

A large group of people, mostly young adults, are posing for a group photo in a forest. They are dressed in winter clothing, including jackets, hats, and gloves. The forest has many tall, thin trees, and the ground is covered with dry leaves and twigs. The lighting suggests it might be late afternoon or early morning, with a warm glow. The entire image is framed by a thick orange border.

JALAJÄLG



Official Distributor of Nike

SUSTAINABILITY REPORT 2024-2025

TABLE OF CONTENTS

Foreword	2
About the report.....	3
Key sustainability achievements in FY2025.....	4
GENERAL INFORMATION	4
B1 – Basis for preparation.....	4
C1 – Strategy: business model and sustainability-related initiatives	5
B2, C2 – Practices, policies and future initiatives for transitioning towards a more sustainable economy	6
ENVIRONMENTAL METRICS	9
B3 – Energy and Greenhouse Gas Emissions (GHG)	9
C3 – GHG reduction targets and climate transition	10
C4 – Climate risks.....	11
B4 – Pollution of air, water and soil	12
B5 – Biodiversity	12
B6 – Water	12
B7 – Resource use, circular economy and waste management	12
SOCIAL METRICS – WORKFORCE	15
B8 – General characteristics	15
B9 – Health and safety.....	16
B10 – Remuneration, collective bargaining and training.....	16
C5 – Additional (general) workforce characteristics	17
C6 – Human rights policies and processes	17
C7 – Severe negative human rights incidents	17
GOVERNANCE METRICS	17
B11 – Convictions and fines for corruption and bribery	17
C8 – Revenues from certain sectors and exclusion from EU reference benchmarks	17
C9 – Gender diversity ratio in the governance body	17
Future reports and action	18

FOREWORD

Dear readers,

The main mission of Jalajälg Group is to inspire more people to engage in sports and lead an active lifestyle. It is well known that physically active people tend to be healthier, happier, and more successful — both in school and in life in general. In fulfilling this mission, we aim to act responsibly towards our employees and customers, the environment, and whole society.

Sustainability is not a choice but an integral part of every modern business. Although we operate in different industries and under diverse conditions, the underlying principle remains the same: managing operations efficiently and reducing resource consumption.

We are committed to continuously developing our knowledge and acting wherever it is necessary and feasible. While formal sustainability reporting is not yet mandatory for companies of our size, we consider it essential to regularly evaluate our current position, reduce negative impacts and amplify positive ones, identify priorities, and monitor progress over time.

Nike is the leading sports brand globally and was ranked as the most preferred sports brand in the Baltics (Kantar Emor, 2025). As the official distributor of Nike in the Baltic countries — Estonia, Latvia, and Lithuania — Jalajälg Group recognizes its responsibility to operate sustainably, also while it extends beyond our direct operations.

Rainer Tops
CEO of Jalajälg Group
(Nike official distributor in the Baltics)



JALAJÄLG GROUP'S SUSTAINABILITY STRATEGY

Our 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.

Jalajälg AS has been the official representative of the world's leading sports brand, Nike, in the Baltics since 1997.

Nike as a group publishes comprehensive sustainability/responsibility data and reports. See: Nike sustainability web page for main initiatives and FY24 NIKE, INC. sustainability report.

<https://about.nike.com/en/mission/focus-areas/sustainability>

ABOUT THE REPORT

The FY2025 sustainability report has been compiled following the European Sustainability Reporting Standard for Voluntary Sustainability Reporting by Micro, Small and Medium-sized Enterprises (VSME standard).² As a result, it is more concise, focuses on required datapoints by the standard, and does not provide detailed descriptions of every sustainability activity undertaken by the company.

Jalajälg Group falls within the second wave of companies which were required to report under the Corporate Sustainability Reporting Directive (CSRD) and ESRS sustainability reporting standards.³ In February 2025, the European Commission launched the Omnibus Package proposal to simplify sustainability reporting requirements.

Under this proposal, undertakings with fewer than 1 000 employees would no longer be subject to mandatory sustainability reporting.⁴ The ESRS standards are also currently under review.⁵ Until the requirements are clarified, Jalajälg Group applies the EFRAG voluntary VSME standard guidelines.

The report has not been independently verified and audited, but KPMG Baltics has provided advice to ensure the report's compliance with the standard. Scope 2 greenhouse gas (GHG) emissions have been calculated by Nomine Consult.

We recognize that our greatest environmental and social impacts stem from the use of natural resources, production processes, and distribution of the products in our global value chain (upstream impacts). Nevertheless, this report focuses our own operations and activities – local transport, energy use, waste generation, own workforce and local community – where we have the ability to make an impact ourselves.

The report's target audience includes our partners (Nike, Inc., shopping centres, logistic partners, etc), our own employees, and the whole sport society.



THERE ARE
MORE PEOPLE
OUT ON THE
SPORT TRACKS

KEY SUSTAINABILITY ACHIEVEMENTS IN FY2025

We take pride in all our sustainability initiatives, but we would like to highlight a few of them:

– **USE OF RENEWABLE FUELS.** Throughout the financial year, we have used partly HVO diesel (hydrotreated vegetable oil) for local transport. The GHG emissions of HVO diesel are an order of magnitude lower than those of conventional diesel or petrol. As a result, we have reduced our own vehicle-related GHG emissions by 10%. Our total renewable energy use is 30%.

– **FOCUS ON MOTIVATING AND DEVELOPING** our employees and creating a modern working environment. In addition to regular product training sessions for both our employees and partners across the Baltics, we have invested in professional development, including trainings on digital skills and time management. Employees of Jalajälg have actively participated in both internal and external sports challenges, setting a positive example for others.

– **NIKE MOVE TO ZERO PRODUCTS ACCOUNT FOR OVER ONE-THIRD OF OUR TOTAL SALES.** While the environmental impact of these products is not zero, they are made with recycled materials (such as polyester, nylon, and cotton) and designed to have a smaller environmental footprint compared to conventional products. These products are marked with the special label (Move to Zero pinwheel) which makes it easier for consumers to make their conscious choice.

– **THERE ARE MORE PEOPLE OUT ON THE SPORT TRACKS AGAIN.** While a full recovery to pre-COVID activity levels will take some time, recent years have shown a positive trend. More people are returning to regular sports participation, including memberships in sports clubs and attendance at sporting events. Participation in sporting events in which we play a major role has grown by almost 40% compared to 2023.

¹ Jalajälg Group. Sustainability report 2023/2024.

² Jalajälg Group is a medium-size company. SME definition.

