each customer. We value open communication across all departments, as well as an open mind and the right attitude.

Training has always been a priority for our store teams, and in recent years, we've adopted a more efficient approach tailored to each Baltic country's needs. Over five years, we've grown from twelve to nineteen stores, with over 200 people working in our Nike and Nike Outlet stores and office locations. This growth presents a great opportunity and responsibility to embody Nike's values while respecting everyone's personal life and goals.

Our goal is to provide everyone in our team, regardless of rank, with experience, knowledge, and tools to excel at Jalajälg. While product training is key for store teams, we also cover topics like Nike heritage, service, brand values, retail strategy, leadership, sustainability, and mental health.

Each season, we conduct in-store training for all Baltic teams, and once a year, we host a pan-Baltic kick-off for team leaders and senior clerks. This gathering in one Baltic country allows store leaders to connect, share experiences, and learn about product updates, sustainability, brand goals, and business aims. We also bring leaders out of their routine, offering fresh insights and a chance to engage in Nike's core – by doing sports together.



A healthy lifestyle is at the heart of our team leadership—linking physical and mental well-being. We provide affordable gym access, support everyone's personal fitness choices, and offer opportunities to participate in sports competitions and attend various sports events as spectators. Additionally, we organise motivational movement challenges that everyone can join at their own pace, encouraging movement, enjoyment, and a balanced life. These challenges also foster team spirit, with the only requirement being to show up and participate together.

Although our team at Jalajälg Group has grown, our social leadership ensures that every team member can easily connect with any level of management. Everyone's voice is heard—whether it's about daily challenges, big ideas, personal goals, or achievements. This fosters a strong sense of belonging and the feeling of being part of something great, which Nike truly represents.

"WE WORK AS A TEAM.
WE WIN AS A TEAM."

3.2. EQUALITY AND DIVERSITY OF EMPLOYEES (S)

ESRS S1 Own workforce - Working conditions - Working time
 ESRS S1 Own workforce - Working conditions - Adequate wages
 ESRS S1 Own workforce - Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value
 ESRS S1 Own workforce - Equal treatment and opportunities for all - Measures against violence and harassment in the workplace
 ESRS S1 Own workforce - Equal treatment and opportunities for all - Diversity

WE MAY SAY THAT OUR GROUP IS OUR PEOPLE.

Employee wellbeing is essential to us, and we prioritise creating opportunities that support our team's mental and professional growth while fostering a diverse, inclusive, and active lifestyle. Embracing everyone's unique strengths, we are committed to helping employees develop their skills, enhance their mental resilience, and lead healthier, more active lives.

Employee data is compiled from the personnel systems of all Jalajälg Group companies, based on actual headcount and FTE figures as of April 30, 2024. This data is verified and imported into the group's ESG data warehouse, providing accurate and comparable information that is accessible for third-party validation and ensuring continuity in ESG reporting over time.

None of our employees is not covered by collective bargaining agreements.

We are fully committed to complying with local labour laws in every country where we operate, ensuring robust protections for employees, who are often in a more vulnerable position within the employment relationship. These laws uphold employees' rights in critical areas such as fair wages, job security, working hours, non-discrimination, and health and safety. By adhering to these regulations, we ensure that our workforce benefits from comprehensive protections, especially concerning sensitive areas like termination, and workplace conditions.

Our commitment, however, has always gone beyond legal compliance. We strive to foster a work environment built around employee

well-being, recognising the pivotal role of our workforce in the company's success. This includes not only respecting workers' rights but also actively cultivating a supportive and ethical workplace, where equality and diversity are valued. Additionally, we prioritise physical well-being and an active lifestyle as foundations for a balanced mind, empowering our team to grow and accomplish great things together.

While we have not faced significant workforce challenges within last years, we remain committed to promoting a culture of ethical behaviour, continuous employee development, and positive societal impact. By doing so, we aim to set a strong example both within our organisation and the wider community, fostering a workplace rooted in respect, integrity, and a commitment to legal and ethical accountability.



CHARACTERISTIC METRICS OF EMPLOYEES (ESRS S1-6, partially)

Jalajälg Group is rather small compared to other European or global corporates. Our total employee head count for FY23/24 was 229 (as at 30.04.2024). When counted and reduced to the FTE (full-time employees), the number was 195 people (as at 30.04.2024). Compared to FY20/21 report head count is +37% and FTE is +51%.

When broken down to contract-type, 98% of our employees have permanent employment contracts, leaving 2% of total contracts to be temporary working agreements. Temporary contract types are only used during seldom periods, usually during summer vacation time or on other project-based occasions, while always being transparently communicated. There are no employees who are working under "non-guaranteed hour agreements".

As of April 30, 2024, Jalajälg Group's average percentage of full-time employment stands at 62%. This marks a little increase from the previous ESG reporting period in FY20/21, when 59% of total workforce was working with full-time. Overall, this trend has remained consistent for nearly a decade and is primarily driven by younger employees who often prioritise flexible work arrangements, frequently opting for reduced hours to maintain that flexibility. Insights gathered through job and exit interviews, as well as one-on-one meetings with team leads, indicate that while reduced hours may affect young employees' ability to meet their ideal living standards, adapting to evolving workforce preferences is crucial. To stay competitive and supportive, we strive to offer roles that respect these changing needs while also considering the financial well-being of our employees.

Many young employees are increasingly opting for part-time work to accommodate other commitments, such as pursuing higher education, dedicating time to hobbies, or balancing another job. This flexibility allows them to manage multiple priorities without sacrificing any single area. For example, university students often prefer part-time roles that enable them to fund their studies while retaining time for coursework. The younger generation also places a strong emphasis on work-life balance, personal growth, and leisure, reflecting a broader cultural shift toward autonomy and flexibility in employment.

	Group	EST	LAT	LIT
Total number of employees	229	94	66	69
Full-time (Head count)	142	58	49	35
Full-time (Share)	62%	62%	74%	51%
Part-time (Head count)	87	36	17	34
Part-time (Share)	38%	38%	26%	49%

Table 4. Employee numbers and full-time/ part-time splits (head count and share)

Research by ManpowerGroup¹ and PwC² suggests that younger generations, especially Gen Z, are more inclined toward flexible work arrangements, valuing a balanced lifestyle and diverse experiences over traditional full-time employment. This approach allows them to explore multiple career paths, build varied skills, and achieve personal fulfilment.

1-<https://www.pwc.nl/en/insights-and-publications/themes/the-future-of-work/workforce-preference-study-2023.html> (10.08.2024)
 2-<https://workforce-resources.manpowergroup.com/white-papers/the-new-human-age> (10.08.2024)

Total number of employees	229	
Female	147	64%
Male	82	36%
ESTONIA	94	
Female	55	58%
Male	39	42%
LATVIA	66	
Female	39	59%
Male	27	41%
LITHUANIA	69	
Female	53	77%
Male	16	23%

Table 5. Total head count by gender and by country as at 30.04.2024

In FY23/24, 64% of Jalajalg Group's workforce is female (ranging from 58% in Estonia to 77% in Lithuania), marking a small 1% increase from the 63% reported in the FY20/21 ESG period. The high percentage of women in the retail sector, particularly in the Baltic states (Estonia, Latvia, and Lithuania), is influenced by historical, social, and economic factors. Traditionally, retail has offered flexible work options, enabling women to balance work with family and caregiving responsibilities. This trend is especially evident in the Baltics, where cultural norms regarding family roles continue to shape the workforce.

Compared to typical consumer goods retail, Jalajalg Group is proud to offer job opportunities to a diverse workforce, including many young men, who benefit from the flexibility to work while pursuing their studies. This balance is largely driven by our affiliation with the Nike brand and the sport-focused heritage of our group, which naturally attracts individuals passionate about sports. Our commitment to flexibility and support for academic pursuits makes us a distinctive employer in the retail sector, fostering an inclusive environment for young men and women alike.

DIVERSITY METRICS FOR FY23/24 (ESRS S1-9)

74% of Jalajalg Group's total workforce is under 30 years old. In the Baltics, as in many regions, the retail sector tends to attract a larger share of employees under 30. This trend is driven by several factors: retail jobs often offer flexible hours, making them appealing to students and young professionals seeking part-time or temporary work. This flexibility allows young workers to balance educational commitments or explore other career paths while gaining valuable work experience. Additionally, retail roles are commonly viewed as entry-level positions, giving young people the chance to develop essential soft skills, such as communication, teamwork, and customer service. These roles typically require less prior experience or educational qualifications, making them accessible to those early in their careers.

In the Baltic countries, rapid retail expansion, particularly in urban centres, has further fuelled demand for young talent. The retail sector's post-pandemic recovery has also highlighted the need for quick adaptation

and digital skills, areas where younger employees often excel.

24% of Jalajalg Group's workforce is between 30 and 50 years old. For a retail-focused group, employing one-fourth of the workforce in this age range reflects a balanced, diverse team. This mix combines the energy and innovation of younger employees with the experience and stability of mid-career professionals. Employees aged 30-50 often bring leadership, specialised skills, and lower turnover rates, enhancing both operational efficiency and retention. This approach enables the company to leverage adaptability and long-term growth, well-positioning it to navigate changes in retail sectors.

Only 2% of the Group's workforce is over 50 years old, a demographic pattern common in local retail. This may also be influenced by the youthful brand image associated with Nike, which naturally attracts a younger audience (as can be seen also in fact that 74% our workforce is aged under 30).

	<30		30-50		>50	
	Head count	Share	Head count	Share	Head count	Share
Group	169	74%	55	24%	5	2%
Estonia	65	69%	25	27%	4	4%
Latvia	47	71%	19	29%	0	0%
Lithuania	57	83%	11	16%	1	1%

Table 6. Employee age splits (headcount and share)

GENDER SPLIT OF TOP MANAGEMENT

In Jalajālg Group's ESG reporting, 'top management' includes the following roles, as previously defined by the group, differing from ESRS S1-9:

- Board Member of Jalajālg AS/Viva Sport SIA: The top executive authority, responsible for strategic direction and oversight.
- Director of Sporto Dvasia UAB: Head of the Lithuanian subsidiary, accountable for its performance and strategic initiatives.
- Field Leads at the Jalajālg Group level: Senior leaders overseeing business areas within the Baltics, aligned with group goals.
- Main Function Leads in Latvian and Lithuanian subsidiaries: Key leaders ensuring compliance and strategic target fulfilment in their regions.

This definition reflects our lean management structure across Jalajālg Group entities, with fewer tiers to enhance efficiency. The roles above capture the core of our leadership team, underscoring our commitment to gender diversity at the decision-making level.

Top management comprises 18 people, with 9 women (50%). Positions include:

- Board Member of Jalajālg AS and Viva Sport SIA / CEO of Jalajālg Group
- Director of Sporto Dvasia UAB
- Chief Accountant
- Baltic Head of Sales
- Head of Monobrand Retail
- Head of Logistics
- Head of HR
- Baltic Brand Manager
- Baltic Sports Marketing Manager
- Head of Analytics
- Head of IT
- ESG Lead
- Latvian Head of Sales
- Lithuanian Head of Sales
- Latvian Head of Retail
- Lithuanian Head of Retail
- Latvian Head of Accounting
- Lithuanian Head of Accounting

ADEQUATE WAGES AND EQUAL PAY FOR WORK OF EQUAL VALUE

Our company is dedicated to the principle of equal pay for work of equal value, ensuring that all employees are compensated fairly and equitably, regardless of gender, background, or negotiation skills. Our salary structures are guided by the role's requirements, the skills and experience needed, and individual performance, ensuring that pay is based on objective criteria.

We have established transparent compensation policies to prevent any potential for bias, with regular reviews conducted to uphold equal pay standards. By focusing on role requirements and performance rather than personal negotiations or individual circumstances, we foster a fair and inclusive workplace where contributions are rewarded equitably.

While we are committed to providing sector-average wages based on transparent principles, we recognise that compensation in retail often falls behind other industries. This reflects a broader societal challenge, as retail positions traditionally offer lower wages both locally and globally. We acknowledge the need for wage growth in this sector to ensure that employees can not only earn a fair wage but also thrive in a dynamic economy. As the industry evolves, we believe it's essential to advocate for improvements in retail wages to better reflect the valuable roles retail workers play in the economy.

FURTHER DEVELOPMENT OF HR FIELD

With the company's growth, the developed HR function has become well-established, already delivering significant benefits for the organisation. Key initiatives currently have been implemented in employee training, employer branding, and staffing.

For the next period, our priorities include:

- **Focused team-building efforts:** Strengthening team cohesion as a central driver of motivation and organisational culture.
- **Enhancement of technical HR tools:** Developing professional tools to streamline and elevate HR management.
- **Talent mapping & development:** Emphasising internal talent identification and growth to nurture potential within the organisation.

3.3. WELLBEING AND HEALTH OF EMPLOYEES (S)

ESRS S1 Own workforce - Working conditions - Health and safety
ESRS S1 Own workforce - Working conditions - Work-life balance

Each store within Jalajälg Group has an appointed occupational health specialist responsible for employee well-being, work environment, and health and safety (EHS) in all countries operated. This person also oversees EHS training required for staff.

Our HR manager updates internal EHS policies and orders risk assessments from a professional third party at all workplaces at least once a year. To ensure a safe and responsible work environment, we conduct annual EHS inspections according to country's relevant laws and best practices available. Internal guidelines on EHS topics keep employees informed, and we have mapped workplace hazards and developed a code of conduct for positions exposed to potential risks, reducing the likelihood of work-related injuries.

Jalajälg Group has a standardised occupational safety system that applies to all employees regardless of their position, introduced during onboarding. We conduct regular safety training, aiming to maintain an occupational accident rate of zero. Workplace environment mapping is also legally required and accessible to all staff members.

We prioritise fostering a healthy mindset across the company, monitoring and developing employee health is essential, even for store assistants. All employees have the option to undergo an annual occupational health check-up with trusted healthcare partners to ensure preventive care. We focus on identifying potential health risks and raising awareness to prevent injuries and support long-term well-being.

Additionally, on top of investing into sports compensation for our employees, we also provide our employees in Estonia and Latvia with the option to join voluntary health insurance plans. This benefit enhances overall health and wellness by providing access to comprehensive healthcare services, including preventive care, specialist consultations, and wellness programs. By supporting employees' health needs, we aim to foster a healthier, more engaged, and productive workforce.

All EHS practices adhere to national Occupational Health and Safety Acts in each of our locations. We also consider individual preferences to make the work environment as safe, comfortable, and secure as possible. Although there are regional differences in health and safety requirements, all locations operate under EU legislation, ensuring consistent standards across Jalajälg Group.

HEALTH AND SAFETY METRICS FOR FY23/24 (ESRS S1-14)

- 100% of Jalajälg Group's employees are covered by the undertaking's health and safety management system based on legal requirements in operating countries.
- There have been 0 fatalities because of work-related injuries and work-related ill health.
- There have been 0 recordable work-related accidents.
- There has been 0 recordable work-related ill health.
- There has been 0 days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health.

WORK-LIFE BALANCE METRICS FOR FY23/24 (ESRS S1-15 partially)

- 100% of Jalajälg Group's employees are entitled to take family-related leave according to laws, there are no differences between genders (except if differences are required by laws).
- The percentage of entitled employees that took family-related leave, and a breakdown by gender. This data we currently haven't separately collected but will do it in the future. Mainly family-related leaves are used due to sudden illnesses, 1st day of school in 1st grade, for funerals and other personal occasions.

ADDITIONAL CONTRIBUTIONS TO EMPLOYEE WELLBEING

At Jalajälg Group, we recognise the vital role of physical and mental well-being for our employees, so we have crafted health-focused motivational programs that go beyond legal requirements. We understand that a healthy lifestyle benefits not only our employees but also their families, friends, and others they interact with. That's why we're committed to promoting a culture of wellness and active living every day:

- **Inspiring movement:** Through our products, marketing, and workplace events, we encourage everyone to embrace an active lifestyle.
- **Promoting healthy eating:** We support nutritious choices by providing fresh fruit juice in the office and offering healthy meal options at monthly meetings, with increasing attention to sustainable food choices.
- **Organising sport and training challenges:** We host various physical challenges across the organisation, from walking, training, and movement challenges to collecting active minutes, engaging employees of all fitness levels.
- **Supporting gym memberships:** Employees enjoy discounted rates for sports memberships, such as MyFitness gym memberships, encouraging regular exercise.
- **Enabling free participation in various sports events:** We offer opportunities for employees to participate in sports events, whether as active participants or enthusiastic spectators.

Our goal at Jalajälg Group is to cultivate a healthier workforce, contributing to a healthier community. To support this, we launched a comprehensive self-reported survey about sporting habits in Summer 2024, using simple, accessible questionnaires to assess employees' current fitness levels and preferences. We plan to conduct this survey at least once a year to ensure continuity and to track progress as we set specific health and fitness targets for our team through regular, enjoyable physical activities during FY24/25. With insights from the sports habits survey, we will tailor our motivational packages, support systems, and educational initiatives to further promote healthy, active lifestyles. Through this ongoing effort, we aim to ensure that every employee leads a more balanced, active life.

SELF-REPORTED SURVEY ABOUT SPORTING HABITS

Promoting physical activity within Jalajälg Group aligns seamlessly with our commitment to employee well-being and our brand identity as a Nike distributor in the Baltics. Understanding employees' current activity levels enables us to tailor our initiatives effectively and encourage a healthier lifestyle across the team. In the Summer 2024, we conducted a comprehensive self-reported survey about sporting habits across all Jalajälg Group employees. This survey provides crucial data on employees' sports habits, helping to shape future strategies for enhancing engagement in sports and fitness.

Key statistics from self-reported survey about sporting habits:

- All numbers presented and calculated in this section are based on head count figures.
- Total participants: 183 employees (80% of the total workforce) from Jalajälg Group companies completed the survey, representing a high response rate. Participation by company:
 - Jalajälg AS/Estonia – 68 employees (72% of the total workforce)
 - Viva Sport SIA/Latvia – 53 employees (80% of the total workforce)
 - Sporto Dvasia UAB/Lithuania – 62 employees (90% of the total workforce)
- Gender distribution: The survey had 121 female respondents (82% of the total female workforce), 61 male respondents (74% of the total male workforce), and 1 respondent who preferred not to disclose their gender.
- Age distribution: 148 respondents were under 30 years old (88% of this age group), while 34 respondents were aged 31 or older (57% of the combined age groups 31-50 and 50+), with 1 respondent preferring not to disclose their age.

Main Preliminary Findings:

- **Frequency of doing sport:** 104 employees report engaging in sports or purposeful movement an average of 3 or more times per week, while an additional 52 employees exercise twice weekly. Altogether, 156 employees are purposefully active at least twice per week, representing 85% of all survey respondents (68% of the total workforce).
- **Average training duration:** 75 employees report an average training duration of 60 minutes, the most common session length. Additionally, 37 employees train for 90 minutes, and 25 for 45 minutes. In total, 153 employees train for at least 45 minutes per session, indicating a strong commitment to extended, purposeful training.

- **Age-related activity levels:** Employees aged 31 and above are the most active, averaging 3,3 active days per week. This is closely followed by employees under 20, who average 3,2 days. Employees aged 21-30 show slightly lower engagement, averaging 2,7 days per week. These insights suggest that employees in their 30s and 40s demonstrate the highest consistency in physical activity, while those in their 20s may benefit from targeted strategies to maintain regular engagement.

- **Exercise companions:** Most employees, 99 in total, prefer to exercise alone, showing a strong preference for independent activities. Another 53 employees typically exercise with friends, highlighting social connections as a motivator for some. Smaller groups engage with family (13 employees), training groups (12 employees), and colleagues (4 employees). These findings suggest potential for fostering more group-based or social sporting opportunities to boost motivation.

- **Popularity of various sports:** According to the study, walking, running, strength training, and group training are the most common activities. Though there were also any other sports chosen, the diverse range of sports practiced reflects Jalajälg Group's pride in having a team with versatile sports interests.

- **Motivational factors:** Knowledge sharing, access to equipment, training companions, and motivational programs were rated mostly highly as existing strengths. However, employees noted that improvements in time management resources (e.g., providing time management courses) and more opportunities to try new sports could further enhance engagement.

A more detailed analysis of these findings, along with a follow-up self-reported survey about sporting habits to track trends and changes, will be conducted in FY24/25. This will allow us to gain deeper insights into this important area and to set clear, actionable goals for the coming years.



3.4. CAREER GROWTH AND DEVELOPMENT (S)

ESRS S1 Own workforce - Equal treatment and opportunities for all - Training and skills development

ESRS S1 Own workforce - Equal treatment and opportunities for all - Job opportunities

As a sports product's distributor, we embody sports philosophies in our operations, emphasising personal growth and the drive to achieve new challenges. Development and ambition are embedded in our DNA, and we encourage our team members to embrace continuous growth.

For example, Sander who began his journey with us as a team sales assistant, is now managing all Sport Marketing related initiatives and actions on Baltic level. Another great example among others is Norman, who started as Sander teammate, but now is developed to Sales Operation Manager position. We have always prioritised internal hires for new positions, demonstrating our commitment to nurturing talent and providing growth opportunities within the company. These career paths reflect our dedication to helping our employees advance and develop their potential.

EMPLOYEE TRAINING

Our training programs are designed to equip store and office personnel with essential skills and foster a culture of continuous improvement, developing and discoveries. Key components of our employee training include:

Mandatory training programs:

- **Nike technology fundamentals:** Foundational education on Nike's technologies and history.
- **Customer service excellence:** Training to provide the best possible customer experience, understand human psychology and needs.
- **Visual merchandising:** Techniques to enhance in-store displays.
- **Seasonal kick-off training:** Conducted two times a year in the beginning of each season, with one Pan-Baltic session that unites teams across regions.

- **Sustainability related training:** In FY23/24, we expanded our training programs to incorporate ESG topics, offering material reviews and sustainability focused training for every employee across our group. To date, we have conducted two workshops with active participation from field leads, store managers, and numerous team members.

Additional training programs:

- **Motivational teambuilding events:** Off-site gatherings designed to strengthen team dynamics, held on diverse sports fields and in other inspiring settings.
- **Role-specific training:** Courses customised to individual roles and professional needs, often focusing on managerial, administrative, or support functions within retail.
- **Office staff development:** Specialised training as needed for office personnel depending on field, personal development, ongoing projects, future aspirations, etc.

TRAINING AND SKILLS DEVELOPMENT METRICS FOR FY23/24 (ESRS S1-13 partially)

- **Majority of Jalajälg Group employees participated in at least one performance and career development review.** At Jalajälg Group, we prioritise ongoing, personalised communication over a formal one-on-one meeting system. Our approach emphasises continuous, personal contact points where employees can regularly connect with their direct manager or company leadership. This flexible, ongoing interaction ensures that support, feedback, and guidance are provided in a timely and responsive manner, fostering a dynamic and open communication culture. Moving forward, we will explore ways to make these interactions more measurable, enhancing our ability to track and support employee engagement effectively.
- **Average Training Hours per Employee by Gender.** Currently, we do not track training hours by gender separately, but we plan to implement this in the future. All employees, regardless of gender, participate in role-specific training. Based on input from team leads, each employee typically completes 2-3 hours of training per quarter, with significantly increased hours during onboarding and when new processes are introduced.