³ European Commission. Corporate sustainability reporting (26.08.2025)

⁴ European Commission. Omnibus I package.

⁵ EFRAG (31.07.2025) Press release - EFRAG Shares Revised ESRS Exposure Drafts and Launches 60-Day Public Consultation.

GENERAL INFORMATION

B1 – BASIS FOR PREPARATION

Reporting period is 1 May 2024 – 30 April 2025 (hereinafter FY2025). The reporting period is aligned with the company’s financial year, except where stated otherwise.

Jalajälg Group sustainability report is based on the **basic and comprehensive modules** of the voluntary ESRS VSME standard by EFRAG.⁶ In addition, some data has been used that was collected in accordance with the ESRS sustainability reporting standard prior to the proposed simplifications and postponements.⁷

Basic module (B1 – B11) contains basic information and key figures that provide an overview of our company's sustainability performance. Comprehensive module (C1 – C9) provides optional information on undertaking’s activities.

This sustainability report was prepared on a **consolidated basis** (the report includes information about the undertaking and its subsidiaries).

The **primary activity** of the company is **retail sale of sporting equipment in specialised stores** (NACE 47.64), the secondary activity is **wholesale of clothing and footwear** (NACE 46.42).

Our **primary country of operation** is **Estonia**, but we are also equally active in Latvia and Lithuania.

Jalajälg AS and its subsidiaries



Jalajälg AS, EST* (parent company)
Pärnu mnt 144, Tallinn, ESTONIA



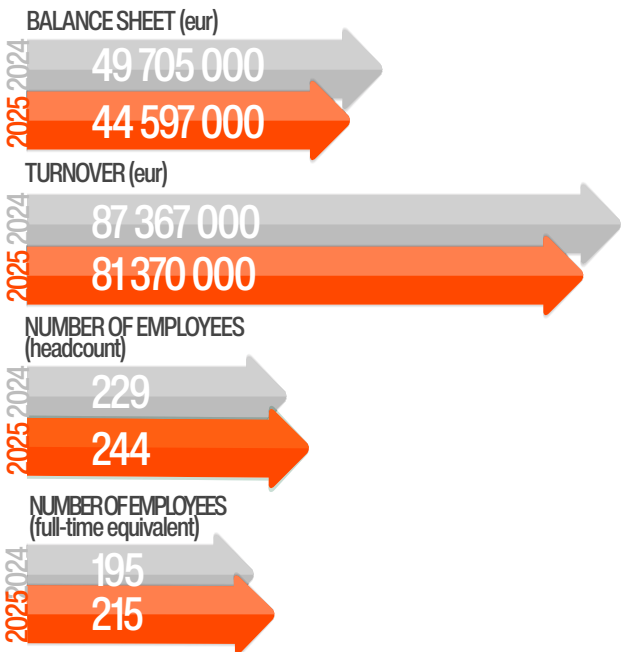
Viva Sport SIA, LAT**
Dzirnieku iela 20, Mārupe, LATVIA



Sporto Dvasia UAB, LTU**
Šeimyniškių g. 3, Vilnius, LITHUANIA

* Public Limited Company, ** Private Limited Company

Key figures of Jalajälg Group



SUSTAINABILITY-RELATED LABELS

The undertaking has not obtained sustainability related certification or labels in FY2025, but in the second half of the financial year AS Jalajälg was accepted in the programme of **Family-Friendly Employer**⁸ launched by the Ministry of Social Affairs of Estonia.

The Family-Friendly Employer label is a recognition that shows an organization values the well-being of its members.

To earn the Family-Friendly Employer label, organizations go through an in-depth program lasting from **one and a half to three years**. During the program, they assess their needs and opportunities for improving organizational culture and implement the necessary changes. At the end of the program, an evaluation is carried out, after which organizations are awarded a digital label at the gold, silver, or bronze level, which can be used in reputation and communications.



6 EFRAG. December 2024. Voluntary sustainability reporting standard or non-listed micro-, small- and medium-sized undertakings (VSME).
7 European Commission. Corporate sustainability reporting.
8 Programme of Family-Friendly Employer.

C1 – STRATEGY: BUSINESS MODEL AND SUSTAINABILITY-RELATED INITIATIVES

Jalajälg Group core activities include:

- **marketing** the Nike brand in the Baltics
- **wholesale** and **retail** of Nike products
- **direct sales** to athletes and teams.

Retail operations are carried out through two channels:

- **Nike brand stores**, offering the latest and most exclusive selection of Nike products
- **Nike outlet stores**, providing a wide range of Nike products at attractive prices.

Outlet stores contribute to both **environmental sustainability and social equality**. They sell past-season collections and excess stock, ensuring that clothing is not written off or discarded as waste. At the same time, customers have the opportunity to purchase good-quality products at lower prices.

To serve teams and athletes, we have created the online **teamsport** platform and showrooms located in all Baltic countries.

At the end of the FY2025 the company operated in **19 stores** & **3 offices** with total area of **10 299 m²** and with warehouse area of **3 100 m²**.

All Jalajälg Group premises (shops, offices, warehouses) are leased.



TALLINN

2 brand stores
3 outlets

TARTU

1 outlet

RĪGA

3 brand stores
3 outlets

KLAIPEDA

1 brand store
1 outlet

KAUNAS

1 brand store

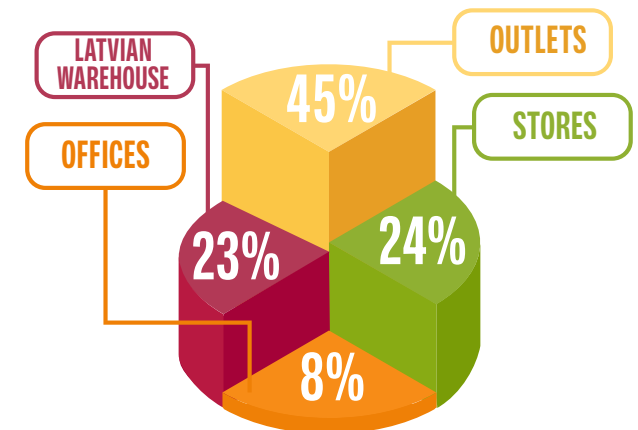
VILNIUS

1 brand store
3 outlets

BRANDS WE DISTRIBUTE ARE NIKE AND CONVERSE AND JORDAN

Our **main partners** are globally – Nike, Inc., regionally and locally – logistics' partners and shopping centres. Main wholesale customers are different local retailers and various (sports) organisations. Our customers are all the people (individuals, sport clubs, fans etc) interested in sports and active lifestyle.

Allocation of Jalajälg Group premises (m²)



B2, C2 – PRACTICES, POLICIES AND FUTURE INITIATIVES FOR TRANSITIONING TOWARDS A MORE SUSTAINABLE ECONOMY



In its double materiality assessment⁹, Jalajälg Group has identified the following sustainability issues as important **(material)**:



CLIMATE CHANGE

Our biggest share of the environmental impact comes from production and transport of retail goods we distribute and sell. Use of electricity and heat in the shops/warehouses/offices, consumption of fuel for goods' transport and work-related travel are the main sources of greenhouse gas emissions (GHG) of our own activities.



CIRCULAR ECONOMY

Our products use a lot of resources (both non-renewable and renewable). We have limited options to influence the resource use at the production and design phase or packaging options selected by Nike. Our main responsibility related to circular economy is to prolong the lifespan of the products (to sell good quality products), reduce the packaging waste and take responsible actions towards potential textile/footwear waste.



OWN WORKFORCE

Retail industry is a labour-intensive business which indicates the importance of being responsible, fair and engaging employer. Majority of the workforce are females and young labour market entrants, who are considered to be more vulnerable group of employees.



CONSUMER AND END-USERS

Consumers and end-users' behaviour and needs directly impact Jalajälg's financial, social, and environmental performance. Addressing their needs and being transparent helps Jalajälg stay competitive, meet regulatory requirements, and advance its sustainability goals.



AFFECTED COMMUNITIES

Jalajälg is committed to supporting local communities and the general public, particularly through our involvement in sports and youth development. We believe that leading an active lifestyle, participating in sports, and attending sporting events are important ways to promote both physical and mental well-being.



BUSINESS CONDUCT

Ethical and responsible business conduct in all our operations is our core principle. It maintains our reputation and builds trust with our customers, partners, employees, and the public. It also ensures our regulatory compliance and helps to meet stakeholders (e.g financial institutions, global brands) expectations.

⁹ According to the ESRS standard methodology.

Jalajälg Group has practices, policies, future initiatives and targets in place (for material topics) for transitioning towards a more sustainable economy. These activities are not all rigorously documented and therefore publicly available, but these are shortly:



CLIMATE CHANGE

Jalajälg Group calculates its greenhouse gas (GHG) emissions to better understand the impact of its energy and fuel use. Jalajälg's ability to transition to renewable energy is constrained by the fact that most of its stores are located in leased premises within shopping centres, where energy sourcing is determined by the property owners.

While not all GHG categories are currently included, we plan to gradually expand the scope of our calculations over time (see B3 for details). There is also significant potential to improve the quality of emissions data from our key partners, such as shopping centres and logistics providers, and we will continue these efforts throughout 2026–2027.

Jalajälg's **objective** is to reduce GHG emissions by:

- installing renewable energy production devices (solar panels on the warehouse)
- actively engage with landlords and property managers of shopping centres to encourage the adoption of renewable energy solutions
- optimizing logistics and engaging with logistics' partners (to use more environmentally friendly transport modes, like HVO diesel)
- encouraging more sustainable employee behaviour (such as adopting greener commuting solutions and energy-saving practices)

While specific targets have not yet been set — they will be defined in 2026 — we expect to see a year-on-year reduction in GHG emissions.

CIRCULAR ECONOMY



Jalajälg is committed to reducing packaging waste generated by its operations. For example, we have introduced the use of transport cages to minimize the need for transport packaging. This initiative has significantly reduced the use of paper and cardboard packaging during transportation. In addition, we do not provide free carrier bags in our stores. Read more in chapter B7.

Most of our **objectives** related to packaging and apparel/footwear waste are driven by evolving European Union regulations, which are expected to come into force between 2026 and 2027. We aim to collect and either reuse or recycle our textile products in compliance with legal requirements, targeting approximately 20% by 2030.¹⁰

In the coming years, we intend to collect higher quality data on waste generation across our shopping centres, offices, warehouses.

OWN WORKFORCE



Jalajälg Group provides jobs for 244 people in the Baltics.

We implement health and safety principles required by the law. We prioritise open and transparent communication between management and employees. We regularly inspire our employees to have healthy and lifestyle by hosting different sport events, supporting participation in various sport events and setting up fitness challenges.



Once a year there is a **Nike DNA** training for newcomers giving an overview of Nike history, principles, products, and sustainability actions. There have been special trainings to improve the general digital skills of our employees and advance the knowledge about our products (seasonal kick-off trainings). See more in chapter B10.

Our **objective** is to train and motivate our employees with the main aim to provide better customer experience to our customers while representing the biggest sportswear company – Nike, Inc. – of the world.

In FY2026 our plan is to improve the collection of data on our employee' trainings and motivate people to take care of their health and going for sports. We plan to review the documents/policies related to own workforce and compile a group-wide Code of Conduct in 2026.

In 2025 – 2026, we also aim to successfully implement the Family-Friendly Employer programme and achieve high-level recognition.



AFFECTED COMMUNITIES

Jalajälg has consistently supported community initiatives by sponsoring local and regional sport clubs and events, empowering athletes, and investing in youth programmes.

These supporting activities range from big sport events (for example Tallinn, Riga, Vilnius marathons) to sponsoring sport and fitness clubs, athletes and local activities. With our contribution, **4% of people in the Baltics engage in regular sports activities (in clubs)** + people participating in the sport events (approx. 130 000 in 2025).

We continue to contribute to the supporting next generations sporting habits and healthy lifestyle. Our **objective** for 2026 is to maintain the engagement of more than 5% of the population in sports through our initiatives.

We are mindful of vulnerable groups, such as children and low-income households, and offer different shopping concepts to meet their needs (see C1).



¹⁰ Exact textile waste recycling targets have not yet been established at the EU level.

CONSUMERS AND END-USERS



Jalajälg Group takes a responsibility on products that we sell to our consumers.

Our main aim is to provide athletes with professional information that helps them make the right choices and take proper care of their products, thereby prolonging the lifespan of the items.

Though we have a limited impact on our products we sell, we take efforts to provide sustainability information of our products. Products with **Nike Move to Zero** label help customers make more sustainable choices on our webstore and stores.

NIKE MOVE TO ZERO label means:

- The product is made with a significant share of **sustainable materials** (such as recycled polyester, recycled nylon, or organic/recycled cotton)
- It is designed to **reduce environmental impact** compared to conventional products
- Packaging often uses **recycled or less resource-intensive materials**

NB: The label does not mean the product is 100% sustainable or has zero environmental footprint — it shows that it contributes to Nike's sustainability long-term goal of net zero carbon and zero waste across the company's operations and supply chain.