SELF-REPORTED SURVEY ABOUT TRAINING AND EDUCATION SYSTEMS

At Jalajälg Group, we are dedicated to fostering professional growth and skill enhancement among our team members. In Summer 2024, we introduced a self-reported survey about our training and education systems, starting with store employees, with plans to conduct it annually to maintain consistency and establish benchmarks as we set targets during FY24/25. This survey gathered valuable insights into employees' preferences and needs for both in-person and digital learning opportunities. By assessing current skill levels and identifying areas for development, we aim to tailor our training programs to align with our employees' interests and career aspirations.

Key statistics from self-reported survey about training and education systems:

- All numbers presented and calculated in this section are based on head count figures.
- Total participants: 128 store employees completed the survey, representing 73% of the total store workforce.

Participation by company:

- Jalajälg AS/Estonia – 46 employees (75% of the store workforce in Estonia)
- Viva Sport SIA/Latvia – 37 employees (69% of the store workforce in Latvia)
- Sporto Dvasia UAB/Lithuania – 45 employees (74% of the store workforce in Lithuania)

Main preliminary findings:

- **Awareness of training systems:** Most employees are informed about the in-store onboarding system. However, 25 respondents indicated a lack of familiarity, highlighting an opportunity for greater communication and accessibility in training resources.
- **Completion of trainings:** Many employees reported completing available courses, with some (30 persons) indicating partial or delayed completion due to scheduling constraints or limited awareness.
- **Training effectiveness ratings:** Feedback on training topics such as customer service, product knowledge, and brand background varied, with many employees rating their preparedness highly but some expressing a need for deeper product and brand insights.
- **Confidence in sales preparedness:** Most employees feel well-prepared

for sales after training but identified additional areas for improvement, such as additional product information sources, inspirational stories, and more frequent training sessions.

Motivational factors for improved training engagement:

- **Enhanced information access:** Employees rated access to supplementary resources and real-life examples highly as factors that could improve their confidence and effectiveness in sales.
- **Increased training frequency and practical guidance:** A preference for more regular training sessions and on-the-floor guidance was frequently mentioned, suggesting that a mix of online courses and hands-on learning may further boost skill levels.

Going forward, we plan to incorporate these insights into our FY24/25 training strategy, with a focus on making training more accessible, relevant, and practically applicable. By strengthening our training programs, we can ensure employees are well-prepared to deliver exceptional service in alignment with Jalajälg Group's standards and values.

This feedback will enable us to offer flexible and more efficient learning options – such as different workshops, and additionally online courses – that support continuous professional development. Ultimately, our goal is to build and keep a well-equipped, knowledgeable, and future-ready team at Jalajälg Group.



JOINT EVENTS

At Jalajälg Group, we believe that strong team connections and shared experiences are essential to building a vibrant workplace. Our joint events bring employees together, fostering a positive culture that celebrates teamwork, growth, and shared values.

BUILDING TEAM SPIRIT THROUGH GROUP EVENTS

Joint events are central to our organisation, fostering camaraderie and a sense of community. We celebrate Christmas together as a group and hold an annual pan-Baltic Nike Retailers Day, bringing together employees from all locations.

INNOVATIVE ENGAGEMENT AND RECOGNITION INITIATIVES

We continuously explore creative ways to engage and recognise our employees, encouraging communication and shared values. For example, we celebrate birthdays with sports activities that introduce new disciplines and foster a sports-oriented mindset.

Our dedication to employee growth, training, and team spirit not only strengthens our organisation but also reflects our commitment to creating an inspiring and supportive workplace where everyone is motivated to reach new heights.



3.5. RISKS AND OPPORTUNITIES RELATED TO OUR EMPLOYEES (S)

ESRS S1 Own workforce - Working conditions - Health and safety
 ESRS S1 Own workforce - Working conditions - Social dialogue
 ESRS S1 Own workforce - Working conditions - Work-life balance
 ESRS S1 Own workforce - Equal treatment and opportunities for all - Training and skills development
 ESRS S1 Own workforce - Equal treatment and opportunities for all - Job opportunities
 ESRS S1 Own workforce - Working conditions - Secure employment
 ESRS S1 Own workforce - Working conditions - Adequate wages

MAIN RISKS

At Jalajälg Group, workforce risks are mitigated by prioritising employee satisfaction, productivity, and proactive engagement. With a sports-centric business, we recognise that decreasing physical activity among young people presents a potential risk, as a lack of personal experience and passion for sports could impact our business and customer connections. Additionally, a declining birth rate is now affecting the labour market, reducing the pool of young talent – a significant factor for us as we rely heavily on a younger workforce. To address these challenges, we provide structured schedules for store employees, ensuring stable working hours, a positive atmosphere, and earning potential that align with their interests in an active lifestyle. Our strong employer brand, flexible training programs, and career development pathways are designed to attract and retain young talent despite evolving workforce trends. However, a decline in job satisfaction could negatively impact productivity, increase turnover costs, and affect service quality, underscoring the need for continued focus on engagement and well-being.

Our HR strategies emphasise physical and mental health, encouraging active lifestyles that build resilience and a shared passion for sports among our team. By promoting sport and wellness, we aim to not only support our employees but also inspire their social circles, contributing to a culture of health within the community. Flexible working arrangements for office staff and proactive workload management during

peak periods help prevent burnout, while opportunities for growth through project-based roles and leadership training meet young employees' aspirations. Following ethics in all our standards, which includes integrity, fairness, transparency, and compliance with laws and regulations and regular data privacy updates reinforce a respectful, secure workplace, reducing workforce-related risks and ensuring a resilient team.

MAIN OPPORTUNITIES

Jalajälg Group's commitment to a sports-oriented, active lifestyle aligns with both our business goals and the aspirations of consumers. By offering flexible schedules and enriched training programs, we enhance productivity and create appealing roles that position us as a leading employer for young talent. Our emphasis on sports engagement provides unique opportunities to inspire and promote physical activity, encouraging a healthier workforce that positively influences their social circles, fostering a stronger, resilient society.

Promoting an active, sport-centric culture strengthens employee well-being, builds our brand within the community, and expands our customer base. Our ongoing development initiatives align employee aspirations with business goals, while inclusivity efforts and wellness education further distinguish us as a responsible employer. By leveraging these opportunities, we enhance our reputation and readiness to capture growth in a market where health, wellness, and social responsibility are increasingly valued.

3.6. LOCAL SUPPLIERS' EMPLOYEES (S)

ESRS S2 Workers in the value chain - Working conditions - Working time
 ESRS S2 Workers in the value chain - Working conditions - Adequate wages
 ESRS S2 Workers in the value chain - Working conditions - Health and safety
 ESRS S2 Workers in the value chain - Equal treatment and opportunities for all - Measures against violence and harassment in the workplace
 ESRS S2 Workers in the value chain - Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value
 ESRS S2 Workers in the value chain - Other work-related rights - Privacy

3.7. GLOBAL SUPPLIERS' EMPLOYEES (S)

ESRS S2 Workers in the value chain - Working conditions - Adequate wage
ESRS S2 Workers in the value chain - Working conditions - Social dialogue
ESRS S2 Workers in the value chain - Working conditions - Health and safety
ESRS S2 Workers in the value chain - Equal treatment and opportunities for all - Training and skills development
ESRS S2 Workers in the value chain - Equal treatment and opportunities for all - Measures against violence and harassment in the workplace
ESRS S2 Workers in the value chain - Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value
ESRS S2 Workers in the value chain - Other work-related rights - Child labour & Forced Labour
ESRS S2 Workers in the value chain - Other work-related rights - Adequate housing
ESRS S2 Workers in the value chain - Other work-related rights - Water and sanitation
ESRS S2 Workers in the value chain - Other work-related rights - Privacy

In our double-materiality assessment (DMA), we have identified key areas of impact, highlighting both positive and negative effects, as well as future risks and opportunities. This preliminary mapping, based on publicly available information such as partner websites, ESG/Sustainability/Impact reports, and other external sources, marks an important first step in evaluating our value chain. However, much of the deeper, more nuanced insights into our value chain remain unexplored.

As we move forward, the real work begins. Our focus in FY23/24 was to grasp the broader themes and impact areas most relevant to our value chains – both locally in the Baltics and in Europe and globally, with a particular focus on Asia. With this foundational understanding in place, we are now prepared to embark on a more detailed and data-driven analysis starting in FY24/25, ensuring a more comprehensive view of our value chain and its sustainability impacts. This next phase will include a more thorough mapping of risks and opportunities related to value chain employees, both locally and globally. Given the complexity and length of our value chains, which involve many stakeholders, we are committed to taking the necessary time to conduct a proper, in-depth mapping before drawing any conclusions, with a target set for FY25/26.

In line with industry leaders like Nike, who have demonstrated a commitment to transparency and responsibility in their supply chains, we aim to uphold similar standards. Nike's FY23 Impact Report³ emphasises the importance of understanding and addressing the impacts within their value chain, particularly concerning employee well-being and environmental sustainability. Inspired by such practices, we are dedicated to conducting a comprehensive analysis that reflects our commitment to ethical and sustainable operations throughout our value chain.

3- <https://about.nike.com/en/newsroom/releases/fy23-nike-inc-impact-report> (10.09.2024)



4. PLAY

"WE ARE DEDICATED TO PROMOTING SPORTS AND A HEALTHY LIFESTYLE, SUPPORTING YOUTH DEVELOPMENT, REDUCING INEQUALITIES, AND BUILDING TEAM SPIRIT TO EMPOWER THE NEXT GENERATIONS."



4.1. MANAGEMENT APPROACH – OUR COMMUNITY

SANDER VIILUP, Head of Sports Marketing of Jalajälg Group

At Jalajälg Group, we are deeply committed to promoting sports and nurturing a healthy, active lifestyle throughout the Baltics. As one of the longest-standing and most prominent supporters of sports in the region, our dedication goes beyond retail. We believe that encouraging physical activity, particularly among the youth, is essential to building a resilient and thriving future society. By investing in young athletes and supporting sports initiatives at all levels, including top athletes, we aim to cultivate a new generation that values health, discipline, and teamwork. This is why we support youth sports programs, helping to shape not just future athletes, but individuals who will grow into strong, healthy, and active members of the community. Through events like the Nike Youth Run in Estonia, Latvia, and Lithuania, we aim to inspire and empower young people to embrace an active lifestyle early on, laying the foundation for a happier and healthier society.

Embracing Nike's philosophy, "If you have a body, you're an athlete," we strive to make sports a daily habit for everyone, particularly the youth. We believe that encouraging physical activity among the younger generation leads to a healthier and happier society in the future. Our initiatives that we organise by ourselves or in partnership with similarly minded local sport enthusiasts, exemplify our dedication to integrating sports into daily life.

Additionally, we collaborate with organisations like the Estonian Olympic Committee, Latvian Track & Field Federation, Lithuanian Basketball Association, and various professional and youth clubs to further our mission.

Our goal is simple yet impactful: to inspire absolutely everyone in our society to move, be active, and adopt healthier habits.



At Jalajälg, we strive to set an example in everything we do, encouraging not only our customers but also our employees and the broader community to make physical activity a regular part of their lives. We work closely with numerous partners to provide our employees with a variety of health and wellness opportunities, supporting them in leading by example. Our team participates in challenges, joint workouts, and community events, creating an environment that celebrates activity and well-being. We believe that if we can motivate our own team to adopt a sports-oriented lifestyle, their enthusiasm will ripple outward, inspiring friends, family, and others in the community. By promoting a culture of movement, we aim to contribute to a vibrant, active society for everyone, reinforcing the idea that sport is for all.

**"IF YOU HAVE A BODY,
YOU ARE AN ATHLETE."**

Bill Bowerman, co-founder of Nike

Jalajälg Group's journey to promote sport within our communities began as a simple passion and has evolved into a forward-thinking movement. Today, we are proud to see our beliefs affirmed by extensive research and brain science, which consistently highlight the transformative power of sport as a vital cornerstone for a balanced, successful, and happy life.

Therefore, we are more confident than ever that our journey is only just beginning. There is still so much to discover, innovate, and expand as we strive to elevate sport to the importance it deserves!

4.2. COMMUNITY AND INDIVIDUALS' ENGAGEMENT (S)

ESRS S3 Affected communities- Communities' economic, social and cultural rights- Health and safety of local communities

ESRS S3 Affected communities- Communities' economic, social and cultural rights- Protection of children and youth

Jalajälg Group's role in our daily operations is to cultivate the culture of sporty and active lifestyle, raise awareness about sport's positive impacts on physical and mental health as well as make it easy to start. Sport should matter and should be accessible for everyone, though we truly believe that especially young generations should be treated with priority as active next generations means a healthier and more equitable future. Nike has committed not only globally but also locally through their distributors network, including Jalajälg Group, to get kids and youth moving.

We believe that with high sports participation it is possible to achieve more healthy population that leads to less spending to healthcare and strong workforce in the country. High levels of sports participation contribute significantly to a healthier population, which in turn leads to reduced healthcare expenditures and a more robust workforce. Engaging in regular physical activity is associated with decreased risks of chronic diseases such as heart disease, diabetes, and obesity, thereby lowering the overall burden on healthcare systems. For instance, a study by the University of Sydney's SPRINTER group highlighted that participation in sport and active recreation is linked to significant decreases in all-cause mortality, emphasising its crucial role across a participant's lifespan.⁴

Moreover, a healthier workforce is typically more productive, experiences fewer absences, and has longer working lifespans, all of which contribute to economic growth. A 2024 assessment of the impact of sport found that the total value of sport to the Irish economy in 2018 was €3.7 billion, contributing 1.4% of total gross value added (GVA).⁵ This underscores the economic benefits of a physically active population. Therefore, promoting sports participation is not only a public health priority but also an economic strategy that enhances workforce productivity and reduces healthcare costs.

⁴ https://www.sport.nsw.gov.au/sites/default/files/2021-04/sprinter-quantifying_the_economic_impact_of_sport_active_recreation-nd1-final_report.pdf (12.08.2024)

⁵ <https://kpmg.com/ie/en/home/insights/2024/10/economic-impact-of-sport-in-ireland-deal-adv.html> (20.10.2024)

SPORT AS A DAILY HABIT

We value high sport and movement participation inside our organisation, but we understand our role in seeding this mindset also inside wider communities around us. Through our activities, initiatives and campaigns to raise awareness and contributions and support programs we can bring more attention to healthy lifestyle. Sport as activity is one of the easiest ways to start a journey of healthier lifestyle. It can start with simple steps, like walking, jogging or just spending active time outside while breathing fresh air. Depending on individual, next steps can be joining a sports club or training group. As a key partner to leading sports clubs and organisations, we contribute to enriching training programs, sharing educational content, and delivering inspiring call-to-action messages. Table 7 highlights our primary partnerships with sports and fitness clubs, including their membership data.





Country	Club	Members
ESTONIA	FC Flora	1 050
	FC Elva	390
	Narva Trans JK	280
	JK Tammeka	725
	Tartu Ülikooli Akadeemiline Spordiklubi	1 510
	KK Vilmsi	750
	Pärnu Jalgpalliklubi Vaprus	600
	Palde Linnameeskond JK	430
	Audentese SK MTÜ	2 680
	Cheer Estonia	190
	SK Elite Sport MTÜ/Noole Kergetõustikukool	400
	Treeningpartner	110
	Taltech Spordiklubi	190
	Taltech Korvpallikool	980
	Kella Korvpallikool	450
PRO INDIVIDUAL ATHLETES	65	
LATVIA	FK Melita/LU	800
	BJC Jelgava	500
	FK Smiltene	160
	RFS (Rīga ftb school)	600
	FK Valmiera	280
	BFC Daugavpils	150
	FS Futbola Parks	400
	FS Alberts	600
	FS Rīga	300
	FBK & FK Baložī	180
	HK Zemgale	300
	BK Ogre	300
	SS Arkādija	400
Matsons Runners Club	80	
PRO INDIVIDUAL ATHLETES	30	
LITHUANIA	FA Žalgiris	600
	FA BFA	1 000
	FA Vinius football academy	1 000
	BA Vinius basketball academy	1 500
	FA Trakai	250
	FA Nevezis	150
FA Banga	370	
PRO INDIVIDUAL ATHLETES	13	
BALTICS	Other sports clubs	10 000
	MyFitness, Gym! and Gym+	200 000
	Other fitness clubs	20 000
BALTICS	CLUBS TOTAL	250 763



Table 7. Jalašlg Group's key partnerships with sports and fitness clubs in the Baltics in FY23/24.



Through community engagement in diverse and effective ways, we actively enhance training possibilities besides collaborating with sports and fitness clubs. Original Nike Training Club and Nike Running Club locally organised sessions exemplify this commitment to high-quality training experiences. For FY23/24, Nike Training Club (NTC) sessions were conducted across all three Baltic countries, while Nike Run Club (NRC) activities were held in Estonia and Lithuania. Together, NTC and NRC engaged a total of 64 trainers across the Baltics.

In Estonia, NTC sessions were held regularly 8 times per week, attracting approximately 6 500 participants throughout the year. The end-of-year challenges were particularly successful, with high demand leading to waiting lists and participants queuing at the door to join if spots became available. Additionally, NRC outdoor training sessions in Estonia saw over 2 000 participants over the course of the year. In collaboration with Nike trainers, we also organised the Nike Well Festival in Tallinn, which brought together more than 300 participants. In Latvia, Nike workouts mainly took place during Squad Hour sessions, with participant numbers similar to those in Estonia. NRC data for Latvia remains unavailable. In Lithuania, NTC sessions were conducted on a significant scale, with 118 classes per week across two gym chains (44 at Impuls and 74 at Gym+). According to local trainers, these sessions engaged approximately 100 000–120 000 participants over the year.

Throughout our history, we have actively collaborated with local stakeholders, including municipalities, schools, sports organisations, event organisers, and more, to support community sports initiatives. Our efforts extend to youth competitions, training camps, sports events, and movement-focused initiatives beyond traditional club sports and training activities. Table 8 highlights the key sports and youth events that Jalajälg Group supported and contributed to during FY23/24.

In FY23/24, we focused on strengthening our connections across all levels and with numerous partners to engage 5% of the Baltic population in sports through our direct initiatives. Our collaborations with sports and fitness clubs, combined with the events we supported, resulted in a total sports participation of 333 387 people. Given the Baltic population of approximately 6 119 000 (Estonia: 1 375 000; Latvia: 1 872 000; Lithuania: 2 872 000), this equates to about 5.45% of the population participating in sports. While this figure reflects significant engagement, it is important to note that some participants may have been counted multiple times, particularly in event contexts.

Country	Event	Participants
Estonia	Nike Training Day	325
	Eesti Ööjooks	5 900
	TipustTopini	1 000
	Maijooks	15 000
	Tallinna Maraton	20 000
	TV10	1 500
Latvia	Nike Training Day	500
	Riga Marathon	23 751
	NTC special/pop-up event	100
	NRC special/pop up event	150
Lithuania	NIKE Training Day	250
	Vilnius half marathon	3 980
	Vilnius Marathon	10 168
Baltics total		82 624

Table 8. Jalajälg Group's key partnerships with events in the Baltics in FY23/24.

Additionally, we aimed to support the target of 7% of population moving on regular daily basis, for that we have been actively working on providing easy access to sport through wide distribution of sports equipment and respective product usage training, in great collaboration with many of our partners.

According to the Ministry of Social Affairs 2023 Performance Report on Health, about 10% of both youth and adults in Estonia are sufficiently active daily to meet health requirements. The WHO recommends that young people engage in at least 60 minutes of moderate to vigorous physical activity per day and adults at least 30 minutes. However, only a small fraction of the Estonian population meets this recommendation. Among schoolchildren aged 11–15, only 16% engage in daily physical activity as per WHO guidelines (19% of boys and 13% of girls).⁶

⁶ <https://www.sm.ee/sites/default/files/documents/2024-07/Tulemusvaldkonna%20TERVIS%202023.%20aasta%20tulemusaruanne.pdf> (10.10.2024)

Similar governmental results are not yet available on Latvia, Lithuania level, but we keep up our focus to be able to measure daily sport participation in all our countries. Although according to other surveys we can currently predict that Latvian and Lithuanian results are a bit lower.

For example, Kantar Emor Sport brands in the Baltics survey 2024, which among other things also investigated about sporting habits of Estonians, Latvians and Lithuanians, summarised the following:

- 65% of Estonian respondents said that they are doing sport at least 1-3 times a week or more (decrease vs LY)
- 52% of Latvian respondents said that they are doing sport at least 1-3 times a week or more (increase vs LY)
- 52% of Lithuanian respondents said that they are doing sport at least 1-3 times a week or more (increase vs LY)

ACTIVE AND LONG-TERM PARTNERSHIPS

At Jalajälg Group, we are committed to fostering meaningful, long-term relationships with local communities. By engaging with a broad network of local partners, we not only support the socio-economic development of the regions where we operate, but we also create opportunities for shared growth and mutual benefit.

Through collaborative action, we can provide resources, expertise, and knowledge to address community needs more effectively. Working closely with local stakeholders, we contribute to creating sustainable livelihoods, providing educational opportunities, and enhancing the resilience of local businesses. Our partnerships with local municipalities, schools, sports organisations, top athletes, sport enthusiasts empower us to deliver projects that have a lasting impact, ensuring that both our business objectives and the well-being of the communities we serve are aligned.

By fostering these long-term, trust-based relationships, we are not only helping to build stronger communities, but also ensuring that our operations contribute to a more sustainable and equitable future for all.

EMPOWERING NEXT GENERATIONS

At Jalajälg Group, we believe that the youth are the foundation of a brighter future. Additionally, we believe that most habits start from childhood. That's why we are deeply committed to encouraging an active and healthy lifestyle among young people. As highlighted by UNESCO, sports play a pivotal role in youth development – fostering essential soft skills and instilling values such as teamwork, solidarity, and respect. These qualities are vital for building peaceful, inclusive, and resilient societies.⁷

Research on children and adolescents further underscores the importance of sports in promoting both social and psychological well-being. Engaging in sports can boost self-esteem, foster social connections, and contribute to greater overall life satisfaction.⁸

Through our initiatives, we strive to empower the next generation with the tools they need to thrive both individually and collectively. Our involvement in promoting youth sports is directly through sponsoring events like TV 10 Olympic Starts in Estonia with over 100 schools participating, basketball youth leagues with over 100 participating clubs, Nike Youth Runs with thousands of participants in Estonia, Latvia, Lithuania, various smaller sport clubs in regions to support sport life outside the capitals, etc.

7- <https://en.unesco.org/themes/sport-and-anti-doping/youth-sport> (31.08.2024)

8- <https://jtnpsa.bio/medcentral.com/articles/10.1186/1479-5868-10-98> (31.08.2024)



4.3. COMMUNITY AND INDIVIDUALS' SECURITY (S)

ESRS S3 Affected communities- Communities' economic, social and cultural rights- Security and stability related impacts

For over 25 years, Jalajälg Group has been a cornerstone employer in the local communities we serve, consistently demonstrating resilience across diverse economic conditions. As a locally owned company, we have been committed to providing stable employment, supporting economic sustainability, and reinforcing the strength of local economies. Our ability to navigate both prosperous and challenging times with integrity highlights our dedication to being a reliable and trustworthy employer.

By leading by example, Jalajälg Group continues to build trust and confidence, showing that locally owned businesses can thrive while making a positive impact on the wellbeing and development of their communities.

4.4. RESPONSIBLE MARKETING (S)

ESRS S3 Affected communities - Communities' economic, social and cultural rights- Responsible marketing practices

Every step we take is a visible one. Every word we say has a meaning. Nike is known for great advertising, but it cannot happen without taking responsibility and many of Nike latest global campaigns that address most critical topics in the societies are the best examples of this. We as Nike distributors carry the same responsibility in delivering marketing messages to our consumers, no matter whether global or local messages.

During FY23/24, Nike globally launched impactful campaigns addressing critical societal issues. The "What Are You Working On?" series featured athletes like Serena Williams and LeBron James, emphasising mental health and personal growth. The "Play New" campaign challenged traditional sports stereotypes, promoting inclusivity

and the joy of movement for all. Additionally, the "Move to Zero" initiative expanded to educate consumers on reducing carbon footprints and waste, reinforcing Nike's commitment to environmental responsibility. All these and many other efforts demonstrate Nike's dedication to leveraging its advertising platform for positive societal change.

Similarly, marketing for us is not just a way of communicating our brand messages or introducing new innovative products but it is as much about promoting and declaring publicly about inclusion and healthy society. We truly believe that each person can develop and achieve higher goals in life through active lifestyle, regardless of their background, fitness level, age, gender, or physical abilities. Obviously, each marketing initiative is executed with high moral standards and social norms.

Being an official distributor of global brand sets standards on brand communication and marketing initiatives and the partners we use in this process. Jalajälg Group needs to follow the global marketing calendar and general guidance from Nike EHQ but is allowed to develop also local programs. However, such local programs need to be coordinated and approved by Nike EHQ.

As our local big priority is driving sports participation, then local initiatives are mostly related to this field. Our marketing campaigns are focused on socially responsible fields like ability to participate in sports, charity, importance of healthy lifestyle with focus on young consumers. Sport is great prevention tool to keep youth away from socially bad behaviour. Very important is the engagement of local communities and organisations in this journey to be able to address the most relevant topics.

Similar focus area applies for our charity related programs that have been executed. For example, we have provided sports equipment to institutions in need like orphanages. Additionally, during FY21/22 and FY22/23, Jalajälg Group, alongside other retail partners within the same ownership, took several impactful actions to support Ukrainian refugees. As a collaborative effort, our Group organised food deliveries in collaboration with Estonian food producers, helping to provide essential supplies to those affected by the crisis. Aware of the need for community and support, help to host a special day for Ukrainian children at Sportland Kõrvemaa resort was also contributed together with local team. While such actions address socially relevant topics, it has been our company principle not to promote publicly our involvement in those.

4.5. TRANSPARENT TREATMENT OF CONSUMERS (S)

ESRS S4 Consumers and end-users - Information-related impacts for consumers and/or end-users - Access to (quality) information
ESRS S4 Consumers and end-users- Personal safety of consumers and/or end-users- Health and safety

One of the most important ways how to engage and communicate with our stakeholders is sharing detailed information on our products and services. The transparency is basis of our communication strategy and has also direct impact on our business. We need to provide disclosures about products and services, we need to safeguard consumer health and safety when using products, including reducing risk of injury.

The data we disclose is beneficial to all parties involved. Clear messages, manuals and educational aspect rises knowledge level on all consumer levels. Sometimes the feedback on our operations is received not through traditional channels and ways, but the input gathered is influencing all business levels.

QUALITY PRODUCTS

Jalajälg Group has been the pioneer in consumer/customer education in sports retail market in the Baltics. The concrete aim of these efforts has been to avoid injuries though the misuse of our products (e.g., playing basketball in running shoes may lead to severe ankle injury). Additionally proper care and usage of our products would allow consumers to use product longer and avoid unnecessary purchase of a new product. The durability of a product relies heavily on correct product care instructions.

Maintaining high standards on product usage, there are various educational programs. First ones that are directed to the store employees who work directly with end-consumers and second ones meant for retail partners. The trainings on product usage for store employees are minimum two times per year, so that there would be the newest updates available and latest technologies introduced. Separately store clinics are organised addressing specific topics on seasonal basis. On request additional or

updated information is also extra shared and provided separate from training sessions.

With such regular attention on trainings, we prioritise consumer health and safety when using our products. This can help in reduction of the risk of injury when using the product. Each product has its purpose and respective functionality, and wrong usage would increase possibility of injury and we want to eliminate this possibility. Therefore, correct usage information is critical and should be well available to every customer and consumer.

RIGHT PRODUCT CARE AND USAGE

Nike is one of the most prominent brands in the world and leader of the industry by offering best possible range of sport footwear and apparel. The benefits of the high-quality products come out and product lifetime would be as per requirements only if the product care is taken seriously. How to clean and refresh garment, on what occasions to wear it and how to maintain the quality throughout of usage. For footwear the list of care challenges could be even longer. Cleaning the shoes in intensive way in washing machine and/or drying them in high temperatures could damage the product indefinitely. One specific issue could be related to extreme temperature fluctuations in our climate zone. For example, the shoes could be still moist after indoor training and if left in the car for longer period with temperatures below 0°C, water would freeze and through this materials and structure of the shoe could be harmed.

CONSUMER PROTECTION AGENCY

Direct feedback from consumers is very important and the feedback could come in different ways and through different channels. Some information received could come from not preferred sources like consumer complaints from Consumer Protection Agency on for example some product defect. It may feel as something not positive, but it is part of transparent and fair business process and we completely respect this. We always investigate the complaints made to the Consumer Protection Agency and based on received feedback we take serious actions, because this might mean that our instruction manuals or staff education either need improvement or we need to improve the communication strategy and channels. Most of the complaints are based on product misuse, either using incorrect footwear for specific sport or product care related issues.

During FY23/24, we did not record any legal violations related to the health and safety of our products and services. However, a few complaints were brought to the attention of the Consumer Protection Agency. In most cases, these issues stemmed from improper product usage (e.g., using the product for an unsuitable sport or on an incorrect surface), leading to product breakage. Each case was carefully analysed to identify ways to enhance our customer service and improve customer education.

To systematically address such cases and prevent recurrence, we have implemented a three-step prevention framework:

- Category specific campaigns when product and its purpose and functionality is explained/introduced, and consumers would be aware of certain product being meant for specific sport.
- Training the store staff and providing materials.
- Through the involvement of industry experts and athletes who could demonstrate the correct way to use specific products.

Knowledge level rise and information sharing is continuous area of improvement. Target of next year would be to investigate additional options about making trainings also available in online.

NIKE PULSE

Nike conducts various surveys globally to gather valuable feedback from customers and employees, driving continuous improvement in products, services, and workplace culture. Locally, we use Nike PULSE as a powerful tool to collect straightforward customer feedback, helping us refine our service processes and enhance in-store experiences.

The questionnaire covers a range of topics, from overall customer satisfaction to detailed insights on service quality, product collections, and the checkout experience. Store team leaders can access the results through a dedicated platform, enabling them to analyse feedback, identify areas for improvement, and implement necessary changes. Additionally, the tool allows team leaders to recognise and celebrate team members whose exceptional efforts are highlighted in positive survey responses, fostering a culture of excellence and motivation within the stores.

4.6. RISKS AND OPPORTUNITIES RELATED TO CONSUMERS AND COMMUNITY (S)

MAIN RISKS

Jalajälg Group faces increasing risks from intensified competition and rapidly evolving brand preferences, particularly among younger consumers in the Baltics, where shifting interests can be challenging to anticipate. These trends may impact our market leadership, especially in tough economic climates, where our stability as a company and employer closely depends on financial performance. We address this by continually refining our product portfolio, providing high-quality information about high-quality global brand Nike, and strengthening customer loyalty through education, inspiration and long-term engagement. Consistent communication about our local impact, especially regarding social contributions and sustainable practices, reinforces the brand's credibility and community connection.

While e-commerce thrives, physical retail remains vital to our strategy. Physical stores serve not only as places of purchase but also as informative and inspiring spaces that encourage youth to move, participate in sports, and adopt an active lifestyle. To stay relevant, we prioritise youth engagement, leveraging local sports and wellness events to strengthen our presence. This dual approach of fostering community engagement and promoting physical activity mitigates risks in the digital space while guiding strategic decisions on store operations, renovations, and closures, ensuring long-term growth.

Declining physical and mental health in society poses another moderate risk, exacerbated by limited government support for sport, physical activities and wellness initiatives. As awareness of health grows, we are positioned to advocate for the socio-economic benefits of active lifestyles. This aligns with our business values and is actively promoted as part of our strategy.

Reputational risks related to partnerships with organisations and athletes are mitigated through careful selection and monitoring. If any issues arise, we promptly reassess these collaborations. As a market leader, we prioritise transparent, fact-based communication also in sustainability related topics, remaining mindful of increasing public scepticism around ESG claims.

Data privacy and cybersecurity are critical areas, managed through strong cybersecurity protocols, ongoing testing, and staff training to stay ahead of potential threats. Protecting customer data – such as payment details, personal information, and shopping habits – is essential for maintaining consumer trust. Data breaches or cyber incidents could harm customers and damage our reputation, with potential financial and legal consequences. In line with evolving EU regulations, we maintain rigorous data security and compliance to ensure business continuity and uphold our long-term customer relationships.

Lastly, customer safety remains a high-priority risk. We manage this through various internal protocols and continuous customer education on product safety, ensuring our commitment to consumer well-being while protecting our reputation and sales.

MAIN OPPORTUNITIES

Jalajälg Group's opportunities to engage consumers and communities are deeply connected to expanding value-added services and embedding sustainability into our offerings. Communicating our ESG initiatives underscores our dedication to local impact, fostering community trust and industry leadership.

Further opportunities lie in promoting the socio-economic benefits of sports, particularly for physical and mental health. Partnering with local universities and experts, we can validate and demonstrate the wellness impacts of an active lifestyle. Through authentic communication and measurable health models, we inspire others to adopt active lifestyles, benefiting both community well-being and our brand's reach.

Providing detailed product information – including sustainability features and care instructions – aligns with the transparency values of younger consumers, strengthening our reputation and driving long-term loyalty. Amplifying our ESG messaging, alongside value-added services, allows us to connect meaningfully with evolving customer expectations while maintaining our position as a trusted, community-focused leader.

With a balanced, authentic ESG approach, these initiatives position Jalajälg Group to engage customers and communities sustainably. While financial returns may be gradual, the company is well-placed to capitalise on these trends, promoting growth and long-term loyalty.



“WE ARE COMMITTED
TO LEAD THE WAY
TOWARDS MORE
TRANSPARENT, RESPONSIBLE
AND SUSTAINABLE
BUSINESS PRACTICES.”

LEAD BY EXAMPLE

5. PROCESS & LEADERSHIP

11 SUSTAINABLE CITIES AND COMMUNITIES

16 PEACE, JUSTICE & STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

5.1. MANAGEMENT APPROACH – PROCESS AND LEADERSHIP

MILDA MONSTAVICIUTE, Director of Sporto Dvasla UAB

Our company's management approach is built on a foundation of ethical leadership, where decisions are guided by integrity, fairness, transparency, and compliance with laws and regulations. Leaders set the tone by upholding these values and fostering trust throughout the organisation. Equal treatment is a key principle, ensuring that all employees, partners, and suppliers are valued and provided with fair opportunities. This focus on fairness and inclusion strengthens internal relationships and promotes a collaborative and diverse workplace.

Engagement with our partners, suppliers, and customers is characterised by open communication, transparency, and a long-term view. Our company actively works to build strong partnerships, ensuring that our goals are aligned for mutual benefit. Transparency extends to all levels, with clear and open decision-making processes that allow stakeholders to understand key actions. This openness builds trust and promotes accountability throughout the organisation.

One important focus of our management is data-driven decision-making and risk management using analytics and digital tools. This forward-thinking approach helps safeguard the company's stability and success in a dynamic retail market environment. However, we also acknowledge that taking calculated risks is an essential component of driving sustainable business growth.

Resource allocation is managed with fairness and precision, ensuring that each employee has the tools and support needed to meet their goals. Management also emphasises equal opportunities for professional growth and development. Continuous improvement is at the



heart of our operations: management encourages ongoing feedback, supports innovative thinking, and fosters a culture of learning. This commitment to process improvement and high standards ensures that the company remains competitive, ethical, and forward-looking in all aspects of business.

Finally, our company strongly believes in the value of sports and an active lifestyle. It's part of our DNA; we actively support initiatives that encourage physical activity and well-being among employees, recognising that this contributes to productivity and overall morale. The company provides resources and opportunities for employees to engage in sports, fitness programs, and wellness activities, ensuring that physical well-being is a key part of our business success.

“THERE
IS NO
FINISH LINE
FOR PROGRESS
IN OUR GROUP.”

5.2. ETHICAL BUSINESS PRACTICES (G)

ESRS G1 Business conduct - Corporate culture
ESRS G1 Business conduct - Corruption and bribery - Prevention and detection including training
ESRS G1 Business conduct - Corruption and bribery - Incidents
ESRS G1 Business conduct - Management of suppliers' payment practices

We play by the rules since 1997. We behave in honest way and expect this from all our partners. We are committed to treating all our customers, employees, partners and suppliers fairly and endorse ethical, transparent corporate practices. Our company actively opposes dishonest or fraudulent behaviour, including bribery, corruption, and intellectual property violations. We are steadfast in our compliance with all governmental regulations and industry standards to uphold trust and accountability in every aspect of our business.

Nike EHQ also places a strong emphasis on transparency and requires all management to complete mandatory "Inside the Lines" legal training, which addresses key issues such as bribery, ethical business practices, and compliance. Additionally, at Jalajalg Group, we conduct specialised legal seminars focused on critical aspects of our business, such as competition law and other essential regulations on biannual basis.

To ensure transparency and legal compliance in our accounting practices, our financial statements are consistently audited by a partner who adheres to the highest standards of accuracy, independence, and ethical conduct. Our auditing partner, KPMG, follows internationally recognised audit frameworks, a thorough review and verification of our financial records. Additionally, they implement robust internal controls, risk assessments, and continuous monitoring procedures to uphold financial integrity. Their commitment to independence and objectivity further strengthens the reliability and credibility of our financial reporting, supporting our commitment to transparency and accountability.

As a company, we must continue to uphold these principles and set clear goals in the coming years, ensuring that our younger team members are also well-informed and educated on these topics. Now consciously embarking on our sustainability journey, Jalajalg Group is applying these same principles of integrity and transparency, with

sustainability reporting that makes our progress both visible and accountable to the public.

(Estonian example here: <https://jalajalg.ee/jatkusuutlikkus/>)

We believe in the power of setting a positive example, encouraging others to embrace an active, fair, and resilient mindset. Our goal is to inspire everyone to keep moving forward, to play fair in all pursuits, and to remember that true progress is a continuous journey. Through our actions, we aim to embody the values we promote – integrity, perseverance, and a commitment to growth, showing that success isn't just about reaching a destination, but about consistently striving to improve and uplift those around us.

PREVENTING CORRUPTION AND BRIBERY

At Jalajalg Group, integrity is a fundamental value that informs every aspect of our operations. We are committed to preventing corruption and bribery, ensuring that our practices are transparent, ethical, and in full compliance with applicable laws. To maintain these high standards, we have implemented essential anti-corruption and anti-bribery principles, which establish clear aims for ethical conduct across the organisation.

These principles are regularly communicated to all employees, partners, and stakeholders to reinforce a culture of integrity and accountability. Our internal training initiatives help ensure that everyone within Jalajalg Group understands the importance of these standards and the implications of non-compliance. Although these values have always been part of our culture and discussions, we are now formalising our group's principles to explicitly document our commitment. While we have not previously had written policies, our proactive communication and dedication to transparency have led to zero incidents of corruption or bribery in our history. Additionally, for Jalajalg Group team, it is mandatory for office and sales management to participate in Nike's global training once a year. Sometimes these are part of the sales meeting agenda, while other times they are conducted as online training sessions. The content always covers topics such as corruption, ethical behaviour, and sanctions, etc. In the coming years, we will expand and formalise comprehensive written guidelines to strengthen these principles and support sustained compliance and success.

MANAGEMENT OF SUPPLIERS' PAYMENT PRACTICES

At Jalajälg Group, we are committed to fair, transparent, and responsible management practices in all our partnerships. This commitment includes maintaining respectful, timely payment practices with every partner, whether through formal or informal agreements, fostering trust and supporting long-term collaboration. We have valued and sought to take into consideration partner ethics, leadership culture, and management practices in line with our own standards. On our journey to more conscious sustainability, we recognise the need to expand our evaluations to include regular assessments of compliance with environmental, social, and governance (ESG) criteria. Initial mapping of priority topics has been completed through our double-materiality assessment (DMA), though a concrete framework (evaluation methods, assurance processes, and frequency) is yet to be developed.

As a market leader, we prioritise building partnerships based on mutual respect and open communication, consciously avoiding any unfair leverage of our position. We understand that both the business environment and societal expectations are constantly evolving, and we are committed to adapting our partnerships to these changing demands. This includes prioritising and supporting partners who align with our sustainability goals, and it may require re-evaluating long-standing relationships if partners are not meeting these standards. By planning partnerships carefully, offering reasonable lead times during negotiations, and involving top management, we help our partners adapt to changes, reduce potential risks, and safeguard against reputational impacts.

These practices support responsible business operations and enable us to cultivate resilient, sustainable relationships across our value chain, reinforcing Jalajälg Group's position as a reliable and ethically driven leader in our industry in the Baltics.

5.3. GOVERNANCE STRUCTURE OF JALAJALG GROUP

Jalajalg AS leadership structure is with traditional 2-level hierarchy with the Supervisory Board and the Management Board.

SUPERVISORY BOARD LEADERSHIP

Jalajalg AS Supervisory Board members are selected with objective to incorporate high level industry knowledge and represent the best interests of shareholders. Both shareowners of the company are part of the Supervisory Board together with industry and local sports community experts. In FY23/24 there were three members in Supervisory Board.

The Supervisory Board is responsible for:

- Future strategy of the company.
- Significant capital investments.
- Supervision of Management Board work.
- Election of Management Board members.

Supervisory Board meetings are held 4-6 times per year, depending on needs and priorities.



ANTI KALLE, RAINER TOPS AND AFE ALTRAJA

MANAGEMENT BOARD LEADERSHIP

Management Board's role is to execute the strategic direction of the group and lead the group in the best interests of the shareholders as well of its other key stakeholders including the employees, suppliers and partners. As Jalajalg AS is the official distributor of Nike and Converse brands in the Baltics, then special focus is expected towards the cooperation with the brand representatives in Nike EHQ.

The Management Board is responsible for:

- Day-to-day leadership of the company.
- Business target setting and the management of appropriate Key Performance Indicators.
- Regular communication with the representatives of Nike, Inc. and Converse, Inc. with objective to meet the expectations and fulfil requirements of the brands as stated in respective Distribution agreements.
- Creating and maintaining the organisation structure for group's operations in Estonia, Latvia, Lithuania and staffing of key management roles in the Baltics.
- Approval of company financial statements.

CEO is responsible for making decision also on ESG topics and where necessary delegates the decision making to specific employees or includes corresponding team members to be included in decision making.

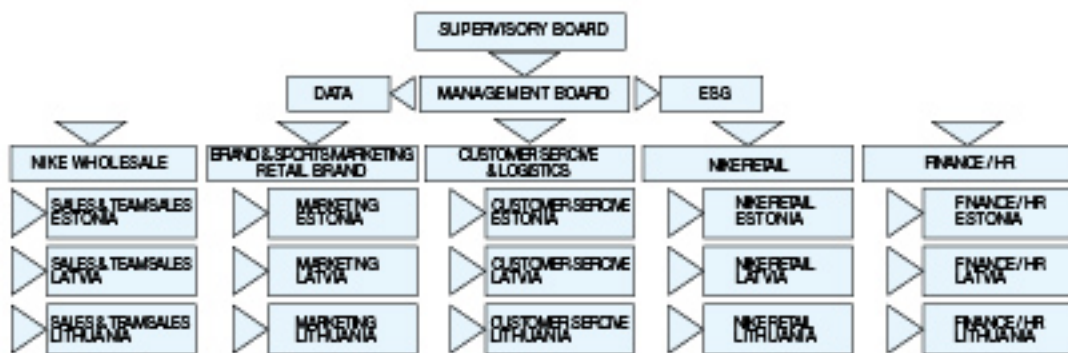


Table 9. Supervisory Board and Management Board structure

ABOUT THE COMPANY
 RESPONSIBILITY & SUSTAINABILITY
 PEOPLE
 PLAY
 PROCESS & LEADERSHIP
 PLANET & RESOURCES
 OUR APPROACH

5.4. CYBER SECURITY, DATA PRIVACY AND PROTECTION (S, G)

ESRS G1 *Business conduct - Cyber security*
 ESRS S4 *Consumers and end-users - Information-related impacts for consumers and/or end-users - Privacy*
 ESRS S1 *Own workforce - Other work-related rights - Privacy*

As rapid digitalisation transforms industries worldwide, data protection and privacy have become increasingly critical areas of focus. We recognise the importance of safeguarding personal data and using it responsibly for our customers, employees, partners, and other stakeholders.

To address this priority, we emphasise compliance with data protection regulations such as the General Data Protection Regulation (GDPR). A rigorous approach to GDPR is essential for safeguarding personal data, building customer trust, and ensuring compliance with EU laws. By adhering to GDPR, businesses uphold privacy rights, reduce data breach risks, and avoid significant legal penalties. Our commitment to data protection supports responsible business environment and strengthens customer relationships by demonstrating a responsible approach to data handling.

In FY24/25, we have scheduled a comprehensive GDPR audit across all our operating countries. Initially planned for FY23/24, though this audit was postponed due to various factors, e.g. finding a high-quality partner providing up-to-date, full-service solutions for long-term needs. The audit aims to create a clear, actionable plan to enhance our GDPR compliance further. By leveraging the latest technological solutions, we will ensure that our data privacy practices are fully aligned with current standards and optimised for efficiency and security also in future perspective. Additionally, we will enhance our data privacy training programs as part of this process, ensuring all team members are fully informed and equipped to follow best practices.

With increased reliance on technology and data, the risk of compromised data privacy also grows. Any cyber-attack or data breach may result in short-term revenue loss and resource diversion, as well as a potential longer-term impact on customer confidence and the Group's reputation. Partnerships further elevate cybersecurity risks by introducing

additional access points and expanding data-sharing across systems, which can create vulnerabilities if security practices vary among partners. Rigorous vetting processes and stringent cybersecurity protocols are essential to safeguard data privacy and protect the Group's reputation.