More information: **Nike Move to Zero** initiative.

<https://www.nike.com/my/sustainability>



NIKE'S JOURNEY TOWARD A ZERO CARBON AND ZERO WASTE FUTURE



Jalajälg carefully monitors market and regulatory developments regarding environmental product information and implements measures to ensure consumers are not misled in their choices, for example in line with the proposed Directive on or Green Claims or Digital Product Passport (DPP) initiative.¹¹



BUSINESS CONDUCT

We follow the ethical and transparency principles in leading our business.

In FY2026, we plan to remap our key stakeholders and gather information on their expectations and requirements regarding the sustainability actions of the company. We also closely monitor regulatory developments and will continue to publish a voluntary sustainability report on an annual basis.

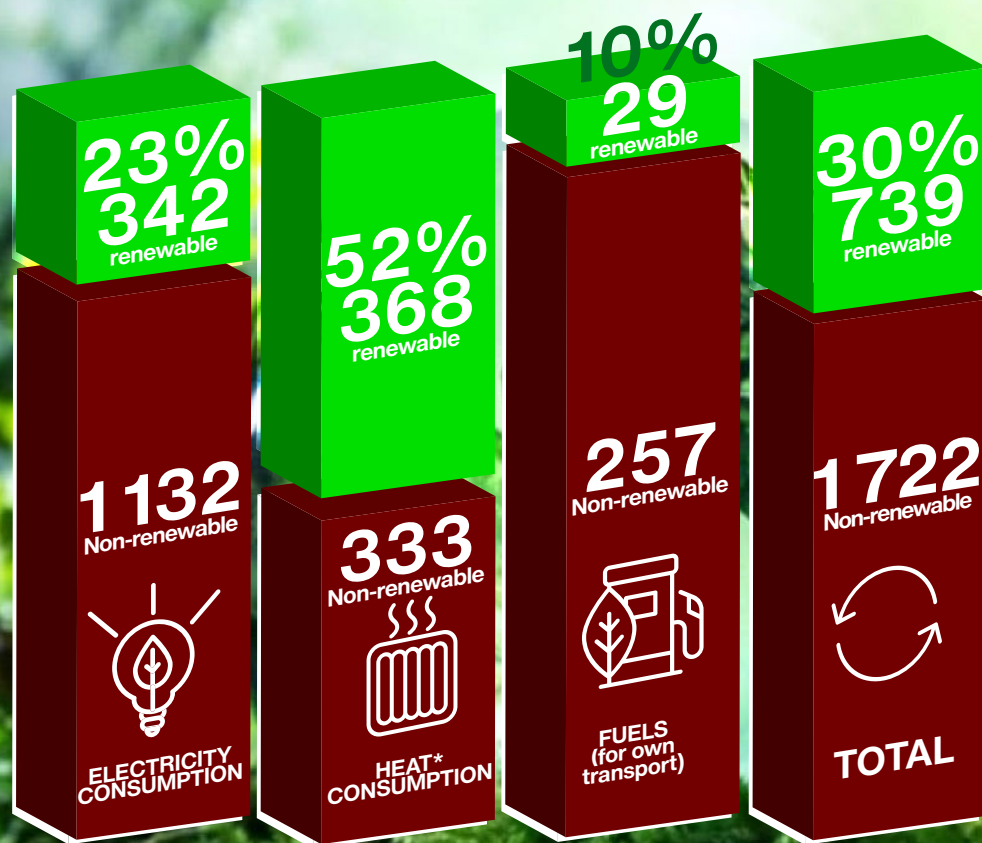
Jalajälg Group has an **ESG lead position** responsible for coordinating sustainability activities, with actions carried out under the approval of the company's management.

The monthly **ESG newsletter** provides an overview of the company's sustainability initiatives.

¹¹ European Commission. Proposal for a Directive on Green Claims (22.03.2023), Ecodesign for Sustainable Products Regulation.



Energy consumption FY2025 (MW/h)



Electricity consumption grew by 8% in 2025 (1474 MWh) compared to FY2024 (1 354 MWh). But if to consider that methodologically in FY2025 cooling energy is added to electricity consumption, it is almost the same.

* Gas, biomass, oil shale, waste incineration, etc. If the location is heated with electricity, it is included under electricity consumption.

IN FY2025,
RENEWABLE ENERGY
SOURCES ACCOUNTED
FOR **30%** OF
THE COMPANY'S TOTAL
ENERGY CONSUMPTION.

The share of **renewable electricity** consumed was 23%, mainly due to several large shopping centres that use 100% renewable electricity.

Shopping centres that use renewable electricity: Ülemiste in Tallinn; Origo in Riga; Akropolis in Kaunas, Ogmia and Pilaite in Vilnius.

The high share of renewable energy in **heating** – 52% – is driven by the extensive use of biomass (wood chips), and municipal waste incineration in district heating systems across the Baltics.¹² Biomass is considered to emit zero greenhouse gases.

Company-owned transport consumed **non-renewable fuel** – 10 904 litres of diesel and 14 726 litres of gasoline, and **renewable diesel** (HVO)¹² – 3 107 litres.

Lithuanian office (Sporto Dvasia UAB) in Vilnius uses 100% renewable electricity.

¹² Eurostat. Renewable energy statistics.

GREENHOUSE GAS (GHG) EMISSIONS

Jalajälg Group main greenhouse gas (GHG) emissions are related to energy consumption (shops, offices, events), transportation and employee commuting. Not all categories of scope 3 GHG emissions are covered in GHG calculations.

In calculating the GHG emissions the guidance of Greenhouse Gas Protocol was used, incl consultancy by SEI Tallinn. The scope 1 and 3 were calculated by the undertaking, scope 2 was calculated by Nomine Consult.