At Jalajälg Group, we manage these risks by combining high-quality on-premises solutions with secure cloud provisioning to establish a strong, resilient architecture. Our primary IT services are hosted in enterprise-grade data centres designed for high availability and reliability. Additionally, robust backup and disaster recovery capabilities are in place, with regular testing throughout the year to ensure preparedness and resilience against potential threats.

To enhance the protection of our datasets, we continuously upgrade our information systems to address evolving requirements, needs, and threats. The specific upgrades and improvements are determined by the IT lead at the end of each fiscal year, based on a thorough assessment of priorities for the upcoming year.

Key focus areas in data privacy and cyber security:

- **Up-to-date insights of regulations:** Ensuring full comprehension and compliance with all relevant data protection laws and regulations.
- **Legislation reviews and implementations:** Regularly reviewing and integrating data protection legislation into our practices to maintain legal compliance.
- **Raise in employee knowledge and awareness:** Strengthening employee understanding of data protection through targeted training and awareness programs.
- **Data protection policy updates:** Establishing a consistent schedule for updating data protection policies to stay aligned with current standards.
- **Periodic IT and cybersecurity testing:** Conducting regular IT and cybersecurity assessments to identify and mitigate potential vulnerabilities proactively.

These focus areas are fundamental to upholding our commitment to data privacy and ensuring the secure management of all personal data.

5.5. LEADING BUSINESS CULTURE (G)

ESRS G1 Business conduct - Leadership

ESRS G1 Business conduct - Management of relationships with suppliers

ESRS G1 Business conduct - Sustainable sourcing

Jalajälg Group's reputation as a market leader rests on our unwavering commitment to our mission, vision, and shared values, which together form a resilient corporate culture. This culture not only guides our internal decision-making and strategy but also influences our external relationships and collaborations within our operating region. By setting a positive example in local communities, we demonstrate how ethical business practices are conducted and encourage others to follow suit.

Maintaining our reputation and leadership relies heavily on the strength of our top management. Our strategic commitment to quality and integrity as a goods and service provider is mirrored in our interactions with partners, employees, and stakeholders, with a focus on setting high standards. As part of our broader impact, we consistently strive to lead in areas of sustainability and ESG, a responsibility we take seriously within our sourcing, partnerships, and operations.



LEADERSHIP TO INSPIRE FUTURE GENERATIONS

At Jalajälg Group, we understand the unique responsibility and opportunity that comes with being the first employer for many of our employees, with 74% of our workforce under the age of 30. This demographic positions us not only as an employer but as a foundation on which young professionals build their understanding of workplace values, ethics, and career development. We take this role seriously, striving to lead by example and inspire the next generation to uphold the principles of integrity, responsibility, and personal growth in all areas of their lives.

Our leadership approach emphasises mentorship, career development, and practical experience to empower young employees with the skills and confidence they need to thrive. We encourage an open culture where questions and curiosity are valued, and we create avenues for growth that include structured training, hands-on learning opportunities, and regular feedback. We believe that fostering this supportive environment installs in our team not just job-specific skills but also the adaptability, resilience, and accountability required to navigate today's dynamic world.

Furthermore, Jalajälg Group is committed to promoting a strong sense of social and environmental responsibility among our young workforces. We integrate ESG principles into our daily operations, demonstrating that ethical, sustainable practices are central to long-term success. By providing practical insights into sustainable business practices, fair partnerships, and community impact, we aim to inspire young employees to carry these values forward, both professionally and personally.

In addition to various trainings, we also emphasise the importance of wellness and an active lifestyle as part of our corporate culture. As a brand deeply rooted in sports, we encourage our employees to engage in physical activity, recognising its value in boosting morale, enhancing well-being, and building a healthy, balanced and happy life.

Jalajälg Group's leadership approach is about more than guiding employees through their roles – it is about inspiring young people to reach their fullest potential, stay curious, and pursue excellence. By leading with integrity and a commitment to development, we aim to set an example that will have a lasting, positive impact on future generations and the communities they serve.

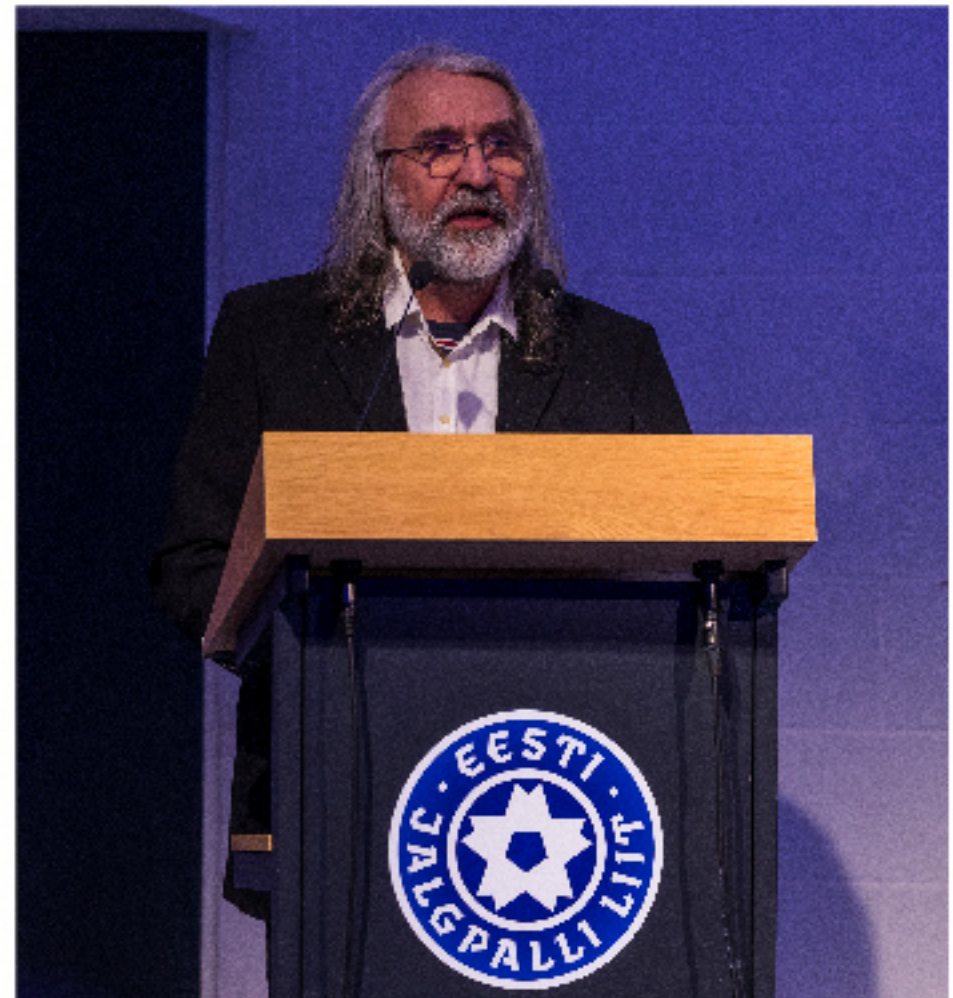
MANAGEMENT OF SUPPLIERS' RELATIONSHIPS

Our partnerships are grounded in a long-term commitment to mutual goals, fuelled by a shared passion for sports, innovation, and community development, particularly focused on youth. As a prominent leader in the Baltic sports market, we actively collaborate with a wide network of partners across multiple sectors, which includes both global corporations as well as smaller local companies (e.g. sport organisations, event organisers, various business-related services, athletes and community influencers). This collaborative approach positions us as a key influence in setting high standards for interconnected, responsible partnerships. These relationships are far more than simple business transactions; they reflect our deep dedication to sustainable practices, ethical conduct, and meaningful regional impact.

Our management of supplier and partner relationships extends beyond financial support. We recognise that to truly strengthen the sports culture and industry in the Baltics, we must share resources in a way that benefits our entire community in a longer term. This includes sharing ideas, providing communication support, contributing energy and physical assistance, and more. Through this diverse support, we help to build a thriving sports culture that fosters development, growth, and accessibility for all involved. Our efforts in each Baltic country are tailored to the local level, ensuring authenticity, sincerity, and impact that resonates with each community.

Moreover, we are committed to sustainable practices across all our partnerships, encouraging our partners to use more reusable solutions (e.g. drinking cups, banners, separation tapes, etc.), on-demand services (e.g. printing race numbers on spot) and other environmentally friendlier solutions instead of regular ones. By providing this holistic support, we empower our long-term partners, such as sports organisations, athletes, and influencers, not only with resources but also with needed tools to expand their influence and reach within their communities. This approach enables us to shape a healthier, more active society, reinforce our shared goals, and contribute to the development of a dynamic, resilient sports culture throughout the region.

We are preparing to implement a proactive approach to managing our partnerships by initiating regular assessments of their alignment with our ESG principles. Our focus will be on prioritising partners who share our commitment to ethical business practices, environmental responsibility, and social impact. As we establish this evaluation process, we will begin working closely with these partners to help strengthen their capabilities in these critical areas. By fostering sustainable, impactful partnerships, Jalajälg Group continues to lead by example, encouraging a collaborative, transparent, and socially responsible sports industry in the Baltics.



AVAR POHLAK, Eesti Jalgpalli Liidu president

SUSTAINABLE SOURCING

As consumer awareness of environmental issues grows, Jalajälg Group recognises sustainable sourcing as a key part of our commitment to responsible business. We define sustainable sourcing as the procurement of goods and services in a manner that prioritises environmental and social sustainability goals, as well as economic considerations throughout the supply chain. The goal is to meet present needs without compromising the ability of future generations to meet their own needs.⁹

We work exclusively with Nike brand, who has targeted reduce their carbon footprint by 63% by 2030 and reach net zero by 2050.¹⁰ We know that responsible sourcing and expanding sustainable product offer not only strengthens our reputation but also meets the demand from Nike brand side.

9- <https://www.lvalua.com/blog/sustainable-sourcing> (10.10.2024)

10- <https://about.nike.com/en/impact/initiatives/reducing-our-carbon-footprint> (30.09.2024)





Current action plan for enhanced sustainable sourcing (we are currently in performing first tasks):

1. Mapping supplier sustainability goals: We evaluate our partners based on their environmental commitments, including efforts to reduce carbon footprints and implement circular economy principles. We also assess their adherence to ethical labour practices, governance responsibility, and financial viability. This comprehensive evaluation ensures alignment with our values and long-term objectives, encompassing both product-level considerations and broader business practices.

2. Prioritising sustainable practices: We gradually prioritise products and partners that use recycled or renewable materials, uphold ethical labour and manufacturing practices, and demonstrate transparent environmental, social and governance standards. This approach strengthens our offerings while reducing environmental impact.

3. Consumer education: Through focused consumer communication, we aim to highlight our sustainable sourcing efforts, the benefits of recycled and renewable materials, and related social and governance aspects, empowering customers to make conscious choices.

4. Evaluating cost-effectiveness: We plan to perform regular cost-benefit analyses to ensure sustainable sourcing remains financially viable, optimising supply chains to reduce costs while prioritising more sustainable and responsible principles.

5. Setting and monitoring sustainability goals: We will set clear sustainability benchmarks and conduct annual reviews, tracking metrics like the percentage of sustainably sourced materials and responsibly managed partners to ensure accountability.

Through these initiatives, Jalajälg Group is committed to leading in sustainable sourcing, aligning with consumer values and promoting responsible practices in all areas of our business. With gradual and logically build process we aim to ensure longevity and align it with our financial targets.

6. PLANET & RESOURCES



“WE ARE DETERMINED TO REACH ENERGY EFFICIENCY IN OUR OWN OPERATIONS AND LOCAL VALUE CHAIN PARTNERSHIPS AND IN LONGER PERSPECTIVE TO SHIFT TO RENEWABLE ENERGY AS A COLLABORATIVE EFFORT.”

INSPIRED BY INNOVATION



6.1. MANAGEMENT APPROACH – PLANET AND RESOURCES

ALEKSANDRS LOTOVS, Head of Sales of Viva Sport SIA

Over the past two decades with Jalajälg Group, we have witnessed how both, the group and the brand globally has transitioned from undertaking separate sustainability initiatives to embracing environmental responsibility as a fundamental value deeply embedded in business strategy. Nike's commitment to reducing its environmental footprint is evident in several key areas. The company has pioneered the integration of recycled materials into its products; notably, around 2010, Nike began transforming 8-10 plastic bottles into high-performance football jerseys, effectively reducing plastic waste while enhancing athletic performance – as a result, one-stitch shirts that were light, breathable, and free of irritation were innovated. With each season, more Nike products incorporate higher percentages of recycled content, a positive trend observed over the past years, demonstrating progress in sustainability without compromising quality or performance. However, their efforts extend far beyond merely incorporating recycled materials into their products.

The Nike Grind program exemplifies the brand's dedication to circular economy principles by recycling product components into materials for playgrounds and sidewalks. Nike has also adopted advanced manufacturing technologies to minimise water usage in dyeing and transitioned to alternative energy sources for powering facilities, with warehousing already leading the way. These efforts align with the Nike FY23 Impact Report, which highlights the company's commitment to sustainability and innovation. Nike's bold global targets include achieving net-zero emissions across its value chain by 2050 and reducing greenhouse gas emissions by 70% by 2030, showing its long-term dedication to addressing the climate crisis and driving meaningful change.



Looking ahead, I believe that Jalajälg Group can draw significant inspiration from Nike brand's sustainability initiatives, just as we have consistently been inspired by Nike as a globally leading brand in numerous areas. Implementing localised programs in the Baltics, such as a version of Nike Grind to repurpose defective or returned shoes for community projects or exploring other recyclable solutions, could be a meaningful step toward reducing our environmental impact and fostering a culture of sustainability within our group and the communities we serve. However, reducing waste is far from our only goal. Our focus also lies in improving local energy efficiency, driving innovative solutions, shifting to renewable energy sources in collaboration with local partners, and educating consumers in diverse ways. These efforts will remain at the core of our environmental improvement targets, ensuring a holistic and impactful approach to sustainability.

"SUSTAINABILITY IS NOT ABOUT SEPARATE INITIATIVES. IT'S ABOUT INTEGRATING ENVIRONMENTAL RESPONSIBILITY INTO BUSINESS STRATEGY."

6.2. GREENHOUSE GAS (GHG) EMISSIONS (E)

We have one planet, and the impact of climate change is real. We began mapping our environmental footprint in FY20/21, establishing some boundaries, calculating selected CO₂ emissions and setting targets with initial actions. However, we acknowledge that significant challenges remain, even within our own operations and local value chain activities.

We have recognised that most of our environmental impact stems directly from the production and transportation of the retail goods we distribute and sell. Additionally, downstream activities, such as product usage and the disposal or recycling of products at the end of their lifecycle, contribute significantly to our overall environmental footprint.

In the broader context of global consumer goods companies, also in the sporting goods sector, the distribution of Scope 1, 2, and 3 emissions provides valuable insight into the sources of environmental impact. Based on widely available industry data^{11,12}:

- **Scope 1 Emissions:** Direct emissions from operations account for a small fraction, typically around 0.5-5% of total emissions.
- **Scope 2 Emissions:** Emissions from purchased energy (e.g., electricity and heating) represent approximately 5-10% of a sportswear retailer's total emissions.
- **Scope 3 Emissions:** Indirect emissions dominate, making up 85-95% of total emissions. These include:
 - **Upstream Emissions (60-70% of Scope 3):** Largely due to production and material sourcing, driven by energy-intensive manufacturing processes but also global transportation.
 - **Downstream Emissions (30-40% of Scope 3):** Related to product use, disposal, and end-of-life recycling.

¹¹ - <https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-are-scope-1-2-and-3-emissions> (30.09.2024)

¹² - <https://www.mckinsey.com/capabilities/sustainability/our-insights/sustainability-blog/reducing-the-scope-1-and-2-emissions-of-consumer-goods-companies> (30.09.2024)

This understanding of our emissions distribution underscores the need for targeted strategies to address both upstream and downstream impacts in our value chain, which from global perspective is long, complex and not under our control for doing meaningful changes. By focusing on collaborative efforts with suppliers, especially with Nike brand, improving energy efficiency locally, and exploring innovative solutions for product lifecycle management, Jalajälg Group aims to reduce its environmental footprint while aligning with global best practices in sustainability. Despite this, we understand the importance of taking responsibility across all scopes (1-3).

GHG REPORTING – PROGRESS AND CHALLENGES FOR FY23/24

While this is not Jalajälg Group's first endeavour in conducting GHG calculations, significant challenges remain. Building on the insights gained from our initial efforts in FY20/21, we made substantial progress in FY23/24 by beginning the development of a comprehensive ESG data warehouse to enhance data accuracy and streamline reporting processes.

Our long-term goal is to establish a fully automated data collection system supported by robust quality control mechanisms, ensuring the accuracy and reliability of the data. This system will allow us to enhance data integrity, streamline workflows, and make informed decisions with minimal manual intervention. Additionally, we have strengthened collaboration with both internal and external stakeholders to secure more reliable data and harmonise information across the diverse systems in the countries where we operate.

Despite these advancements, challenges persist, particularly in securing comprehensive data for the heating and cooling of rented spaces under Scope 2 and for various Scope 3 categories. As we broaden the scope of our CO₂ emissions calculations, we have prioritised data accuracy and expanded our focus to include business travel, reflecting our commitment to a more thorough environmental assessment each year.

During FY23/24, we continued mapping greenhouse gas emissions, setting boundaries, and calculating GHG emissions for Scopes 1 and 2 according to the GHG Protocol. Scope 3 remains more complex, and we have investigated select categories, including Category 4 (Upstream Transportation), Category 6 (Business Travel), Category 7 (Employee Commute), and Category 9 (Downstream Transportation), while prioritising the quality of raw data available for these assessments.

As we continue our second year of GHG emissions reporting, we remain aware of the considerable work ahead. Jalajälg Group is fully committed to collaborating with stakeholders and value chain partners to obtain the highest quality data, ensuring a more accurate and comprehensive understanding of our environmental footprint with each following year.

For GHG emissions mapping, boundary setting and calculation of our GHG emissions in Scopes 1, 2 and 3 were done in accordance with GHG protocol. As Jalajälg AS have total control (financial, operational, etc.) over its subsidiaries in Latvia and Lithuania, we report our emissions using site-specific direct measurements data and consolidated approach. The GHG data was calculated by a third independent company, Nominee Consult OÜ.

Emission factor database information is found in the Annex.

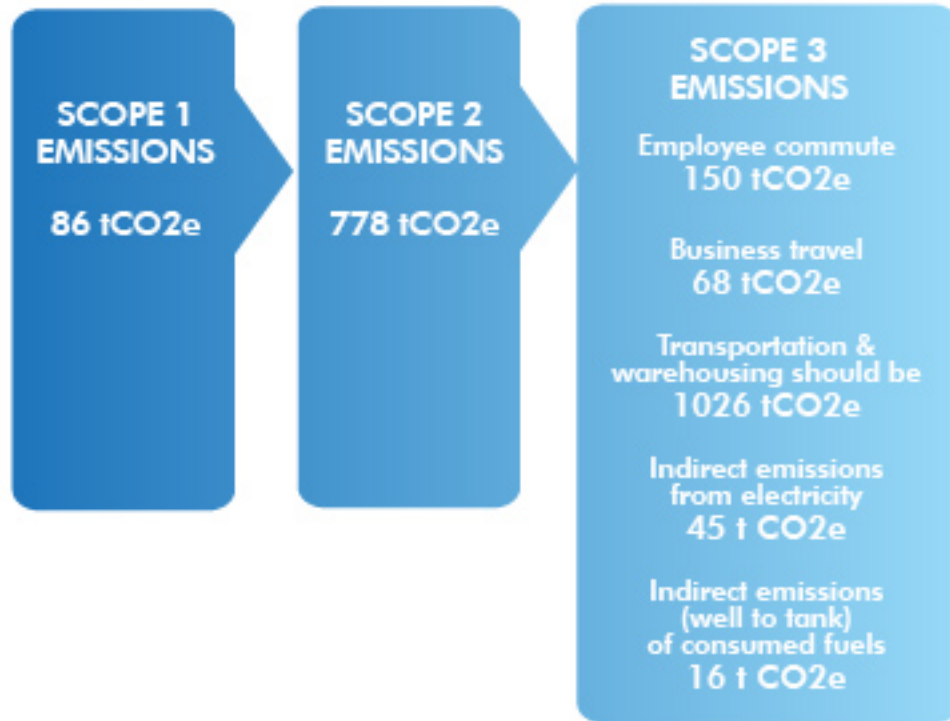


Table 10. The total calculated GHG emissions from Jalajälg Group in FY23/24

GHG EMISSIONS IMPACT ON BIODIVERSITY AND ECOSYSTEMS

At Jalajälg Group, we acknowledge the significant impact that greenhouse gas (GHG) emissions have on biodiversity and ecosystems. Climate change driven by GHG emissions disrupts natural habitats, threatens species, and alters the delicate balance of ecosystems. As part of our transition from GRI to ESRS standards in ESG reporting, we are committed to gaining a deeper understanding of these impacts and placing greater emphasis on biodiversity in the coming years.

Our efforts will focus on analysing both the direct and indirect effects of our emissions on local and global ecosystems and identifying actionable ways to mitigate these impacts through improved operational practices. By adopting a more comprehensive and proactive approach, Jalajälg Group aims to strengthen its contribution to environmental sustainability and support the resilience of the ecosystems we all depend on.

OUR OPERATIONS

ESRS E1 Climate Change - Climate change mitigation
ESRS E4 Biodiversity & Ecosystems - Direct impact drivers of biodiversity loss - Climate change

SCOPE 1 EMISSIONS

The Scope 1 emissions as GHG Protocol states derive from company owned vehicles and combustion stations in our own facilities. As we do not own any facilities with combustions stations then we can count our vehicles. The group’s vehicles are mainly used for small size transportation duties, store/customer visits and marketing event organising.

The total carbon footprint amount in Scope 1 in Estonia, Latvia and Lithuania combined is 86 tCO₂e.

SCOPE 1		
Region	Numbers of vehicles	t/CO2
Estonia	5 gasoline cars	15
	2 diesel cars (incl. minivan)	42
	3 hybrid/ gasoline cars	(incl. under gasoline cars)
Latvia	2 gasoline cars	10
	1 diesel minivan	5
Lithuania	3 gasoline cars	14
	Baltics total	86

Table 11. Scope 1 emissions from Jalajälg Group in FY23/24.

SCOPE 2 EMISSIONS

Scope 2 calculation consist of our energy usage: electricity, heating and cooling.

As a considerable retail group, Jalajälg Group recognises its responsibility in managing Scope 2 greenhouse gas (GHG) emissions, which are indirectly produced through the energy consumed at our operational sites. While we have some influence over our emissions, much depends on the landlords and energy practices of the shopping centres where we operate. These landlords ultimately determine the timing and approach for transitioning to renewable energy, improving energy efficiency, and implementing sustainable infrastructure enhancements. All of this is also dependent from governmental directions in energy field development.