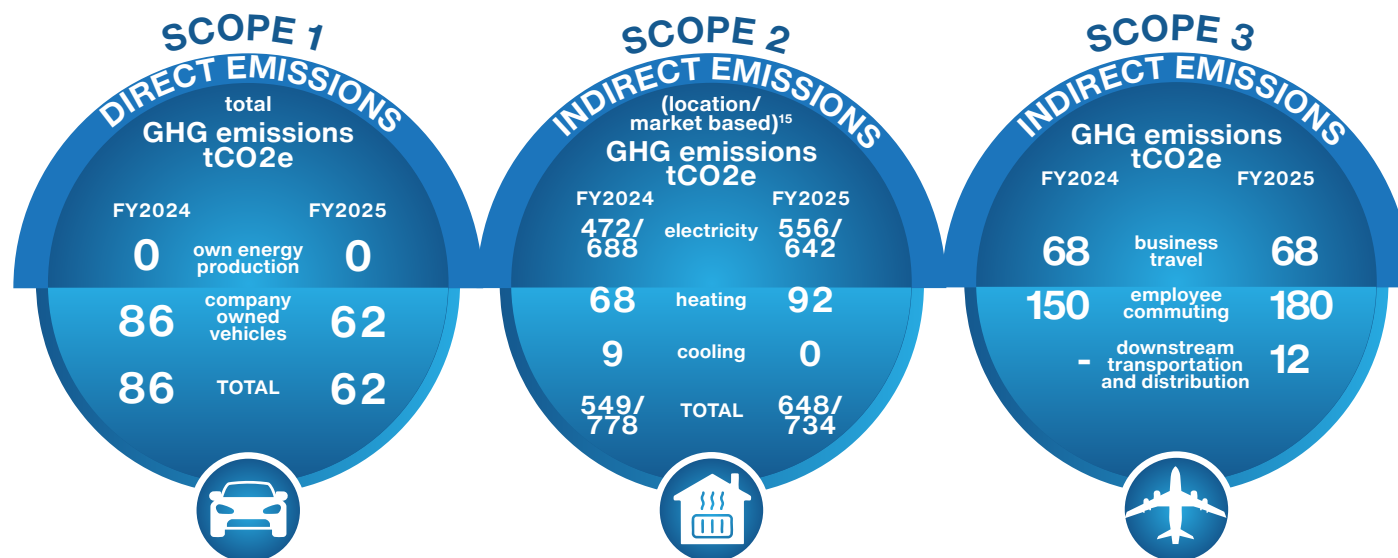
Note: There are significant methodological differences between the GHG calculations for FY2024 and FY2025. As a result, some categories are not directly comparable year-on-year, particularly those related to upstream transportation and logistics emissions. The company will refine its calculation methodology and set specific targets in the following year, once data reliability has been improved.

13 HVO = Hydrotreated Vegetable Oil — a renewable diesel made of used cooking oil, animal fats, tall oil, vegetable oils, etc.

14 Estonian Ministry of Climate. GHG emission factors 2024.

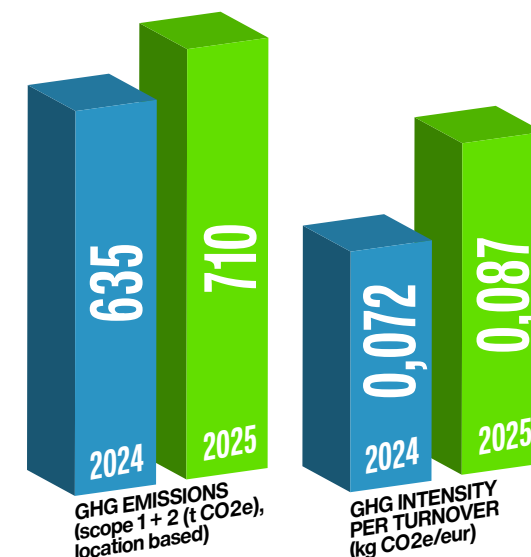
15 A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies have purposefully chosen (can include energy attribute certificates, direct contracts (e.g. renewable), supplier-specific emission rates).

Greenhouse Gas Emissions (GHG) in FY2024 and FY2025



GHG INTENSITY FOR SCOPE 1 AND 2

Greenhouse Gas Emissions (GHG) intensity



C3 - GHG REDUCTION TARGETS AND CLIMATE TRANSITION

The company has not yet established precise greenhouse gas (GHG) emission reduction targets, primarily due to limitations in data availability and quality, as well as the current exclusion of certain GHG categories under Scope 3. Therefore, the undertaking hasn't adopted a transition plan for climate change mitigation (and adaptation). Nevertheless, we have taken several actions to improve our energy efficiency and reduce GHG emissions (see B2, B3).

As the undertaking operates in high climate impact sector¹⁶, we plan to improve the data collection (with special focus on shopping centres/store locations, logistic partners, but also on our products we sell) and take steps accordingly in 2026–2027.

¹⁶ Annex I to Regulation (EC) No 1893/2006. Section G: Wholesale and Retail Trade.

C4 – CLIMATE RISKS



There are no significant assets exposed to material physical risks due to climate change in short and medium term.

Company has identified within its double materiality assessment following climate adaptation and mitigation risks as material:

TYPE OF RISK (focus ¹⁷)	RISK	TIME HORIZON (when can occur)/ RISK SEVERITY	ACTION TAKEN FY2025
TRANSITIONAL RISKS (LOCAL VALUE CHAIN)	Increased fuel or energy prices through higher carbon pricing, which may affect negatively our cost structure. Failure to decarbonise our targeted scopes (or realizing it is financially burdensome), not having enough support from supply partners aligned sustainability plans and strategies.	Medium term/ medium	No
TRANSITIONAL RISKS (GLOBAL VALUE CHAIN)	Increased energy prices through higher carbon pricing may affect production process/product pricing and as a result also sale volumes/meeting sales targets/managing cost structure. Nike brand may fail to meet their own as well as national and global expectations on decarbonising their production, transportation fleet, etc. targets. Additional risk may be exposed from global next generation customers side with constantly deepening and strengthening expectations from sustainability perspective and desiring of new, more environmentally conscious brands (which in longer perspective can reduce the attractiveness of Nike brand and therefore affect sales).	Medium term/ low	No
ENERGY CONSUMPTION WITHIN THE ORGANIZATION (OUR OPERATIONS)	Failure to increase energy efficiency in our own operations, strong dependency from shopping centres and logistics partners and their strategic decisions which we do not control directly. External demand from brands/partners/local community to shift too quickly to renewable energy in retail spaces with too high cost. Possible changes in energy-related tax policies which can bring along significant cost increase.	Short term/ low	We have asked our partners (shopping centres, logistics) about their plans related to energy transition and what could be our options to reduce our carbon footprint. There are electricity charging points for our own vehicles in Riga and Tallinn office. Solar panels will be installed to Riga warehouse.

¹⁷ Local value chain – transportation from European distributional centres to our warehouses, consumption of our products; Global value chain – raw material and products' production, transport to European distribution centres; Our own operations – activities on our offices, stores, production facilities.

B4 – POLLUTION OF AIR, WATER AND SOIL



The undertaking has **no legal obligation to report air, water, or soil pollution** to the relevant authorities. Given its primary activities in the retail sector, the company's operations do not result in significant direct pollutant emissions to the environment.

B5 – BIODIVERSITY



There are **no sites** that the undertaking owns, has leased, or manages **in or near a biodiversity sensitive areas**.¹⁸

The undertaking's locations (such as shopping centres and offices) are typically situated in urban areas where the ground surface is sealed, and the original soil has been covered. These sites are often owned and managed by other enterprises and shared with multiple other businesses. Jalajälg does not have precise information on the extent of sealed surfaces at these locations and has limited ability to influence their condition.

B6 – WATER



The company **does not engage in water-intensive activities**. Water is used primarily in offices, warehouses, and stores. Most of the water we use is withdrawn from public water supply systems. Not all shopping centres provide precise information on water usage related to our premises.



Therefore water usage can be estimated indirectly by multiplying the number of employees by the average office water consumption per person, which is up to 40 litres per day.¹⁹ This corresponds to a total annual consumption of approximately **2,000 m³**.²⁰

There are no Jalajälg Group locations on areas of high water-stress.²¹

In the Baltics the water stress levels (understood as a proportion of freshwater withdrawal from available freshwater resources) are low, reaching from 1% to 11%.²²



B7 – RESOURCE USE, CIRCULAR ECONOMY AND WASTE MANAGEMENT

Many resources are used, and waste generated in Jalajälg's global value chain by producing the products we sell. However, in our own operations, waste generation is not as significant sustainability aspect as one might expect.

¹⁸ Biodiversity sensitive areas are defined as such by special nature protection regulation at European or international level. These comprise areas belonging to the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas as well as other protected areas designated as requiring special protection by governmental authorities. Estonian Land and Spatial Development Board (nature protection areas and individual nature protection objects).

¹⁹ KPI – Water consumption performance indicators
²⁰ Multiplying the number of full-time employees (215) by the number of working days in the year (232) and the average daily water use per person (40 litres).

²¹ WWF Risk Filter Suite.

²² UN-Water SDG 6 Data Portal European distribution centres; Our own operations – activities on our offices, stores, production facilities.

IMPLEMENTATION OF CIRCULAR ECONOMY PRINCIPLES

Jalajälg Group is implementing the circular economy principles as extensively as possible and reasonable.

ELIMINATION OF WASTE AND POLLUTION

Jalajälg Group as Nike, Converse and Jordan representative in the Baltics has limited position to influence the production processes and design, including usability, reusability, repairability, disassembly and remanufacturing, of the products and sales packaging. These decisions are made by Nike, who takes serious steps and initiatives towards minimising and preventing the generation of waste.²³

For example, Nike, Inc. targets 100% waste diversion from landfill in its extended supply chain, with at least 80% of waste recycled back into Nike products or other goods.



CIRCULATION OF PRODUCTS AND MATERIALS

Nike Inc has taken many steps to implement circular design and advance material innovation, for example:

- **Circular Design Guide**²⁴ to embed circular design thinking into product development
- Advancing new materials like **Nike Forward** (carbon-reduced fabrics) and pushing higher recycled content²⁵
- Use of **Nike Grind**, which turns manufacturing scraps and end-of-life footwear into recycled raw materials for new products or sports surfaces.²⁶

REGENERATION OF NATURE

To date, Jalajälg Group has not undertaken formal initiatives aimed at regenerating nature²⁷ or enhancing and restoring key ecological functions of ecosystems.



²³ Nike. Sustainability. Eliminating waste.

²⁴ Nike Circularity Guide.

²⁵ Nike forward materials.

²⁶ Nike Grid materials.

²⁷ Regeneration = actively do good by healing and strengthening ecosystems (positive impact).

WASTE GENERATION

The subsidiaries of the Jalajälg Group do not generate significant amounts of waste in their day-to-day operations. Most waste arises in offices (mainly household waste), warehouses and shops (primarily packaging waste).

PACKAGING WASTE

All Jalajälg Group subsidiaries that generate packaging waste are required to submit a packaging waste report and have agreements with producer responsibility organisations for the collection and recycling of their waste. These organisations ensure that the collected packaging waste is recycled to the extent required by regulation.

The biggest amount of our packaging waste is made of paper and cardboard (e.g. shoe boxes). Larger cardboard boxes are often reused to ship smaller parcels in bulk. We have reduced the transport packaging by using reusable cages in all our warehouses and shops.

TEXTILE WASTE

Most of our sold products (such as clothing and footwear) will become textile waste at the end of their lifecycle. Starting in 2025, there is a requirement to collect textiles separately in all European Union. Latvia has already introduced a natural resource tax²⁹ on textiles.

By 2027–2028 at the latest, an extended producer responsibility (EPR) system for textile and footwear will be implemented in all Baltic counties, requiring companies to collect and either reuse or recycle the textile products they place on the market.³⁰ Consequently, Jalajälg Group companies will be required to obtain more detailed data on product composition, weight, durability, recyclability, and reusability in the coming years.

BIO (FOOD) WASTE

Bio (food) waste is generated only in offices, in very small amounts. At the Tallinn office, kitchen food waste is collected separately and handed over to a licensed waste management company.

28 Eurostat. Recycling rates for packaging waste (last update 17/07/2025)

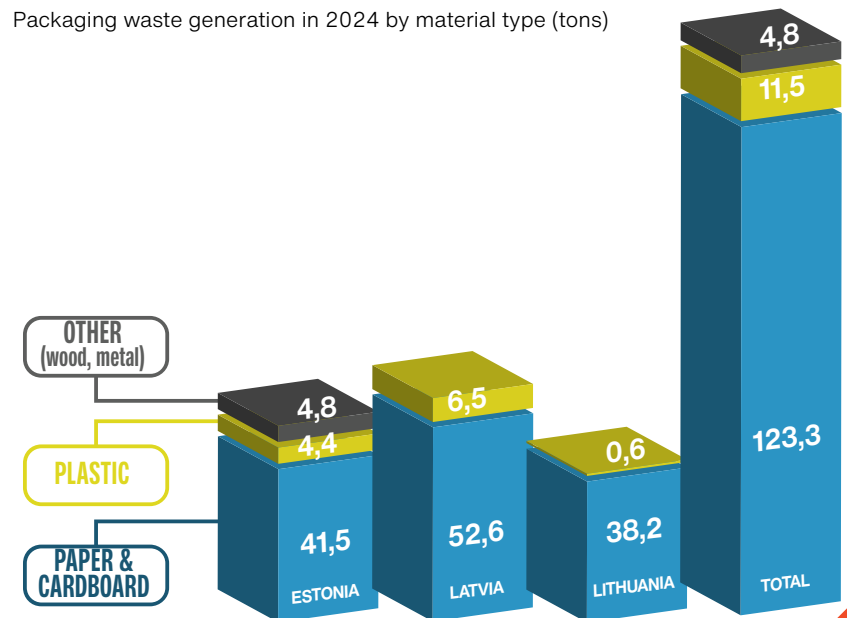
29 Latvian Natural Resources Tax Law, in force from 1 July 2024.