However, as a key player in the retail industry, particularly through our connection with other businesses under shared ownership, we can advocate for sustainable energy solutions. By collaborating with landlords and co-tenants, we can encourage the adoption of renewable energy sources and energy-efficient systems, driving broader positive changes across the retail ecosystem. We are committed to proactively engaging with stakeholders and using our influence to support the transition to greener energy, even as we remain reliant on landlords' readiness and willingness to invest in these initiatives.

On our journey to map, calculate, and plan reductions in Scope 2 GHG emissions, we have completed an initial assessment of the energy systems in the shopping centres and buildings where we operate. Through a detailed questionnaire sent to landlords, we gathered preliminary information covering the following areas:

- Estonia: 100% of our operational space (3 411 m² out of 3 411 m² of store/office area).
- Latvia: 63% of our operational space (2 095 m² out of 3 328 m² of store/office area) + additionally Riga's distribution centre in full scale.
- Lithuania: 83% of our operational space (2 683 m² out of 3 216 m² of store/office area).

Some landlords were unable to provide concrete data on our energy consumption, particularly regarding heating and cooling as their utility billing systems do not separate this information. While electricity consumption data is largely available, other energy-related details remain challenging to obtain.

For FY23/24, we have utilised the data available from utility bills to calculate our Scope 2 GHG emissions. We are committed to continuing collaboration with landlords to improve data accuracy and gain a more holistic understanding of the total energy consumption associated with our operations. This ongoing effort is essential to better manage our emissions and develop actionable plans to reduce our environmental footprint.

- Jalajälg Group consumed during FY23/24 in our rental spaces:
- 1 354 090 kWh of electricity energy (of which 1 103 936 kWh was conventional electricity and 250 154 kWh was renewable electricity).
 - 435 154 kWh of heating energy (of which 121 196 kWh was local heating-natural gas; 23 768 kWh was district heating-natural gas and 290 190 kWh was country average or energy supplier data).
 - 85 451 kWh of cooling energy (of which 74 914 kWh cooling energy conventional and 10 537 kWh was cooling energy renewable).

The total carbon footprint amount in Scope 2 in our operations in Estonia, Latvia and Lithuania combined is 778 tCO₂e (based on market-based method).

SCOPE 2				
Region	Electricity kW/h	Heating kW/h	Cooling kW/h	t/CO2
Estonia	564,013	248,587	27,779	401
Latvia	421,044	54,358	38,637	235
Lithuania	369,033	132,209	19,035	142
			Baltics total	778

Table 12. Jalajälg Group's energy consumption and CO2e amount based on energy usage type*.

* The data showed in the table is based on information retrieved from our monthly bills and from energy questionnaire answers provided by shopping centres responsible leads.

LOCAL AND GLOBAL VALUE CHAIN

ESRS E1 Climate Change - Climate change mitigation
ESRS E4 Biodiversity & Ecosystems - Direct impact drivers of biodiversity loss - Climate change



SCOPE 3 EMISSIONS

Scope 3 emissions remain a complex area, presenting ongoing challenges in data collection, measurement, and boundary-setting. In FY23/24, we expanded our data retrieval efforts to include business travel in addition to employee commuting. We also continued our focus on calculating emissions from European and local logistics and transportation. A significant milestone this year was the development of a robust ESG data warehouse, a critical step towards ensuring data continuity, improving comparability for future reporting, and enhancing the quality of raw data through integrated systems and automated processes. This foundation will enable us to track Scope 3 emissions with greater accuracy over time and refine our strategies to reduce our broader environmental impact.

Our approach to Scope 3 reporting evolves each year as we deepen our understanding of indirect emissions across our value chain. While we are not yet positioned to report comprehensively on all priority Scope 3 categories (as we employ less than 750 employees in our group, we will report full scope 3 priority categories in FY25/26 report), but we have established a systematic and phased approach to data management and collection. By gradually building capacity and focusing on steady improvements in data quality, especially in logistics related data, we aim to refine our Scope 3 calculations and strengthen transparency in emissions reporting. These efforts lay the groundwork for more comprehensive and reliable environmental data in the years to come.

We have strengthened our understanding of how to calculate Scope 3 from:

- Category 4 – emissions are from upstream transportation and distributions.
- Category 6 – business travel.
- Category 7 – employee commuting (distance-based method).
- Category 9 – downstream emissions from transportation and distributions.

LOGISTICS AND TRANSPORTATION

Most of our retail and wholesale products travel long distance using maritime and land transportation from Asia to Europe. From Nike European central distribution centre, we use land transportation to ship the goods to our Riga distribution centre, from where they are distributed to stores and customers across the Baltics. Transportation sector accounted approximately 16% of global greenhouse gas emissions in 2023, making it the second-largest source of emissions worldwide.¹³ This is one of the biggest articles of our GHG emissions (on top of production) as well as transportation fuels used are still based on fossil fuels. The transportation sector is actively exploring and adopting alternative renewable fuels; however, viable options for cargo ships and heavy-duty trucks remain limited. While hydrogen and electric propulsion are promising, their widespread implementation faces significant challenges. For instance, the shipping industry is exploring alternative fuels, but the transition is complex and ongoing.¹⁴

The transportation sector, characterised by substantial investments and complex infrastructure, faces therefore a gradual transition toward decarbonisation. While the adoption of alternative fuels and electric vehicles is somewhat progressing, challenges remain. At Jalajälgi Group, we recognise that our ability to directly influence the transportation industry's pace of decarbonisation is limited, as it depends largely on our partners' sustainability goals and the financial implications of new technologies. However, we are actively mapping our partners' decarbonisation objectives to better align with our environmental commitments.

In the meantime, we focus on areas where we can make an immediate impact, such as optimising load planning and consolidating orders. These measures enhance transportation efficiency, reduce emissions, and support our broader sustainability goals.

The total carbon footprint amount in Scope 3 in our European and local transportation combined is 1 026 tCO₂e. This includes both, category 4 and category 9 emissions, which due to different reasons were calculated together.

OUR DISTRIBUTION CENTRE IN RIGA, LATVIA

In FY21/22, we initiated the development of a new distribution centre in Riga, Latvia, to enhance efficiency in response to increased sales volumes and the availability of advanced warehousing tools. This facility became operational in FY22/23. Throughout FY23/24, we have focused on optimising and refining our Baltic distribution centre's operations and logistics to further improve efficiency.

In FY23/24, we implemented a major software upgrade at our Riga distribution centre, transitioning to Microsoft Dynamics 365 Warehouse Management system. This enhancement, combined with a paperless scanning system, has significantly improved operational efficiency, achieving up to three times faster picking times and streamlining overall warehousing procedures, including deliveries optimisation and related GHG emissions.

Additionally, we improved local deliveries to Baltic stores by collaborating with Sportland Group, a partner with shared ownership ties. Weekly replenishments for stores located within the same shopping centres are now consolidated into a single truck delivery for both groups. This approach has eliminated many unnecessary transportation kilometres, reduced associated environmental impacts and enhanced logistical efficiency.

For FY24/25, we aim to map our transportation partners' ESG and climate initiatives, actions, and goals. By assessing their specific measures, ongoing initiatives, and potential challenges, we can have a better picture of today and tomorrow to promote a collaborative approach with right, similarly minded transportation partners to reducing environmental impact.

13- <https://www.statista.com/topics/7476/transportation-emissions-worldwide/#topicOverview> (15.09.2024)
14- <https://www.intercargo.org/selected-headlines-on-alternative-fuels-technologies-2024/> (27.08.2024)



Jalajälg Group's distribution centre in Riga, Latvia

BUSINESS TRAVEL

Business travel contributes to our Scope 3 GHG emissions, primarily due to transportation activities, including commercial flights. This year, we made progress in refining our data collection processes, enabling us to capture emissions from direct travel to destinations using various modes of transportation. However, emissions from local taxi rides, hotel stays, and other related activities remain to be specified for inclusion in GHG calculations. By expanding our focus to include business travel, we now have a clearer picture of our actual travel-related emissions, helping us better identify areas for reduction.

As we continue to track and analyse our business travel emissions, we are also exploring alternatives such as virtual meetings and optimising travel planning to reduce our environmental impact. These actions align with our broader sustainability goals and reflect the values and principles that guide our company. However, we acknowledge that, as representatives of the world-class Nike brand, some travel will remain essential. This allows us to fully immerse ourselves in the brand's essence and understand product specifics, ensuring we bring the same level of excellence and top-quality offerings to local markets in the Baltics.

The total carbon footprint amount in Scope 3 in business travel is 68 tCO₂e (Estonia 55 tCO₂e, Latvia 9 tCO₂e and Lithuania 4 tCO₂e). The data is calculated using the distance-based calculation method.

EMPLOYEE COMMUTE

Some of our GHG emissions also stem from employee commutes to the workplace. Our offices in Estonia and Lithuania are strategically located in areas with convenient access to public transportation, including city buses and, in Estonia, train services. This facilitates efficient commuting for employees and visitors while reducing reliance on private vehicles, aligning with our commitment to sustainable and environmentally friendly practices. An exception is our Latvian office, situated near Riga's airport in the same building with our Riga's distribution centre. While it is accessible by public transportation, the convenience level is not as high as that of our Estonian and Lithuanian locations.

Most of Jalajälg Group's stores are strategically located in major shopping centres within or near capital cities and main towns, providing convenient access to public transportation for store employees across the Baltic countries. This accessibility not only helps employees commute efficiently and sustainably but also promotes their well-being while aligning with our commitment to reducing environmental impact by encouraging the use of public transit.

In Summer 2024, we conducted a self-reported survey across Estonia, Latvia, and Lithuania employees to assess the distances our employees commute and the types of transportation they use. This serves as an action point where all our employees can take responsibility and reflect on their own transportation choices and habits.

All data from employees' self-reported survey about commuting habits was integrated into our ESG data warehouse, ensuring continuity and improved comparability for future reporting as part of our broader sustainability efforts.

Distance from home to workplace varied between 1-140 km, average distance was 14,5 km.

On a group level the preferred type of transportation for employees was still a car 55% (in Estonia 55%, in Latvia 49% and in Lithuania 60%). Around 1/3 of employees on group level (varying from 23% in Lithuania to 40% in Estonia) use public transportation different options to commute to work. Similarly to FY20/21 employee questionnaire

results, only a small portion of employees of Jalajälg Group walks or cycles to work and do not rely on any fossil fuel-based vehicle (accordingly to FY23/24 self-reported survey 8% in total).

Employee commute total carbon footprint in Estonia, Latvia and Lithuania was 150 tCO₂e.

SCOPE 3		
Region	Average home-office distance (km)	GHG emissions from employee commute (tCO ₂ e)
Estonia	16,7	65
Latvia	16,9	52
Lithuania	9,6	33
Baltics total	14,5	150

Table 13. Employee commute of Jalajälg Group in FY23/24

FUTURE PLANS WITH SCOPE 3

For next year we are planning to be able to add to GHG Scope 3 calculations Category 5 and start gradually adding Category 1, though, if possible, we actively consider also additional categories.

- **Category 5 - Waste generated in operations:** This includes emissions from the disposal and treatment of waste generated by the company's operations, in facilities not owned or controlled by the company. It covers various types of waste, such as landfill, recycling, and waste-to-energy, and accounts for emissions from both hazardous and non-hazardous waste disposal.
- **Partially category 1 - Purchased goods and services:** This includes emissions from the production of goods and services that the company purchases or acquires. These emissions occur at the suppliers' facilities and cover everything from raw materials to finished products used in the company's operations.

6.3. ENERGY EFFICIENCY (E)

Our group is conscious about energy consumption in our daily operations. As Jalajälg Group is operating in retail and wholesale business, our direct energy consumption comes from rented distribution centre, stores, and office spaces. Additionally, significant part of energy used comes from production of the products and sports equipment, the fleet (transportation of goods - internationally and locally between distribution centre and the stores) and by the end-consumer (product sourcing, usage, care and disposal).

In FY23/24, Jalajälg Group continued to map and identify all on-site energy sources within our operations by analysing utility bills, leasing agreements, and conducting comprehensive energy-related questionnaires among our landlords. Despite certain data limitations and incomplete responses from some landlords, we remain committed to enhancing our data collection efforts to gain a clearer understanding of our energy consumption.

We recognise that many of our supply chain partners are making significant strides in sustainability, with some publishing detailed ESG reports. Nike, as our main supplier, exemplifies this commitment, achieving 96% renewable energy usage in its own operations as of 2023¹⁵ and identifying energy as a key focus area. While we have not yet undertaken a comprehensive energy mapping within our upstream global value chain, including production, we plan to incorporate this into our action plans in the coming years, focusing on areas where information is accessible. This approach reflects our commitment to reducing our collective environmental footprint and aligns with our broader goal of promoting responsible and efficient energy use.

OUR OPERATIONS

ESRS E1 Climate Change – Energy - Energy consumption within the organisation

At Jalajälg Group, we are conscious of energy consumption in our daily operations. As a company operating in retail and wholesale, our energy use is primarily tied to the rented spaces we occupy for

warehouses, stores, and offices, where district heating is used in most locations.

This year, we adopted a long-term perspective in mapping the energy systems of our landlords, seeking to understand their current practices and their near- and long-term plans for improvements, innovations, and upgrades. The quality and depth of responses varied significantly, with response rates ranging from 63% of landlords in Latvia to 100% in Estonia. Despite these variations, this exercise provides a strong starting point for further collaboration. Importantly, all information gathered was systematically imported into our ESG data warehouse, ensuring we now have a well-structured baseline for future updates and additions.

One of our key performance indicators (KPIs) for energy is gaining a clearer understanding of when and how our partners plan to renovate their buildings to improve environmental efficiency, beginning with conducting energy audits. Many of these properties primarily shopping centres in high-traffic, prime locations require significant upgrades to meet modern energy efficiency standards. This challenge is further complicated by the need to manage energy demands effectively across all four seasons in our climate region. As the yearly temperature amplitude outside can reach over 60 degrees; varying from -30 to +30°C outside, weather has influence on our direct energy consumption through electricity, heating, and cooling used indoors.

Energy usage data has been collected from utility bills and information in leasing agreements. However, data quality remains inconsistent. While electricity data generally meets the required standards, providing accurate insights into direct consumption and costs, other aspects such as heating and cooling data are less comprehensive.

Our immediate priority is to implement innovative solutions where we can reduce energy consumption quickly. Additionally, we are committed to ongoing engagement and collaboration with our landlords, who are key stakeholders in our sustainability journey. Our shared goal is to fully transition to renewable energy by FY26/27, recognising this as an ambitious collaborative target, but necessary step toward reducing our environmental footprint.

15- <https://about.nike.com/en/newsroom/releases/fy23-nike-inc-impact-report> (30.09.2024)

INNOVATIVE SOLUTIONS

It is our priority to use also innovative solutions in reducing energy consumption volumes wherever possible for achieving Net Zero in scope 1 and 2 by FY29/30. We have intensified efforts to ensure all rented spaces adopt energy-saving technologies, focusing on efficient lighting, smart solutions, and AI-integrated systems to optimise energy management both in our premises and the buildings housing them. These measures are key to reducing energy consumption and minimising environmental impact. Encouragingly, many shopping centres where we operate are increasingly adopting these innovations.

Given that most of our stores are situated in shopping centres with limited natural daylight, artificial lighting is a critical focus area for energy efficiency. The implementation of LED technology has become indispensable, allowing us to optimise energy use while providing a comfortable shopping environment for customers. Balancing sustainability with an excellent consumer experience is essential in modern retail, supporting both operational efficiency and environmental responsibility.

To date, we have received responses from 18 out of the 22 shopping centres/buildings regarding their energy efficiency practices, though the quality of responses varies. This leaves us missing information from 4 shopping centres/buildings (3 in Latvia and 1 in Lithuania). From a square meter perspective, we now have preliminary energy data covering 8,189 m² (82% of our total leased area), while 1,766 m² (18% of our total leased area) remains unassessed.

Of those who responded, five shopping centres indicated plans to conduct energy audits within the next two years or just have done it. However, substantial investments in building upgrades, energy systems, and other improvements are not yet firmly outlined in most development plans. This lack of concrete action may be due in part to the absence of clear and transparent governmental energy strategies in the Baltic countries, particularly regarding the shift to renewable energy sources.

Nevertheless, several respondents have already implemented or plan to introduce various energy-saving measures within the next two years. These include general energy reduction efforts (4 shopping centres), transitioning to LED lighting (4), exploring on-site renewable energy

options like solar panels (2), integrating energy-saving AI solutions (1), enhancing cooling efficiency through new cooling solutions (3), applying for ISO 50001 certification (1), upgrading full energy systems (2), improving doors efficiency in indoor climate management (1), and upgrading older ventilation units (2). One shopping centre is also planning bigger renovation. While there remains significant work to improve energy efficiency across our shopping centres, these initiatives represent important steps toward a more sustainable future and support our shared goal of reducing environmental impact.

These are the key insights we have gathered from our energy questionnaire. We will continue to strengthen our collaboration with shopping centres to better understand their energy-related initiatives and align them with our own targets.

Most of the leased spaces are in buildings with relatively good internal climate and some buildings have certifications to prove their energy efficiency and other sustainability features, like LEED O&M platinum certificate in Viru Centre.¹⁶ Our main retail partners in Latvia and Lithuania – the Akropolis Group, have been BREEAM certified for the different sustainability requirements and standards in most of their shopping centres, for example Akropole Riga (certificate for the construction stage)¹⁷ and Akropole Alfa (rated “Very Good”)¹⁸ in Latvia and Akropolis Centres in Vilnius and Klaipėda (both rated “Good”), and in Šiauliai (rated “Very Good”)¹⁹ in Lithuania. BREEAM certified is also Origo Shopping Centre (rated with highest level “Excellent”)²⁰ and Riga Plaza (rating unknown)²¹, both in Latvia.

16-<https://virukeskus.com/en/news/viru-keskus-still-the-most-sustainable-shopping-centre-in-the-baltics> (30.09.2024)

17-<https://www.akropoleriga.lv/en/news/akropole-the-only-shopping-centre-in-latvia-with-breem-certificate-for-the-construction-stage/20509> (30.09.2024)

18-<http://www.akropolis.lv/en/press-releases/akropolis-groups-shopping-centre-akropole-alfa-in-riga-has-obtained-a-breem-sustainability-certificate/37421> (30.09.2024)

19- <https://www.akropolis.lt/en/press-releases/vilnius-klaipeida-and-siauliai-akropolis-were-certified-according-the-international-breem-standart/27585> (30.09.2024)

20-<http://www.origo.lv/en/sustainability/breem-certificate/> (30.09.2024)

21-http://www.baltictimes.com/riga_plaza_receives_breem_certificate/ (30.09.2024)

LED SOLUTIONS LED LIGHTNING

We target using the latest energy saving technologies in all our operating spaces already for decades. Stores are usually located in shopping centres with limited daylight availability and therefore one of the key energy-saving elements is efficient lighting. LED technology allows stores to reduce energy costs while providing customers with a pleasant shopping environment. Additionally, LED lighting offers flexibility, enabling various design solutions and lighting scenarios that enhance product presentation.

As of FY23/24, all our stores are equipped with LED lighting, except for one outlet store in Kaunas, Lithuania, which is scheduled for renovation in the future. LED lamps are significantly more energy-efficient compared to traditional incandescent and halogen lamps. According to the European Commission, LED bulbs tend to last 5 to 10 times longer than their halogen equivalents and use much less energy, often less than one-tenth of the halogen equivalent.²² This substantial reduction in energy consumption not only lowers electricity bills but also contributes to environmental sustainability by decreasing overall energy demand.

22-https://commission.europa.eu/news/new-lightbulb-rules-will-enable-household-energy-savings-and-help-reduce-greenhouse-gas-emissions-2019-08-31_en (30.09.2024)



LED SCREENS

For several years, we have steadily invested in LED screens for our stores, aiming to reduce the need for printed marketing materials and their associated transportation impacts. Each year, we continue to expand the number of stores equipped with LED screens, replacing significant quantities of paper and plastic posters. These screens not only save substantial amounts of traditional marketing materials but also serve as an efficient platform for quickly sharing information.

LED screens offer a convenient and dynamic way to communicate with consumers, showcasing the latest trends and highlighting the sustainability aspects of our products. While these innovations enhance customer experience and sustainability, they do slightly increase energy consumption. To fully implement LED screens across all our stores, we recognise the need for more precise energy measurements to balance this initiative with our overall environmental goals.

ELECTRICITY ENERGY INTENSITY

Comparing our electricity energy intensity to national or industry averages helps identify inefficiencies, enabling targeted improvements that can reduce operational costs and environmental impact.

Operating sites electricity energy intensity kWh/m2/year	
Group total kwh/m2	136*
Estonia	165
Latvia	127
Lithuania	115

Table 14. Our direct electricity energy intensity of operating sites (excl. distribution centre) based on used electricity amount kWh on yearly bases and operating sites floor space m2.

*As the group total operating site energy intensity is 136 kWh/m2 then this is considered as a low-energy consumption.

LOCAL AND GLOBAL VALUE CHAIN

ESRS E1 Climate Change – Energy - Energy consumption outside of the organisation

As a dedicated retailer of Nike products, Jalajälg Group acknowledges the energy consumption associated with the production and distribution of sporting goods. Nike, Inc. has committed to using 100% renewable electricity in its owned or operated facilities by 2025 (excluding its partners).²³

23-<https://aboutnike.com/en/impact/focus-areas/protecting-the-planet> (10.10.2024)

The company collaborates with manufacturing suppliers to enhance facility efficiency, including increased use of on-site and off-site renewable energy and eliminating coal in tier 2 suppliers. Additionally, Nike focuses on creating and scaling low-carbon materials throughout its products, as raw materials account for approximately 70% of the company's carbon footprint.²⁴

24-<https://supplychaindigital.com/sustainability/nikes-net-zero-ambition-they-just-did-it> (10.10.2024)

While these initiatives are commendable, Jalajälg Group recognises the need to further map and understand energy consumption within our global value to align with these sustainability efforts effectively.

6.4. CIRCULAR ECONOMY – RESOURCES AND WASTE MANAGEMENT (E)

Transitioning to a circular economy is crucial for minimising resource use and managing waste effectively. At Jalajälg Group, as a dedicated retailer of Nike products, we are committed to advancing resource efficiency within our operations and throughout our value chain, focusing on reducing waste and enhancing recycling practices. We recognise that this area requires further exploration, particularly concerning value chains, with many aspects needing additional mapping and understanding. Consequently, our current approach and communications are somewhat general as we continue to refine our strategies to establish more concrete targets in the coming years.

Our current efforts involve improving packaging reuse, in-store recycling, and promoting sustainable product displays. Additionally, we are exploring collaborative opportunities with local manufacturers to integrate more circular economy principles into our actions, such as take-back programs. Our aim is to progressively build a more comprehensive understanding of waste flows, both in our operations and across our value chain, setting actionable targets to reduce our environmental impact starting from FY25/26.