30 Recycling rate is not defined yet at the EU level.

NATIONAL PACKAGING
RECYCLING RATES
IN 2023 WERE IN
ESTONIA – 69%
LATVIA – 63%
LITHUANIA – 61%
AVERAGE IN EU27
– 67%²⁸



Packaging waste generation in 2024 by material type (tons)



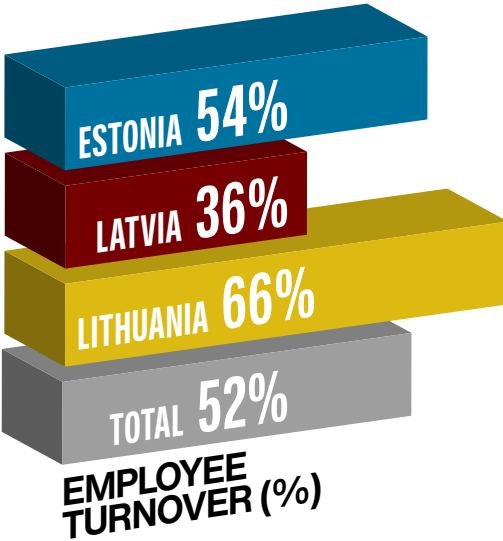
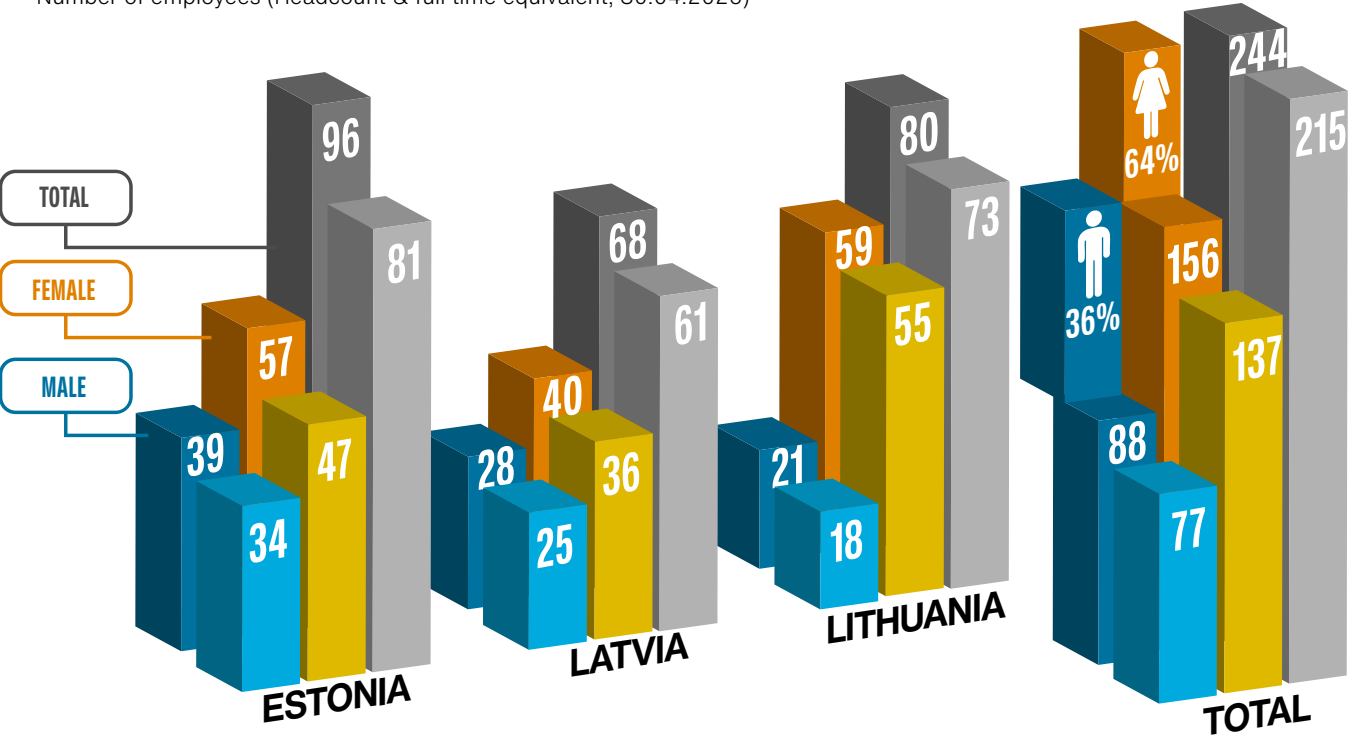
B8 – GENERAL CHARACTERISTICS

In FY2025 the total number of employees (headcount) increased by 6%.

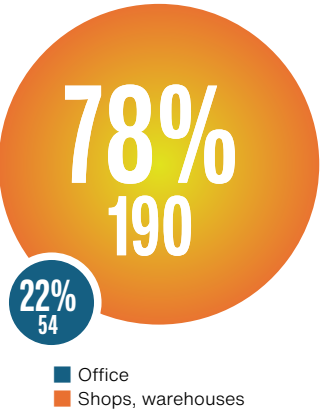
The majority of employees are employed in frontline roles, such as shops and warehouses.

Gender distribution and employee age split remained the same as in FY2024.

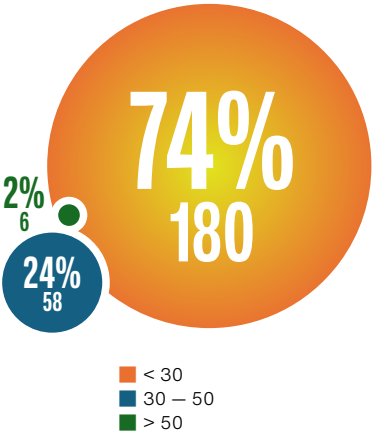
Number of employees (Headcount & full time equivalent, 30.04.2025)



Jalajälg Group distribution by employee categories



Jalajälg Group age split



Employee turnover differs significantly between shops and warehouses (blue-collar roles) and offices and administration (white-collar roles), at 64% and 6% respectively.