Nike has been actively pursuing circular economy initiatives to minimise resource use and manage waste effectively. Nike, Inc. has implemented several programs and strategies to promote sustainability throughout its value chain:

- **Move to Zero:** Nike's journey toward zero carbon and zero waste aims to protect the future of sport by focusing on carbon, waste, water, and chemistry, with targets set for 2025.²⁵
- **Circular Design Guide:** Nike has developed a Circular Design Guide to share principles that support a universal call to action for the industry to have a more positive impact on the planet.²⁶
- **Eliminating waste:** Nike employs an end-to-end approach to eliminate waste from its value chain, coordinating across every aspect of the product lifecycle, from ideation and creation to sale, recycle, or take-back.²⁷
- **Sustainable materials:** By reusing existing plastics, yarns, and textiles, and inventing entirely new materials, Nike is making significant strides toward zero carbon and zero waste.²⁸
- **Product lifecycle management:** Nike is rethinking how products are brought into the world, made to last, and given new life, protecting the future of sport through circular solutions.²⁹

25- <https://www.nike.com/sustainability> (10.10.2024)

26- <https://circulardesign.nike.com/> (10.10.2024)

27- <https://aboutnike.com/en/impact/focus-areas/protecting-the-planet> (10.10.2024)

28- <https://www.nike.com/sustainability/materials> (10.10.2024)

29- <https://www.nike.com/sustainability/services> (10.10.2024)

By aligning with Nike's sustainability initiatives, Jalajälg Group is committed to supporting and promoting similar efforts that contribute to a more sustainable value chain. We recognise the importance of distinguishing between initiatives and actions that can be implemented locally and decisions that impact the broader value chain, although we evaluate our impact very small in this part. This approach enables us to effectively address sustainability challenges at both the local and global levels, ensuring that our efforts are impactful where possible and appropriately targeted.

OUR OPERATIONS AND LOCAL VALUE CHAIN

ESRS E5 Resource use & Circular Economy – Waste - Waste generation inside the organisation and its value chain
ESRS E4 Biodiversity & Ecosystems - Impacts and dependencies on ecosystem services

RESOURCES MATERIAL WASTE/WASTE MANAGEMENT

We as retailers have limited direct influence on resource material waste, therefore we are currently primarily focusing on sorting packaging waste, improving in-store recycling, and promoting sustainable product displays. However, the larger impact comes from collaboration with manufacturers, but we need to face that our possibilities to impact global brands are very limited or not existing at all.

At Jalajälg Group, resource waste primarily arises from retail goods orders, transportation, logistics, and distribution. While most products arrive pre-packed by the manufacturer, we actively work to reuse packaging wherever feasible, contributing to waste reduction.

Additional waste stems from daily operations, including IT system data storage, general office waste, and food packaging from employee takeaways. Although this waste is relatively minor compared to our products and logistics operations, we are committed to improving waste management practices across all areas of our business to support our broader sustainability goals.

Waste collection across all our operating sites is managed by third-party providers organised by landlords and follows national regulations. However, transparency regarding the ultimate destination of collected waste, whether it is sent for recycling, landfill, or incineration, is often limited. This lack of visibility makes it challenging to fully assess the environmental impact of our waste disposal practices. Our aim is to delve deeper into this subject during FY24/25 to plan actionable and meaningful targets on all waste-related topics associated with our operations.

PAPERLESS GROUP

In our FY20/21 report, we highlighted the implementation of an e-catalogue system developed in collaboration with Dubai-based IT company Trasix. This initiative has resulted in an annual saving of at least 100,000 sheets of paper, enhancing operational efficiency and reducing human error. We continue to refine this system to accommodate a broader range of suppliers.

Additionally, we have continuously invested in modern LED screens for our retail stores and facades to communicate marketing messages and educate consumers about product quality. This transition has led to annual savings estimated to be €40 000, previously spent on paper and cardboard banners and posters, and has reduced transportation needs by approximately 2 500 kilometres each year (based on FY20/21 report).

As part of Jalajälg Group's commitment to sustainability, we have taken significant steps towards reducing paper usage ever since and transitioning to a paperless work environment, with the goal set for currently FY26/27. Since FY21/22, we have systematically upgraded IT systems, starting in Estonia and expanding to Latvia and Lithuania in FY22/23, to streamline digital workflows and reduce reliance on printed materials. The HR department has also adopted digital solutions, minimising the need for physical documents.

In FY23/24, we initiated a focused journey towards paperless operations, mapping all areas of paper usage, identifying reduction opportunities, and implementing alternative solutions across our stores. Each store now uses whiteboards and iPads to replace many actions previously reliant on printed materials. These efforts have saved approximately 1,000 printed pages per store annually, equating to 104kg less paper waste and reducing CO2 emissions by 5-6kg per store each year, resulting in a total reduction of around 105kg CO2e across 19 stores we had in FY23/24). Financially, this translates to savings of approximately €660 annually across all stores, excluding indirect costs such as electricity and labour.

In FY24/25, we plan to further advance these initiatives by identifying additional areas for paper reduction, increasing digital adoption in procurement and logistics (already performed with digital scanners in Riga's distribution centre), and enhancing reporting systems to track progress and refine strategies. These steps reflect our ongoing commitment to achieving a fully paperless management and store environment by FY26/27, supporting both our sustainability objectives and operational efficiency. However, achieving this target also depends on governmental regulations, particularly in store operations. For example, the ability to provide digital receipts for all consumer goods purchases would significantly support our efforts, and we remain optimistic about regulatory changes facilitating such advancements.

OFFICE WASTE

In Estonia, Latvia, and Lithuania, waste management regulations mandate the sorting of waste at the source, emphasising the separation of recyclables, bio-waste, and general waste. To align with these national laws and enhance our sustainability efforts, we have implemented several measures across our offices and stores.

Recognising that a significant portion of our waste originates from daily operations, such as office supplies, bio-waste, and food packaging, we have fully equipped our kitchens with reusable tableware at most of our locations. This initiative aims to reduce reliance on single-use items and minimise plastic packaging waste. We are committed to providing the same level of comfort and sustainability across all our locations, so we are step-by-step improving these conditions.

In compliance with local regulations, we have established waste sorting systems in our offices, encouraging employees to separate waste by type. In leased spaces where recycling facilities are available (in most of the shopping centres we operate but for more concrete understanding we need to perform additional mapping planned for FY24/25), we promote proper waste segregation among our staff. We anticipate that forthcoming national regulations will further strengthen waste sorting requirements, prompting landlords to enhance recycling and circularity options. Until such legislative advancements occur, we depend on the waste management services provided by our landlords. We acknowledge the current limitations in transparency regarding the post-collection treatment of our waste and recognise the need for improvement in this area.

Our group is committed to adhering to national waste collection and recycling laws, ensuring full compliance with local regulations. We acknowledge that waste sorting is an area with potential for further enhancement and are dedicated to continuous improvement in our waste management practices.



PACKAGING – REDUCING & REUSE PRODUCT PACKAGING

At Jalajälg Group, our packaging practices are closely aligned with Nike's global sustainability initiatives, as we depend on Nike for product packaging. Nike's 'Move to Zero' campaign exemplifies its commitment to achieving zero carbon and zero waste, directly influencing our operations as a distributor.

Nike has implemented several strategies to minimise packaging waste. The One Box initiative, for instance, involves shipping shoes in their shoeboxes without an outer box, resulting in a 51% reduction in waste and a 25% decrease in carbon emissions compared to traditional methods.³⁰

30- <https://www.nike.com/a/nikes-one-box-cuts-packaging-in-half> (10.10.2024)

Additionally, Nike utilises pop-up cartons made from 65% recycled content and 35% virgin material, optimising packaging for both consumer convenience and environmental benefit. Emphasising the reuse and recycling of packaging materials, Nike is committed to eliminating single-use waste across its operations, including food packaging and other hard-to-recycle items. Additionally, enhancements in product order management, such as the Productive Orderbook system (60-120 min unit/SKU), help minimise excessive and unnecessary packaging.

The company also educates and inspires employees to adopt sustainable practices, fostering a culture of environmental responsibility. However, significant work remains ahead, and to gain a deeper understanding, we must continue to thoroughly explore packaging practices within the global value chain.

PACKAGING IN OUR OPERATIONS

As products are shipped, stored, and transported over long distances before reaching the end consumer, the packaging must be durable enough to ensure the product's safety. At Jalajälg Group, we prioritise reusing original packaging wherever possible. While we currently lack statistical tracking to verify this process, our operational experience indicates that at least 80% of cardboard boxes are reused

at least twice. Additionally, we avoid repacking or adding extra layers of packaging to goods already in their original packaging. Pallets are also reused in circular operations whenever feasible. Most of Nike products are sent to our stores with reusable transportation cages to avoid additional need for transportation packaging.

New packaging is primarily used for online merchandise, but even in these cases, we ensure that returned shipments are sent back using the original packaging, further reducing waste.

We comply with local mandatory packaging reporting and auditing requirements, ensuring transparency in our operations. This system encourages us to continually evaluate data and explore new alternatives to address waste issues related to excess packaging.

For example, in Estonia, our organisation is obliged to report on packaging waste. Here are the waste articles based on our packaging report for 2023 calendar year. Packaging reporting is conducted annually, with corresponding packaging taxes paid in compliance with regulations. An audit of the packaging reporting process is carried out every three years, with the next scheduled audit set for the 2024 calendar year.

Apparel related packaging	Plastic	5,2
	Paper	8,4
Footwear related packaging	Paper	29,4
Shopping bags	Plastic	0,5
	Paper	1

Table 15. Jalajälg Group's packaging reported for 2023 in Estonia (Jalajälg AS)

NO FREE SHOPPING BAGS DISTRIBUTION

In our value chain, packaging is integral to product protection during transportation and storage. At Jalajälg Group, we strive to minimise single-use plastics by opting for alternatives like paper bags. For instance, all our stores exclusively offer paper bags. While paper bags may have a shorter reuse lifespan compared to plastic ones, they are biodegradable and less harmful to ecosystems. In the Baltic region, paper recycling is well-established, enhancing the environmental benefits of using paper-based packaging. For instance, in 2022, Estonia achieved a recycling rate of 85.4% for paper and cardboard packaging waste, while Latvia reached 85.2%, and Lithuania attained 85.1%.³¹

31- <https://www.statista.com/statistics/1033512/recycling-rate-of-paper-and-cardboard-packaging-waste-in-the-eu-by-country/> (10.10.2024)

To raise awareness about packaging waste, we do not provide any shopping bags for free. The nominal fee of shopping bag highlights the environmental impact of excess packaging and encourages customers to bring their own reusable bags. This initiative aligns with our commitment to sustainability and reducing our environmental footprint.



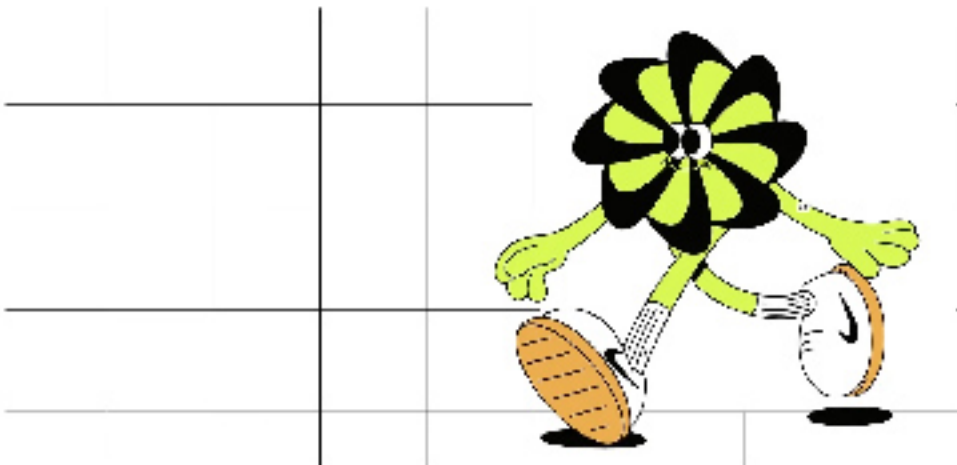
PRODUCT ASSORTMENT

At Jalajalg Group, we distribute Nike products renowned for their high-quality standards, incorporating sustainable materials and offering durability and comfort for extended use. Our operations depend on Nike's value and supply chain, particularly their Tier 1 and Tier 2 manufacturers, who drive innovation and collaborate with suppliers and contractors adhering to national regulations and acceptable labour practices.

We are committed to prioritising the distribution of top-quality, sustainable products. Our goal for FY25/26 is to ensure that 25% of our product portfolio comprises items made from at least 25% recyclable materials, reinforcing our dedication to a more sustainable and circular product offering. Currently, we are mapping our product portfolio to assess the proportion of sustainable products and analysing consumer acceptance of these items.

Jalajalg Group defines sustainable products in the same way as Nike as those that incorporate environmentally preferred materials and are designed with circularity in mind.³² This approach focuses on creating products that last longer and are crafted with their entire lifecycle considered, from sourcing and manufacturing to usage and eventual return or recycling.

32- <https://circulardesign.nike.com/> (10.10.2024)



TEXTILE AND FOOTWEAR WASTE

Textile and footwear waste is a growing environmental issue, with products often discarded prematurely and contributing to landfill waste due to their slow decomposition and challenging recyclability. To address this, Jalajalg Group focuses on selling high-quality Nike products designed for longevity, durability, and performance. With proper care, these products can extend their lifecycle, reducing waste and promoting sustainability. Additionally, many of the carry-over models we offer remain available across seasons, further supporting long-term use.

While prioritising quality and longevity helps reduce waste, we acknowledge the importance of going further. Mapping local recycling possibilities is essential, as Estonia and other Baltic countries currently lack sufficient capacity for post-consumer textile recycling, focusing instead on industry scraps. Additionally, establishing a textile waste recycling system requires comprehensive funding and takes time.³³ We are exploring partnerships with local organisations to improve recycling opportunities and plan to pilot a product recycling program in our stores by FY25/26, expanding it by FY26/27. In the meantime, we remain committed to finding faster solutions to align with circular economy principles and reduce our environmental impact.

33- <https://www.maministeerium.ee/sites/default/files/documents/2024-09/Tekstil%20ringlussev%C3%BCstus%20tehnoloogiate%20uurimise%20anal%C3%BCs.pdf> (10.10.2024)



GLOBAL VALUE CHAIN

ESRS E5 Resource use & Circular Economy - Resources inflows, including resource use - Resources and raw materials

ESRS E5 Resource use & Circular Economy - Waste - Waste generation inside the organisation and its value chain

ESRS E4 Biodiversity & Ecosystems - Impacts and dependencies on ecosystem services

ESRS E4 Biodiversity & Ecosystems - Direct impact drivers of biodiversity loss - Land-use change, fresh water-use change and sea-use change

ESRS E4 Biodiversity & Ecosystems - Direct impact drivers of biodiversity loss - Direct exploitation

Our approach to the European Sustainability Reporting Standards (ESRS) is progressing as we refine our strategy on resource use, circular economy, and biodiversity impacts. As the exclusive distributor of Nike products in the Baltics, we understand the importance of addressing the environmental effects tied to raw material use, packaging, and waste. Rising resource costs and increasing expectations to adopt circular and renewable solutions highlight the need for more efficient material use and exploration of sustainable alternatives. While our direct influence in these areas is limited, we are dedicated to enhancing our understanding and collaboration with Nike to align with their global sustainability efforts. In the coming years, we aim to set concrete targets and develop actionable plans to contribute meaningfully to these critical areas.

NIKE PRODUCT CREATION & INNOVATION GOALS

Nike's unwavering commitment to innovation drives the creation of high-quality, comfortable, and durable products. Central to this commitment is the development and scaling of lower-carbon materials, with a focus on incorporating recycled and renewable resources. By reusing existing plastics, yarns, and textiles, Nike aims to reduce waste and minimise environmental impact. Additionally, the company is dedicated to decreasing water and chemical usage throughout its manufacturing processes, further underscoring its dedication to sustainability.³⁴

³⁴ <https://about.nike.com/en/impact/initiatives/reducing-our-carbon-footprint> (10.10.2024)

Material innovation has been one key component of waste reduction in production. For example, Nike has developed Flyleather, a material made with at least 50% recycled natural leather fibre, which is lighter and more durable than traditional leather.³⁵ The company has increased its use of recycled polyester, diverting billions of plastic bottles from landfills and innovated new materials with smaller environmental impact. For example, Nike Forward is an all-new material made from ultra-thin, needle-punched layers. It's super soft, incredibly warm and absurdly lightweight. Designed with sustainability in mind, our inaugural collection has a reduced carbon footprint of 75% on average when compared to our traditional knit fleece. Nike also sources 100% of its cotton from sustainable sources, including organic and recycled cotton, as well as the Better Cotton Initiative.³⁶

Additionally, the Nike Grind program repurposes manufacturing scrap and end-of-life shoes into new products, promoting a circular economy.³⁷

³⁵ <https://www.gq.com/story/nike-flyleather-is-here-to-change-how-leather-sneakers-are-made> (10.10.2024)

³⁶ <https://www.nike.com/gb/sustainability/materials> (10.10.2024)

³⁷ https://en.wikipedia.org/wiki/Nike_Grind (10.10.2024)



6.5. AIR, WATER AND SOIL (E)

In our first double-materiality assessment (DMA), we assessed pollution-related impacts across our operations and Nike's global value chain, focusing on air, water, soil, substances of concern, and microplastics. This initial evaluation provides insight into potential environmental and reputational risks linked to our business activities and those of our partners, though our current understanding remains limited.

Within our own operations, the primary risks identified include air pollution from last-mile and European transport, water pollution risks linked to waste handling near coastal logistics sites, and microplastic release associated with synthetic materials (using and washing them) that we distribute. Across the global value chain, potential impacts were examined in production processes and overseas transportation, including air, water, and soil pollution. Notable concerns also include microplastic release during manufacturing and transport, as well as substantial water use and the presence of substances of concern in textile production.

Looking ahead, Jalajälg Group is committed to deepening its understanding of these pollution-related issues. We aim to develop more concrete strategies to address and mitigate these impacts, with enhanced reporting planned for FY25/26 to guide our efforts in creating a more sustainable operation.

OUR OPERATIONS AND LOCAL VALUE CHAIN

ESRS E2 Pollution - Pollution of air - Direct and indirect air pollution
ESRS E2 Pollution - Microplastics - Produced and used microplastics
ESRS E4 Biodiversity & Ecosystems - Direct impact drivers of biodiversity loss - Pollution

In our first double-materiality assessment (DMA), Jalajälg Group has mapped key pollution-related impacts across our wholesale and retail operations, focusing on air pollution, water quality, and microplastic release. This initial assessment provides a foundational understanding of our environmental impact, and we are committed to deepening our knowledge and refining our strategies in future reports.

Air pollution is primarily linked to transportation activities, including last-mile and European logistics. These operations contribute to particulate matter emissions, posing potential risks if European air quality targets are not met. While we have limited direct control over transport-related emissions, we are committed to evaluating and improving our logistics practices through a step-by-step approach to reduce our environmental footprint.

Water pollution risks are also relevant in logistics, particularly in coastal areas such as the Gulf of Finland and the Baltic Sea, where transportation and potential accidents could impact biodiversity. However, the Baltic region has strict environmental regulations in place, helping to minimise these risks.

Microplastics represent a significant challenge, especially in synthetic products like apparel and footwear. These materials release microplastics during washing and drying, contributing to marine and atmospheric pollution. Additionally, microplastics from road and tire wear, particularly from winter tires used in colder climates, are a concern. Regulatory developments targeting microplastic pollution may increase related costs, which we continue to monitor while assessing our impact.

This preliminary mapping highlights areas requiring targeted initiatives and deeper insights. In FY24/25, we aim to expand our understanding of these pollution-related impacts and develop actionable strategies, with a commitment to openly communicate our progress in the FY25/26 report.

GLOBAL VALUE CHAIN

ESRS E2 Pollution - Pollution of air - Direct and indirect air pollution
 ESRS E2 Pollution - Pollution of water - Direct and indirect water pollution
 ESRS E2 Pollution - Pollution of soil - Direct and indirect soil pollution
 ESRS E2 Pollution - Substances of concern
 ESRS E2 Pollution - Microplastics - Produced and used microplastics
 ESRS E4 Biodiversity & Ecosystems - Direct impact drivers of biodiversity loss - Pollution
 ESRS E3 Water and marine resources – Water - Water consumption and water withdrawals
 ESRS E3 Water and marine resources – Water - Water discharges
 ESRS E3 Water and marine resources - Marine Resources - Water discharges in oceans

In our first double-materiality assessment (DMA), we assessed pollution-related impacts within the global value chain of Nike products we distribute, focusing on air, water, and soil pollution, as well as microplastic release. This initial evaluation provides a foundational understanding of potential environmental risks, and we are committed to deepening our insights and mitigation strategies in future assessments.

AIR POLLUTION

Air pollution is a significant concern, particularly in international transportation and manufacturing processes. While these emissions are beyond our direct control, they pose potential reputational risks if global emissions targets are unmet or if high-profile pollution incidents occur within the supply chain.

WATER CONSUMPTION & POLLUTION

Water pollution and consumption are critical areas of focus, as production processes often involve substantial water usage and wastewater discharge. Nike has implemented programs to optimise facility water use, including efforts to reduce water used in dyeing and finishing textiles, which constitute 18% of their overall freshwater footprint. Over the past decade, these initiatives have led to a more than 50% reduction in water usage across strategic material manufacturing suppliers, representing approximately 80% of materials production.³⁸

38- <https://about.nike.com/en/impact/initiatives/our-efforts-to-conserve-water> (10.10.2024)

MICROPLASTICS

Microplastic release is a growing concern across the value chain, generated during the production of synthetic materials and through tire wear in road transport. Nike is addressing this issue by developing time-bound actions and goals to reduce microplastic shedding from its products. This includes disclosing information about product testing for fibre shedding and providing customer guidance on products with higher shedding rates, though there is still long way to go.³⁹

39- <https://www.asyousow.org/resolutions/2024/3/26-nike-reduce-plastic-microfiber-shedding-plastic-pollution> (10.10.2024)

SOIL POLLUTION

Soil pollution from global production facilities and road transport remains an area of potential impact. Nike's commitment to sustainability includes efforts to eliminate hazardous chemicals from its supply chain, thereby reducing soil contamination risks. The company has pledged to eliminate the discharge of hazardous chemicals by 2020 and continues to work towards this goal.⁴⁰

40- https://en.wikipedia.org/wiki/Nike%2C_Inc. (10.10.2024)

Our preliminary analysis highlights the potential indirect reputational and financial impacts of pollution across the global value chain. While we trust that Nike is responsibly managing these risks, we aim to further develop this topic in our future reports as we gain greater insights into their ESG commitments and actions. We have set targets for FY25/26 to enhance our understanding and reporting in these areas, reinforcing our commitment to sustainable operations.



6.6. RISKS AND OPPORTUNITIES RELATED TO PLANET AND RESOURCES (E)

MAIN RISKS

Our initial assessment highlights several environmental risks associated with climate change and resource-related challenges. Extreme weather events pose significant risks to European and last-mile transportation, potentially delaying product availability during critical sales periods such as winter campaigns and holidays, which could impact sales volumes and customer satisfaction. Temperature fluctuations and intense weather may also affect shopping centre operations, creating less comfortable environments that reduce foot traffic and sales during heatwaves or cold spells.

Additionally, unpredictable weather can disrupt outdoor sports events, reducing public engagement in outdoor activities and potentially affecting category sales. Long-term pressures to meet low-carbon standards could lead to financial burdens and reputational risks if these targets are not met, particularly among increasingly environmentally conscious customers. While this initial mapping is a starting point, a more detailed assessment is required to fully understand and address these challenges.



MAIN OPPORTUNITIES

At the same time, there are some opportunities to position Jalajälg Group as a leader in environmental responsibility. Investments in renewable energy and energy-efficient practices, such as solar power adoption in retail spaces and improved energy management in stores, can lower operational costs and enhance environmental performance. Collaborating on sustainable transportation options, such as electric and renewable fuel vehicles, further aligns with consumer expectations and regulatory trends.

Engaging in circular economy initiatives, including recycling and reusing packaging materials, can strengthen our reputation and attract environmentally conscious customers. Additionally, promoting eco-friendly product innovations, such as sustainable materials and lower-impact packaging, addresses the evolving demands of next-generation customers while fostering loyalty. By conducting deeper analyses, we can develop concrete plans to capitalise on these opportunities and reinforce our commitment to proactive, sustainable retail practices.

7. OUR APPROACH



Dn
MAX

WAVE
ARENA
MAX

7.1. ABOUT THIS REPORT

This report is the second sustainability report of Jalajälg Group for the year ending 30th of April 2024 (referred as FY23/24), following the first edition published for FY20/21. The sustainability report has been prepared still mostly in accordance with GRI Standards: Previous core option. For each reported standard, the GRI index refers to the year of the version used. Topic-specific Disclosures are reported with respect to the material topics for Jalajälg Group. A comparison of the contents of the report and the GRI standards is given in the GRI index.

In our second sustainability report, we are taking the first steps toward aligning with the European Sustainability Reporting Standards (ESRS). This shift is guided by our inaugural double-materiality assessment (DMA) conducted during FY23/24, which significantly expanded the scope of our reported topics. As this assessment served as an initial full mapping of our entire value chain, we have opted for a phased approach to implementing ESRS.

This step-by-step transition allows us to delve deeper into each topic and ensure a comprehensive understanding before fully integrating them into our reporting framework. All sections where ESRS standards are applied in the FY23/24 report are clearly marked and communicated in the report's Index for transparency and ease of reference.

Jalajälg Group consolidated annual financial statements include Jalajälg AS (parent company) and its subsidiaries Viva Sport SIA and Sporto Dvasia UAB. This sustainability report covers all these entities.

Moving forward, we plan to publish sustainability reports on an annual basis. Our first fully auditable sustainability report, prepared in full compliance with the European Sustainability Reporting Standards (ESRS), is scheduled for release no later than FY25/26, which concludes on April 30, 2026.

If you have questions about current sustainability report please contact Rainer Tops, rainer.tops@jalajalg.ee

7.2. IDENTIFYING MATERIAL TOPICS OF PRIORITY

To identify material topics aligned with the European Sustainability Reporting Standards (ESRS) and to prepare for future reporting under this framework, a full-scale double-materiality assessment (DMA) was conducted during FY23/24. This process was led primarily by Jalajälg Group's sustainability lead, who collaborated with key personnel across the organisation and facilitated targeted internal workshops based on the specific requirements of individual topics. Additionally, all priority topics were discussed and confirmed with Group's ESG consulting partner KPMG.

The assessment involved a thorough mapping of all business and service line activities within the group's total value chain, encompassing the full spectrum of Environmental, Social, and Governance (ESG) topics outlined by the ESRS. Wherever possible, sustainability topics were benchmarked against those of industry peers to ensure relevance and better understanding. This comprehensive approach resulted in the creation of an extensive list of new material topics, laying the foundation for enhanced ESG reporting and strategic focus.

In accordance with the European Sustainability Reporting Standards (ESRS), the aspects were ranked in terms of their impact scale (1-5), scope (1-5), negative impact irremediability (1-5), potential impact likelihood (1-5 on 100% scale). Financial risks and opportunities were additionally ranked according to their likelihood evaluated in terms of their magnitude (1-5). All topics were evaluated both within and outside the organisation, i.e. by extending the analysis to the entire value chain (for clearness and better understanding separating Jalajälg Group's own operations, local value chain and global value chain).

Classification of impact scale	Classification of impact scope	Classification of impact irremediability	Classification of likelihood	Classification of magnitude of opportunity/risk
5 Very high	5 Global	5 Non-remediable/ irreversible	Very likely 90%	5 Absolute
4 High	4 Europe	4 Very difficult to remediate or more than 5 years	Likely 75%	4 High
3 Medium	3 Region	3 Difficult to remediate or remediable in 1-5 years	Rather likely 60%	3 Medium
2 Low	2 City / Municipality	2 Remediable in less than a year	Rather unlikely 40%	2 Low
1 Minimal	1 Own / partner company	1 Remediable immediately	Unlikely 25%	1 Minimal

Table 16. Classifications used in double-materiality assessment (DMA) of Jajajäg Group.

Following a comprehensive ranking of all categories (including negative actual impacts, negative potential impacts, positive actual impacts, positive potential impacts, and financial risks and opportunities) a thorough analysis of the evaluations was conducted. Thresholds for identifying relevant topics were established, ensuring alignment with confirmed criteria, global insights, and industry benchmarks. This approach ensured that all significant impacts were captured among the priority topics presented in the sustainability report.

Jajajäg specific topic no	Jajajäg specific topic	Source of impact	ESRS	Topic	Sub-topic	Sub-sub-topic	ID
E1	GHG emissions (E)	Our operations	ESRS E1	Climate Change	Climate change mitigation	-	11
E1	GHG emissions (E)	Local value chain	ESRS E1	Climate Change	Climate change mitigation	-	12
E1	GHG emissions (E)	Global value chain	ESRS E1	Climate Change	Climate change mitigation	-	13
E1	GHG emissions (E)	Our operations	ESRS E4	Biodiversity & Ecosystems	Direct impact drivers of biodiversity loss	Climate change	60
E1	GHG emissions (E)	Local value chain	ESRS E4	Biodiversity & Ecosystems	Direct impact drivers of biodiversity loss	Climate change	61
E1	GHG emissions (E)	Global value chain	ESRS E4	Biodiversity & Ecosystems	Direct impact drivers of biodiversity loss	Climate change	62
E2	Circular economy - resources and waste management (E)	Global value chain	ESRS E4	Biodiversity & Ecosystems	Direct impact drivers of biodiversity loss	Direct exploitation	72
E2	Circular economy - resources and waste management (E)	Local value chain	ESRS E4	Biodiversity & Ecosystems	Impacts and dependencies on ecosystem services	-	80
E2	Circular economy - resources and waste management (E)	Global value chain	ESRS E4	Biodiversity & Ecosystems	Impacts and dependencies on ecosystem services	-	81
E2	Circular economy - resources and waste management (E)	Global value chain	ESRS E5	Resource use & Circular Economy	Resources inflows, including resource use	Resources and raw materials	87
E2	Circular economy - resources and waste management (E)	Local value chain	ESRS E5	Resource use & Circular Economy	Waste	Waste generation inside the organization and its value chain	95
E2	Circular economy - resources and waste management (E)	Global value chain	ESRS E5	Resource use & Circular Economy	Waste	Waste generation inside the organization and its value chain	96
E3	Energy efficiency (E)	Our operations	ESRS E1	Climate Change	Energy	Energy consumption within the organization	16
E3	Energy efficiency (E)	Local value chain	ESRS E1	Climate Change	Energy	Energy consumption outside of the organization	19
E3	Energy efficiency (E)	Global value chain	ESRS E1	Climate Change	Energy	Energy consumption outside of the organization	21
E4	Air, water and soil (E)	Local value chain	ESRS E2	Pollution	Pollution of air	Direct and indirect air pollution	25
E4	Air, water and soil (E)	Global value chain	ESRS E2	Pollution	Pollution of air	Direct and indirect air pollution	26
E4	Air, water and soil (E)	Local value chain	ESRS E2	Pollution	Microplastics	Produced and used microplastics	43
E4	Air, water and soil (E)	Local value chain	ESRS E2	Pollution	Microplastics	Produced and used microplastics	44
E4	Air, water and soil (E)	Global value chain	ESRS E2	Pollution	Microplastics	Produced and used microplastics	45
E4	Air, water and soil (E)	Global value chain	ESRS E2	Pollution	Microplastics	Produced and used microplastics	46
E4	Air, water and soil (E)	Global value chain	ESRS E3	Water and marine resources	Water	Water consumption and water withdrawals	53
E4	Air, water and soil (E)	Global value chain	ESRS E3	Water and marine resources	Water	Water discharges	56
E4	Air, water and soil (E)	Local value chain	ESRS E4	Biodiversity & Ecosystems	Direct impact drivers of biodiversity loss	Pollution	76
E4	Air, water and soil (E)	Global value chain	ESRS E4	Biodiversity & Ecosystems	Direct impact drivers of biodiversity loss	Pollution	77

Table 17. Priority topics of negative actual impact of Jajajäg Group and its value chain identified



Jalajälg specific topic score	Jalajälg specific topic	Source of impact	ESRS	Topic	Sub-topic	Sub-sub-topic	ID
E2	Circular economy - resources and waste management (E)	Global value chain	ESRS E4	Biodiversity & Ecosystems	Direct impact drivers of biodiversity loss	Land-use change, fresh water-use change and sea-use change	67
E4	Air, water and soil (E)	Global value chain	ESRS E2	Pollution	Pollution of water	Direct and indirect water pollution	31
E4	Air, water and soil (E)	Global value chain	ESRS E2	Pollution	Pollution of water	Direct and indirect water pollution	32
E4	Air, water and soil (E)	Global value chain	ESRS E2	Pollution	Pollution of soil	Direct and indirect soil pollution	38
E4	Air, water and soil (E)	Global value chain	ESRS E2	Pollution	Pollution of soil	Direct and indirect soil pollution	39
E4	Air, water and soil (E)	Global value chain	ESRS E2	Pollution	Substances of concern	-	42
E4	Air, water and soil (E)	Global value chain	ESRS E3	Water and marine resources	Marine resources	Water discharges in oceans	59
G1	Ethical business practices (G)	Our operations	ESRS G1	Business conduct	Corruption and bribery	Incidents	194
G3	Cyber security, data privacy and protection (S, G)	Local value chain	ESRS S4	Consumers and end-users	Information-related impacts for consumers and/or end-users	Privacy	173
G3	Cyber security, data privacy and protection (S, G)	Our operations	ESRS G1	Business conduct	Cyber security	-	190
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Working conditions	Working time	143
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Working conditions	Adequate wage	144
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Working conditions	Social dialogue	145
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	148
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Other work-related rights	Adequate housing	155
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Other work-related rights	Water and sanitation	156
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Other work-related rights	Privacy	157

Table 18. Priority topics of negative potential impact of Jalajälg Group and its value chain identified:

Jalajälg specific topic score	Jalajälg specific topic	Source of impact	ESRS	Topic	Sub-topic	Sub-sub-topic	ID
G1	Ethical business practices (G)	Local value chain	ESRS G1	Business conduct	Management of suppliers' payment practices	-	189
G1	Ethical business practices (G)	Our operations	ESRS G1	Business conduct	Corruption and bribery	Prevention and detection including training	192
G2	Leading business culture (G)	Our operations	ESRS G1	Business conduct	Corporate culture	-	181
G2	Leading business culture (G)	Local value chain	ESRS G1	Business conduct	Management of relationships with suppliers	-	195
G2	Leading business culture (G)	Our operations	ESRS G1	Business conduct	Leadership	-	196
G3	Cyber security, data privacy and protection (S, G)	Our operations	ESRS S1	Own workforce	Other work-related rights	Privacy	128
S1	Wellbeing and health of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Work-life balance	109
S1	Wellbeing and health of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Health and safety	112
S2	Career growth and development (S)	Our operations	ESRS S1	Own workforce	Equal treatment and opportunities for all	Training and skills development	115
S2	Career growth and development (S)	Our operations	ESRS S1	Own workforce	Equal treatment and opportunities for all	Job opportunities	118
S3	Equality and diversity of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Working time	102
S3	Equality and diversity of employees (S)	Our operations	ESRS S1	Own workforce	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	121
S3	Equality and diversity of employees (S)	Our operations	ESRS S1	Own workforce	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	124
S3	Equality and diversity of employees (S)	Our operations	ESRS S1	Own workforce	Equal treatment and opportunities for all	Diversity	126
S4	Community and individuals' engagement (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Health and safety of local communities	163
S4	Community and individuals' engagement (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Protection of children and youth	166
S5	Community and individuals' security (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Security and stability related impacts	158
S6	Responsible marketing (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Responsible marketing practices	168
S7	Transparent treatment of consumers (S)	Local value chain	ESRS S4	Consumers and end-users	Information-related impacts for consumers and/or end-users	Access to (quality) information	175
S7	Transparent treatment of consumers (S)	Local value chain	ESRS S4	Consumers and end-users	Personal safety of consumers and/or end-users	Health and safety	178
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Other work-related rights	Child labour & Forced labour	153
S9	Local suppliers' employees (S)	Local value chain	ESRS S2	Workers in the value chain	Working conditions	Health and safety	134
S9	Local suppliers' employees (S)	Local value chain	ESRS S2	Workers in the value chain	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	139
S9	Local suppliers' employees (S)	Local value chain	ESRS S2	Workers in the value chain	Other work-related rights	Privacy	141

Table 19. Priority topics of positive actual impact of Jalajälg Group and its value chain identified:

Jalajälg specific topic score	Jalajälg specific topic	Source of impact	ESRS	Topic	Sub-topic	Sub-sub-topic	ID
G2	Leading business culture (G)	Local value chain	ESRS G1	Business conduct	Sustainable sourcing	-	200
S3	Equality and diversity of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Adequate wages	104
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Working conditions	Health and safety	146
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Equal treatment and opportunities for all	Training and skills development	149
S8	Global suppliers' employees (S)	Global value chain	ESRS S2	Workers in the value chain	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	151
S9	Local suppliers' employees (S)	Local value chain	ESRS S2	Workers in the value chain	Working conditions	Working time	130
S9	Local suppliers' employees (S)	Local value chain	ESRS S2	Workers in the value chain	Working conditions	Adequate wages	131
S9	Local suppliers' employees (S)	Local value chain	ESRS S2	Workers in the value chain	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	138

Table 20. Priority topics of positive potential impacts of Jalajälg Group and its value chain identified:

Jalajälg specific topic score	Jalajälg specific topic	Source of impact	ESRS	Topic	Sub-topic	Sub-sub-topic	ID
E2	Circular economy - resources and waste management	Local value chain	ESRS E4	Biodiversity & Ecosystems	Direct impact drivers of biodiversity loss	Direct exploitation	73
E2	Circular economy - resources and waste management	Global value chain	ESRS E4	Biodiversity & Ecosystems	Direct impact drivers of biodiversity loss	Direct exploitation	74
E2	Circular economy - resources and waste management	Global value chain	ESRS E5	Resource use & Circular Economy	Resources inflows, including resource use	Resources and raw materials	92
E3	Energy efficiency (E)	Our operations	ESRS E1	Climate Change	Energy	Energy consumption within the organization	18
E3	Energy efficiency (E)	Local value chain	ESRS E1	Climate Change	Energy	Energy consumption outside of the organization	20
E5	Climate-related risks (E)	Local value chain	ESRS E1	Climate Change	Climate change adaptation	Climate-related transitional risks	9
E5	Climate-related risks (E)	Global value chain	ESRS E1	Climate Change	Climate change adaptation	Climate-related transitional risks	10
G2	Leading business culture (G)	Our operations	ESRS G1	Business conduct	Corporate culture	-	183
G2	Leading business culture (G)	Local value chain	ESRS G1	Business conduct	Management of relationships with suppliers	-	187
G2	Leading business culture (G)	Our operations	ESRS G1	Business conduct	Leadership	-	197
G2	Leading business culture (G)	Local value chain	ESRS G1	Business conduct	Sustainable sourcing	-	203
G3	Cyber security, data privacy and protection (S, G)	Our operations	ESRS S1	Own workforce	Other work-related rights	Privacy	129
G3	Cyber security, data privacy and protection (S, G)	Local value chain	ESRS S4	Consumers and end-users	Information-related impacts for consumers and/or end-users	Privacy	174
G3	Cyber security, data privacy and protection (S, G)	Our operations	ESRS G1	Business conduct	Cyber security	-	199
S1	Wellbeing and health of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Health and safety	114
S2	Career growth and development (S)	Our operations	ESRS S1	Own workforce	Equal treatment and opportunities for all	Training and skills development	117
S2	Career growth and development (S)	Our operations	ESRS S1	Own workforce	Equal treatment and opportunities for all	Job opportunities	120
S3	Equality and diversity of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Adequate wages	106
S5	Community and individuals' security (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Security and stability related impacts	159
S5	Community and individuals' security (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Equal access to products and services / non-discrimination	162
S7	Transparent treatment of consumers (S)	Local value chain	ESRS S4	Consumers and end-users	Personal safety of consumers and/or end-users	Health and safety	180
G	Community and individuals' engagement (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Health and safety of local communities	165

Table 21. Priority financial risks of Jalajälg Group and its value chain identified:

Jalajälgi specific topic score	Jalajälgi specific topic	Source of impact	ESRS	Topic	Sub-topic	Sub-sub-topic	ID
E1	GHG emissions (E)	Our operations	ESRS E1	Climate Change	Climate change mitigation	-	54
E2	Circular economy - resources and waste management (E)	Local value chain	ESRS E5	Resource use & Circular Economy	Waste	Waste generation inside the organization and its value chain	97
E3	Energy efficiency (E)	Our operations	ESRS E1	Climate Change	Energy	Energy consumption within the organization	17
G2	Leading business culture (G)	Our operations	ESRS G1	Business conduct	Corporate culture	-	182
S1	Wellbeing and health of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Social dialogue	108
S1	Wellbeing and health of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Work-life balance	110
S1	Wellbeing and health of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Health and safety	113
S2	Career growth and development (S)	Our operations	ESRS S1	Own workforce	Equal treatment and opportunities for all	Training and skills development	116
S2	Career growth and development (S)	Our operations	ESRS S1	Own workforce	Equal treatment and opportunities for all	Job opportunities	119
S3	Equality and diversity of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Secure employment	101
S3	Equality and diversity of employees (S)	Our operations	ESRS S1	Own workforce	Working conditions	Adequate wages	105
S4	Community and individuals' engagement (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Health and safety of local communities	164
S4	Community and individuals' engagement (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Protection of children and youth	167
S5	Community and individuals' security (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Equal access to products and services / non-discrimination	161
S6	Responsible marketing (S)	Local value chain	ESRS S3	Affected communities	Communities' economic, social and cultural rights	Responsible marketing practices	170
S7	Transparent treatment of consumers (S)	Local value chain	ESRS S4	Consumers and end-users	Information-related impacts for consumers and/or end-users	Access to (quality) information	176
S7	Transparent treatment of consumers (S)	Local value chain	ESRS S4	Consumers and end-users	Personal safety of consumers and/or end-users	Health and safety	179
S9	Local suppliers' employees (S)	Local value chain	ESRS S2	Workers in the value chain	Equal treatment and opportunities for all	Training and skills development	117

Table 22. Priority financial opportunities of Jalajälgi Group and its value chain identified:

7.3. STAKEHOLDER ENGAGEMENT

Jalajälgi Group through its business activities interact with numerous stakeholders. These stakeholders, through their actions, can directly or indirectly affect Jalajälgi Group's ability to implement its strategies and achieve its objectives, or are themselves affected by the Jalajälgi Group through the companies' activities, products or services.

An important step in our process was the remapping of stakeholders across our entire value chain. This enabled us to identify key stakeholders to engage with, ensuring a thorough understanding of their reasonable expectations, interests, and the vital roles they play within our operations or our value chain. We identified the following affected stakeholders relevant to various topics identified during the double-materiality assessment (DMA):

- Owners
- Employees
- Customers
- Shopping centres
- Sport organisations
- Athletes/influencers
- Governmental institutions
- Construction partners
- Local community
- Brand (Nike)
- Supply partners
- Global society
- Nature environment

As the double-materiality assessment (DMA) was conducted for the first time during FY23/24, we recognise that certain topics require deeper analysis and refinement. To address this, a new round of stakeholder engagement for evaluating priority topics is planned for FY24/25. This initiative is also driven by the fact that reporting in line with the European Sustainability Reporting Standards (ESRS) is still in its early stages, with limited experience available in the market.

Additionally, the general knowledge and awareness of ESG-related topics in local markets remain relatively low. To engage stakeholders effectively in this process, we recognise the need to provide robust education and communication about the background and relevance of ESG topics.

Despite these challenges, we conducted a preliminary comparison of the topics covered in this sustainability report with those identified during our last stakeholder engagement in FY20/21. We can confirm that the topics important to our stakeholders remain well-represented in this year's sustainability report.

7.4. GRI INDEX

102-55 GRI CONTENT INDEX

GRI Standard	GRI Disclosure	Number	Location and Notes	Omission	Corresponding ERS datapoint (based on [draft] GRI-ESRS Interoperability Index)
Organizational profile	Name of the organization	102-1	JALAJÄLG AS		
	Activities, brands, products, and services	102-2	1. About the Company, starting on page 4		
	Location of headquarters	102-3	1. About the Company, starting on page 4		
	Location of operations	102-4	1. About the Company, starting on page 4		
	Ownership and legal form	102-5	1. About the Company, starting on page 4		
	Markets served	102-6	1. About the Company, starting on page 4		
	Scale of the organization	102-7	1. About the Company, starting on page 4		
	Information on employees and other workers	102-8	3. People, starting on page 20		ESRS 2 SBM-1 §40 (a) iii; ESRS S1 S1-6 §50 (a) to (b) and (d) to (e), §51 to §52
	Supply chain	102-9	1. About the Company, Value chain description, starting on page 7		ESRS 2 SBM-1 §40 (a) i to (a) ii, (b) to (c), §42 (c)
	Significant changes to the organization and its supply chain	102-10	1. About the Company, Changes in the reporting period, starting on page 9		
	Precautionary Principle or approach	102-11	The Precautionary Principle is not applied.		
	External initiatives	102-12	1. About the Company, starting on page 4		
Membership of associations	102-13	Membership of associations is not included.			
Strategy	Statement from senior decision-maker	102-14	Letter from the CEO		
	Key impacts, risks, and opportunities	102-15	7. Our Approach, Identifying material topics of priority, starting on page 77	On voluntary basis.	
Ethics and integrity	Values, principles, standards, and norms of behavior	102-16	1. About the Company, Our guiding principles, starting on page 4		



Governance	Governance structure	102-18	5. Process and leadership, Governance structure of Jalajälg group, starting on page 48		ESRS 2 GOV-1 §21, §22 (a), §23; ESRS G1 §5 (b)
	Delegating authority	102-19	5. Process and leadership, Governance structure of Jalajälg group, starting on page 48	Partial coverage. On voluntary basis.	ESRS 2 GOV-1 §22 (c) i; GOV-2 §26 (a); ESRS G1 G1-3 §18 j c
	Executive-level responsibility for economic, environmental, and social topics	102-20	5. Process and leadership, Governance structure of Jalajälg group, starting on page 48	Partial coverage. On voluntary basis.	
	Consulting stakeholders on economic, environmental, and social topics	102-21	7. Our Approach, Stakeholder engagement, starting on page 81		
	Composition of the highest governance body and its committees	102-22	5. Process and leadership, Governance structure of Jalajälg group, starting on page 48	On voluntary basis.	
	Chair of the highest governance body	102-23	5. Process and leadership, Governance structure of Jalajälg group, starting on page 48	On voluntary basis.	
	Role of highest governance body in setting purpose, values, and strategy	102-26	5. Process and leadership, Governance structure of Jalajälg group, starting on page 48	On voluntary basis.	ESRS 2 GOV-1 §22 (c); GOV-2 §26 (a) to (b); SBM-2 §45 (d); ESRS G1 §5 (a)
Stakeholder engagement	List of stakeholder groups	102-40	7. Our Approach, Stakeholder engagement, starting on page 81		
	Collective bargaining agreements	102-41	None of the employees are covered by collective bargaining agreement		ESRS S1 S1-8 §60 (a) and §61 ESRS 2 BP-1 §AR 1 (a); IRO-1 §53 (b) ii to (b) iv
	Identifying and selecting stakeholders	102-42	7. Our Approach, Stakeholder engagement, starting on page 81		
	Approach to stakeholder engagement	102-43	7. Our Approach, Stakeholder engagement, starting on page 81		ESRS 2 SMB-2 §45 (a) i to (a) iv; ESRS S1 S1-1 §20 (b); S1-2 §25, §27 (e) and §28; ESRS S2 S2-1 §17 (b); S2-2 §20, §22 (e) and §23; ESRS S3 S3-1 §16 (b); S3-2 §19, §21 (d) and §22; ESRS S4 S4-1 §16 (b); S4-2 §18, §20 (d) and §21
	Key topics and concerns raised	102-44	7. Our Approach, Stakeholder engagement, starting on page 81		

Reporting practice	Entities included in the consolidated financial statements	102-45	7. Our Approach, About this report, starting on page 77		ESRS 2 BP-1 §5 (a) and (b) i
	Defining report content and topic Boundaries	102-46	7. Our Approach, About this report, starting on page 77		
	List of material topics	102-47	7. Our Approach, Identifying material topics of priority, starting on page 77		ESRS 2 SBM-3 §48 (a) and (g)
	Restatements of information	102-48	No restatements		ESRS 2 BP-2 §13, §14 (a) to (b)
	Changes in reporting	102-49	7. Our Approach, Identifying material topics of priority, starting on page 77		
	Reporting period	102-50	7. Our Approach, About this report, starting on page 77		
	Date of most recent report	102-51	7. Our Approach, About this report, starting on page 77		
	Reporting cycle	102-52	7. Our Approach, About this report, starting on page 77		
	Contact point for questions regarding the report	102-53	Rainer Tops		
	Claims of reporting in accordance with the GRI Standards	102-54	7. Our Approach, About this report, starting on page 77		
	GRI content index	102-55	7. Our Approach, GRI Index, starting on page 82		
	External assurance	102-56	Not assured		

PEOPLE AND COMMUNITY

GRI Standard	GRI Disclosure	Number	Location and Notes	Omission	Corresponding ESR5 datapoint (based on [draft] GRI-ESRS Interoperability Index)
<i>Material Aspects: Own workforce - Equal treatment and opportunities</i>					
GRI 103: Management Approach	Explanation of the material topic and its Boundary	103-1	7. Our Approach, Identifying material topics of priority, starting on page 77 3. People, Management approach, starting on page 21 3. People, Risks and opportunities related to our employees, starting on page 32		ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c);
	The management approach and its components	103-2	3. People, Management approach, starting on page 21		
	Evaluation of the management approach	103-3	3. People, Management approach, starting on page 21		
GRI 404: Training and education 2016	Percentage of employees receiving regular performance and career development reviews	404-3	3. People, Career growth and development, starting on page 29		ESRS S1 S1-13 §83 (a) and §84
<i>Material Aspects: Own workforce - Working conditions</i>					
GRI 103: Management Approach	Explanation of the material topic and its Boundary	103-1	7. Our Approach, Identifying material topics of priority, starting on page 77 3. People, Management approach, starting on page 21 3. People, Risks and opportunities related to our employees, starting on page 32		ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c);
	The management approach and its components	103-2	3. People, Management approach, starting on page 21		
	Evaluation of the management approach	103-3	3. People, Management approach, starting on page 21		
GRI 403: Occupational Health and Safety 2018	Occupational health and safety management system	403-1	3. People, Wellbeing and health of employees, starting on page 26		ESRS S1 S1-1 §23
	Hazard identification, risk assessment, and incident investigation	403-2	3. People, Wellbeing and health of employees, starting on page 26		ESRS S1 S1-3 §32 (b) and §33
	Occupational health services	403-3	3. People, Wellbeing and health of employees, starting on page 26		
	Worker participation, consultation, and communication on occupational health and safety	403-4	3. People, Wellbeing and health of employees, starting on page 26		
	Worker training on occupational health and safety	403-5	3. People, Wellbeing and health of employees, starting on page 26		
	Promotion of worker health	403-6	3. People, Wellbeing and health of employees, starting on page 26		
	Work-related ill health	403-10	3. People, Wellbeing and health of employees, starting on page 26		ESRS S1 S1-4, §38 (a); S1-14 §88 (b) and (d); §89; §AR 82

Material Aspects: Workers in the value chain - Working conditions, Equal treatment and opportunities for all and Other work-related rights					
GRI 103: Management Approach	Explanation of the material topic and its Boundary	103-1	7. Our Approach, identifying material topics of priority, starting on page 77 3. People, Local suppliers' employees and Global suppliers' employees, starting on page 32 and 33		
	The management approach and its components	103-2	3. People, Local suppliers' employees and Global suppliers' employees, starting on page 32 and 33		
	Evaluation of the management approach	103-3	3. People, Local suppliers' employees and Global suppliers' employees, starting on page 32 and 33		
Material Aspects: Affected communities- Communities' economic, social and cultural rights Consumers and end-users - Information-related impacts for consumers and/or end-users and Personal safety of consumers and/or end-users					
GRI 103: Management Approach	Explanation of the material topic and its Boundary	103-1	7. Our Approach, identifying material topics of priority, starting on page 77 4. Community, Management approach, Community and individuals' engagement, Community and individuals' security, Responsible marketing, Transparent treatment of consumers, starting on page 35, 36, 40 and 41		ESRS S3 §9 (b); S3-1 §12, and §16 (c); S3-2 §21; S3-4 §32 (a) to (d), §33 (a) and (b), §35, 36; §AR 31, §AR 34 (a); S3-5 §39, §43
	The management approach and its components	103-2	4. Community, Management approach, Community and individuals' engagement, Community and individuals' security, Responsible marketing, Transparent treatment of consumers, starting on page 35, 36, 40 and 41		
	Evaluation of the management approach	103-3	4. Community, Management approach, Community and individuals' engagement, Community and individuals' security, Responsible marketing, Transparent treatment of consumers, starting on page 35, 36, 40 and 41		

PROCESS AND LEADERSHIP

GRI Standard	GRI Disclosure	Number	Location and Notes	Omission	Corresponding ESRS datapoint (based on [draft] GRI-ESRS Interoperability Index)
<i>Material Aspects:</i>					
<i>Business conduct - Corporate culture, Corruption and bribery and Management of supplier relationships</i>					
GRI 103: Management Approach	Explanation of the material topic and its Boundary	103-1	7. Our Approach, Identifying material topics of priority, starting on page 77		ESRS G1 G1-1 §7; G1-3 §16 and §18 (a) and §24 (b)
			5. Process and leadership, Management approach; Ethical business practices; Cyber security, data privacy and protection; Leading business culture, starting on page 45, 46, 49 and 50		
	The management approach and its components	103-2	5. Process and leadership, Management approach; Ethical business practices; Cyber security, data privacy and protection; Leading business culture, starting on page 45, 46, 49 and 50		
	Evaluation of the management approach	103-3	5. Process and leadership, Management approach; Ethical business practices; Cyber security, data privacy and protection; Leading business culture, starting on page 45, 46, 49 and 50		

RESOURCES AND ENVIRONMENT

GRI Standard	GRI Disclosure	Number	Location and Notes	Omission	Corresponding ESRS datapoint (based on [draft] GRI-ESRS Interoperability Index)
<i>Material Aspects: Climate change - Climate change mitigation- GHG Emissions</i>					
GRI 103: Management Approach	Explanation of the material topic and its Boundary	103-1	7. Our Approach, identifying material topics of priority, starting on page 77 6.Planet and resources, Management approach and Greenhouse gas (GHG) emissions, starting on page 55 and 56 6.Planet and resources, Risk and opportunities related to planet and resources, starting on page 75		ESRS E1 E1-2 §22; E1-3 §26; E1- 4 §33 and §34 (b); E1-7 §56 (b) and §61 (c); ESRS E2 §AR 9 (b); E2-1 §12; E2-2 §16 and §19; E2-3 §20
	The management approach and its components	103-2	6.Planet and resources, Management approach and Greenhouse gas (GHG) emissions, starting on page 55 and 56		
	Evaluation of the management approach	103-3	6.Planet and resources, Management approach and Greenhouse gas (GHG) emissions, starting on page 55 and 56		
GRI 305: Emissions 2016	Direct (Scope 1) GHG emissions	305-1	6.Planet and resources, Greenhouse gas (GHG) emissions, starting on page 56		ESRS E1 E1-4 §34 (c); E1-6 §44 (a); §46; §50; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 40; AR §43 (c) to (d)
	Energy indirect (Scope 2) GHG emissions	305-2	6.Planet and resources, Greenhouse gas (GHG) emissions, starting on page 56		ESRS E1 E1-4 §34 (c); E1-6 §44 (b); §46; §49; §50; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 40; §AR 45 (a), (c), (d), and (f)
	Other indirect (Scope 3) GHG emissions	305-3	6.Planet and resources, Greenhouse gas (GHG) emissions, starting on page 56		ESRS E1 E1-4 §34 (c); E1-6 §44 (c); §51; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 46 (a) (i) to (k)
	GHG emissions intensity	305-4	6.Planet and resources, Greenhouse gas (GHG) emissions, starting on page 56		ESRS E1 E1-6 §53; §54; §AR 39 (c); §AR 53 (a)



<i>Material Aspects: Climate change - Climate change mitigation- Energy</i>					
GRI 103: Management Approach	Explanation of the material topic and its Boundary	103-1	7. Our Approach, identifying material topics of priority, starting on page 77 6.Planet and resources, Management approach and Energy efficiency, starting on page 55 and 63 6.Planet and resources, Risk and opportunities related to planet and resources, starting on page 75		ESRS E1 E1-2 §25 (c) to (d); E1-3 §26; E1-4 §33
	The management approach and its components	103-2	6.Planet and resources, Management approach and Energy efficiency, starting on page 55 and 63		
	Evaluation of the management approach	103-3	6.Planet and resources, Management approach and Energy efficiency, starting on page 55 and 63		
GRI 302: Energy 2016	Energy consumption within the organization	302-1	6.Planet and resources, Energy efficiency, starting on page 63		ESRS E1 E1-5 §37; §38; §AR 32 (a), (c), (e) and (f)
	Energy intensity	302-3	6.Planet and resources, Energy efficiency, starting on page 63		ESRS E1 E1-5 §40 to §42
	Reduction of energy consumption	302-4	6.Planet and resources, Energy efficiency, starting on page 63		
	Reductions in energy requirements of products and services	302-5	6.Planet and resources, Energy efficiency, starting on page 63		

Material Aspects: Resource use & Circular Economy – Waste					
GRI 103: Management Approach	Explanation of the material topic and its Boundary	103-1	7. Our Approach, Identifying material topics of priority, starting on page 77 6. Planet and resources, Management approach and Circular economy – resources and waste management, starting on page 55 and 66 6. Planet and resources, Risk and opportunities related to planet and resources, starting on page 75		ESRS ES §AR 7 (a); ES-1 §12; ES-2 §17; ES-3 §21
	The management approach and its components	103-2	6. Planet and resources, Management approach and Circular economy – resources and waste management, starting on page 55 and 66		
	Evaluation of the management approach	103-3	6. Planet and resources, Management approach and Circular economy – resources and waste management, starting on page 55 and 66		
GRI 306: Waste 2020	Waste generation and significant waste-related impacts	306-1	6. Planet and resources, Circular economy – resources and waste management, starting on page 66		ESRS 2 §BM-3 §48 (a), (c) ii and iv; ESRS ES ES-4 §30
	Management of significant waste-related impacts	306-2	6. Planet and resources, Circular economy – resources and waste management, starting on page 66		ESRS ES ES-2 §17 and §20 (e) and (f); ES-5 §40 and §AR 33 (c)

<i>Material Aspects: Pollution - Pollution of air, Microplastics</i>					
GRI 103: Management Approach	Explanation of the material topic and its Boundary	103-1	7. Our Approach, Identifying material topics of priority, starting on page 77 6.Planet and resources, Management approach and Air, water and soil, starting on page 55 and 73 6.Planet and resources, Risk and opportunities related to planet and resources, starting on page 75		ESRS E2 §AR 9 (b); E2-1 §12; E2-2 §16 and §19; E2-3 §20;
	The management approach and its components	103-2	6.Planet and resources, Management approach and Air, water and soil, starting on page 55 and 73		
	Evaluation of the management approach	103-3	6.Planet and resources, Management approach and Air, water and soil, starting on page 55 and 73		

*Material Aspects:
Water and marine resources – Water and Marine Resources.
Pollution - Pollution of air, Pollution of water, Pollution of soil, Microplastics and Substances of concern.
Biodiversity & Ecosystems - Direct impact drivers of biodiversity loss - Pollution.*

GRI 103: Management Approach	Explanation of the material topic and its Boundary	103-1	7. Our Approach, Identifying material topics of priority, starting on page 77 6.Planet and resources, Management approach and Global Value chain, starting on page 55 and 74 6.Planet and resources, Risk and opportunities related to planet and resources, starting on page 75		ESRS E2 §AR 9 (b); E2-1 §12; E2-2 §16 and §19; E2-3 §20; ESRS E3 E3-1 §9; E3-2 §15, §17 to §18; E3-3 §20 ESRS E4 E4-1 §AR 1 (b) and (d); E4-2 §20 and §22; E4-3 §25 and §28 (a); E4-4 §29
	The management approach and its components	103-2	6.Planet and resources, Management approach and Global Value chain, starting on page 55 and 74		
	Evaluation of the management approach	103-3	6.Planet and resources, Management approach and Global Value chain, starting on page 55 and 74		

Appendix. Emission factor database

Scope 1	Fuel type	Emission factor	Emission factor database
	Gasoline car kg CO ₂ ekv/l	2.2555	Estonian GHG calculation tool 2024, sheet HT-Sõidukiteused (M1)
	Diesel van kg CO ₂ ekv/l	2.6316	Estonian GHG calculation tool 2024, sheet HT-Sõidukiteused (M1)
	Diesel car kg CO ₂ ekv/l	2.6401	Estonian GHG calculation tool 2024, sheet HT-Sõidukiteused (M1)

Scope 2	Electricity residual mix (market based) source	Emission factor	Emission factor database	Web-address
	Estonia 2023 residual mix gCO ₂ e/kWh	711.66	Elering residual mix	https://elering.ee/sites/default/files/2024-06/Eest%202023%20aasta%20sega%20C3%A4%20C3%A4%20%20moodiga.pdf
	Latvia 2023 residual mix gCO ₂ e/kWh	535.37	AST residual mix	https://www.ast.lv/en/content/guarantees-origin
	Lithuania 2023 gCO ₂ e/kWh	583.15	AIB (Association of issuing bodies)	https://www.aib-net.org/facts/european-residual-mix/2023
Scope 2	Electricity location based source	Emission factor	Emission factor database	Web-address
	Estonia 2023 location based gCO ₂ e/kWh	700	EEA (European Environment Agency)	https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emission-intensity-of-1?activeAccordion=309c5ef9-da09-4759-bc02-802370dfa366
	Latvia 2023 location based gCO ₂ e/kWh	70	EEA (European Environment Agency)	https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emission-intensity-of-1?activeAccordion=309c5ef9-da09-4759-bc02-802370dfa366
	Lithuania 2023 location based gCO ₂ e/kWh	130	EEA (European Environment Agency)	https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emission-intensity-of-1?activeAccordion=309c5ef9-da09-4759-bc02-802370dfa366
Scope 2	Cooling energy by electricity	Emission factor	Emission factor database	Web-address
	Estonia 2023 gCO ₂ e/kWh	142.33	Electricity residual mix divided by 5 which is the efficiency factor of heat pumps.	https://elering.ee/sites/default/files/2024-06/Eest%202023%20aasta%20sega%20C3%A4%20C3%A4%20%20moodiga.pdf
	Latvia 2023 gCO ₂ e/kWh	107.07		https://www.ast.lv/en/content/guarantees-origin
	Lithuania 2023 gCO ₂ e/kWh	116.63		https://www.aib-net.org/facts/european-residual-mix/2023
Scope 2	Local heating natural gas kg CO ₂ ekv/kWh	Emission factor	Emission factor database	Web-address
	Estonia, Latvia and Lithuania	0.2210	Estonian GHG calculation tool 2024, sheet HT-Energia (M1,M2,M3)	http://dilmaministeerium.ee/rohereform-dilma/rohereform/organisatsioonide-ktg-jalajalgimudel

District heating natural gas kg CO2 elv/kWh	Emission factor	Emission factor database	Web-address
Estonia, Latvia and Lithuania	0.2490	Estonian GHG calculation tool 2024, sheet HT-Energia (M1,M2,M3)	https://kliimaministerium.ee/roheneform-kilima/roheneform/organisatsioonide-kg-jalajalg@mudel
District heating biomass kg CO2 elv/kWh	Emission factor	Emission factor database	Web-address
Estonia	0,00029	Estonian GHG calculation tool 2024, sheet HT-Energia (M1,M2,M3)	https://kliimaministerium.ee/roheneform-kilima/roheneform/organisatsioonide-kg-jalajalg@mudel
Latvia	0.0748	Estonian GHG calculation tool 2024, sheet HT-Energia (M1,M2,M3)	https://kliimaministerium.ee/roheneform-kilima/roheneform/organisatsioonide-kg-jalajalg@mudel
Lithuania	0.0578	Estonian GHG calculation tool 2024, sheet HT-Energia (M1,M2,M3)	https://kliimaministerium.ee/roheneform-kilima/roheneform/organisatsioonide-kg-jalajalg@mudel
District heating country's average, kg CO2 elv/kWh			
Estonia	0,1570	Estonian GHG calculation tool 2024, sheet HT-Energia (M1,M2,M3)	https://kliimaministerium.ee/roheneform-kilima/roheneform/organisatsioonide-kg-jalajalg@mudel
Latvia	0,07	Proportions of Latvian district heating sources (from Latvian GHG Inventory) are multiplied with respective Estonian emission factors Estonian GHG calculation tool 2024 (sheet HT-Energia (M1,M2,M3)	https://unfccc.int/ghg-inventories-annex-i-parties/2023 (national GHG Inventories)
Lithuania	0,068	Proportions of Lithuanian district heating sources (from Lithuanian GHG Inventory) are multiplied with respective Estonian emission factors Estonian GHG calculation tool 2024 (sheet HT-Energia (M1,M2,M3)	https://unfccc.int/ghg-inventories-annex-i-parties/2023 (national GHG Inventories)

Scope 3	Vehicle Type	CO2 Factor (kg / unit)	Units	Emissionfactor database
	Car petrol	0.193	kg CO2 elv/km	Emissionfactors are from Estonian GHG calculation tool 2024, sheet HT-Tõõneid (M3)
	Car hybrid gasoline	0.125	kg CO2 elv/km	Emissionfactors are from Estonian GHG calculation tool 2024, sheet HT-Tõõneid (M3)
	Electric car	0.142	kg CO2 elv/km	Emissionfactors are from Estonian GHG calculation tool 2024, sheet HT-Tõõneid (M3)
	Car HVD	0.000	kg CO2 elv/km	Emissionfactors are from Estonian GHG calculation tool 2024, sheet HT-Tõõneid (M3)
	Car hybrid diesel	0.189	kg CO2 elv/km	Emissionfactors are from Estonian GHG calculation tool 2024, sheet HT-Tõõneid (M3)

Motorbike >750 cm ³ gasoline	0.130	kg CO2 ekv/km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3)
Diesel bus	0.088	kg CO2 ekv/ per passenger km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3)
Electric train	0.000	kg CO2 ekv/ per passenger km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3)
Gas bus (green)	0.000	kg CO2 ekv/ per passenger km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3)
Public transport_ Not defined (do not know)	0.058	kg CO2 ekv/ per passenger km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3, Buss (Innaliin), Eesti)
Diesel train	0.002	kg CO2 ekv/ per passenger km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3)
Scooter/bicycle_Humanpower	0.000	kg CO2 ekv/km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3)
Scooter/bicycle_Electric	0.009	kg CO2 ekv/km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3)
On foot	0	kg CO2 ekv/km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3)
Ferry	0.019	kg CO2 ekv/ per passenger km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3)
Plane inside europe (up to 3700 km)	0.154	kg CO2 ekv/ per passenger km	Emissionfactors are from Estonian KHG calculation tool 2024, sheet HT-Tõõretsiid (M3)
Truck size unknown, diesel	0.592	kg CO2 ekv/ per km	Emissionfactors are from Estonian KHG calculation tool 2024, HT-Transport (M3)
Indirect emission of fuels from well to tank		Default emissions factors for stationary combustion [CO2e g/MJ fuel on a net calorific value] Net calorific values MJ/l	Emissionfactor database
Diesel	21.9	35.69	Emission factor per MJ - COMMISSION DELEGATED REGULATION (EU) 2023/1185 Net calorific value - Estonian KHG calculation tool 2024
Petrol	19.9	31.68	Emission factor per MJ - COMMISSION DELEGATED REGULATION (EU) 2023/1185 Net calorific value - Estonian KHG calculation tool 2024
Indirect emissions from consumed electricity		Emission factor of the grid company, kg CO2e/kWh	
Conventional and renewable electricity	0.033		https://www.eiering.ee/co2-jalajalg



THANK YOU!

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