In retail sector the turnover of employees is usually high, especially at the shop level. It is mainly due to fact that retail jobs are often entry-level, with lower pay and high demands, leading to frequent job changes. The workforce is younger, incl. many students or part-timers.

Common employee turnover in retail is typically 30–60% per year for frontline roles.

Above 60% is high, but common in some markets and roles.³³

31 Employee turnover = people left during the year/average number of employees (HC; FY2024+FY2025/2)* 100
32 Share of permanent contracts from total number of employees (HC).
33 Employee turnover in retail – what it's costing you and how to fix it (2025)

B9 – HEALTH AND SAFETY



There has been no work-related recorded accident in Jalajälg Group. Therefore, the rate of recordable work-related accidents of employees in FY2025 was 0.³⁴

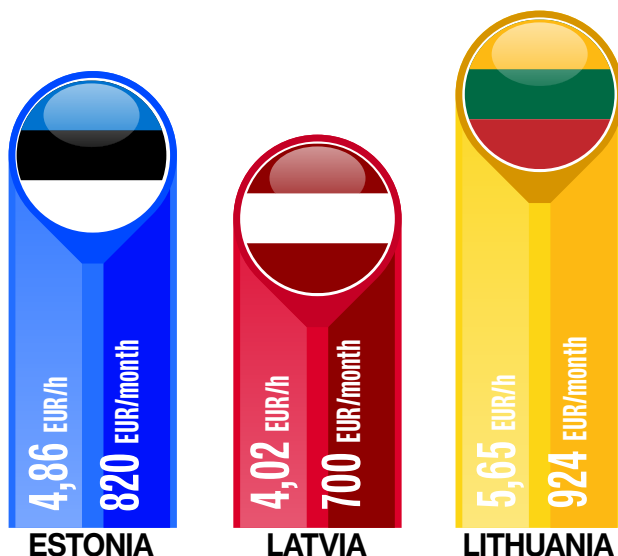
There have not been fatalities as a result of work-related injuries and work-related ill health in Jalajälg Group.

B10 – REMUNERATION, COLLECTIVE BARGAINING AND TRAINING



Jalajälg Group confirms that all the employees have received pay that is equal or above applicable minimum wage for the country it reports in.

National minimum wages in the Baltic States 2024³⁵



There is no detailed information available yet on percentage gap in pay between female and male employees. Since Jalajälg subsidiaries are obliged by law to report this information in 2027 (using 2026 data)³⁶, this information will be available in the next sustainability reports.

There are no employees covered by collective bargaining agreements.

Collective bargaining levels in Estonia, Latvia, and Lithuania are among the lowest in the European Union.³⁷ It is mainly due to weak traditions of sectoral/national bargaining and labour markets dominated by individual contracts.

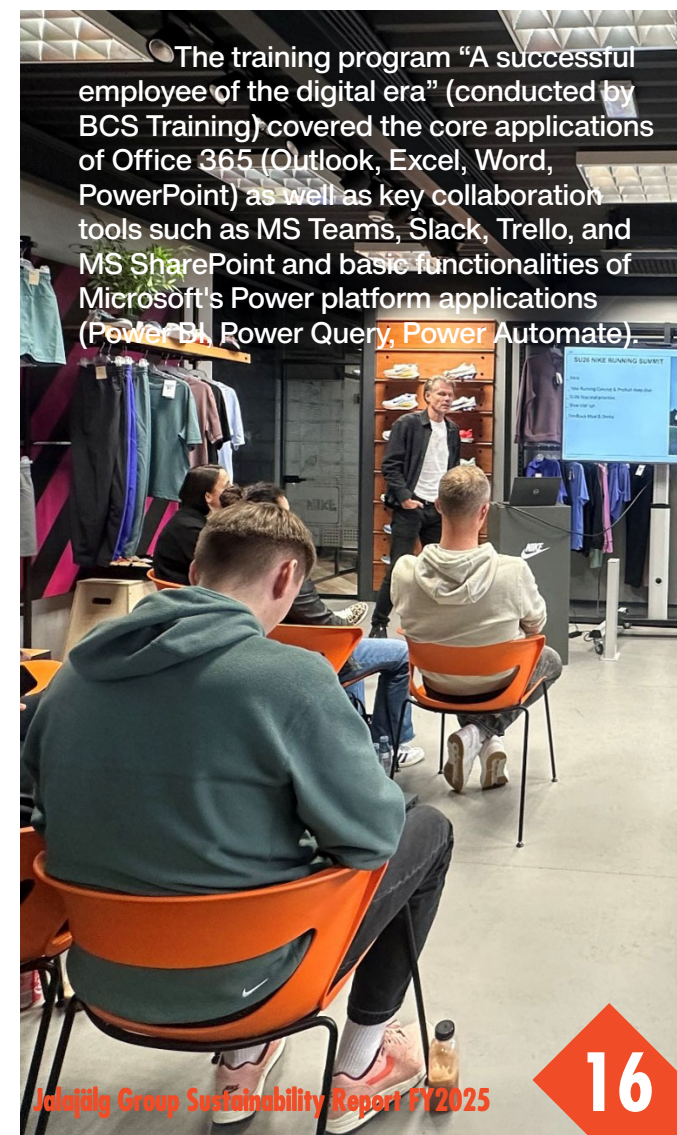
TRAINING

In FY2025, Jalajälg Group organised several trainings for its employees. These trainings are mainly intended for sales staff and focus on product introduction (so called kick-off trainings) and improving service.

There is no consolidated overview across subsidiaries of annual training hours per employee (by gender). In the coming years, this data will be collected along with a clearer definition of which activities qualify as training.

³⁴ Rate = recorded accident/ total number of hours worked in a year by all employees *100 full-time workers' hours a year.
³⁵ EURES (EUropean Employment Services), Labour market information in Europe: Estonia, Latvia, Lithuania (as of 1 January 2024).
³⁶ EU Pay Transparency Directive (Directive (EU) 2023/970).
³⁷ Estonia -19,1%, Latvia - 27,1%, in Lithuania - 26,6%. Source: worker-participation.eu/: Collective bargaining.

One example to highlight is the training held at the Estonian office on improving the digital skills of the employees. Within 4 months period 19 employees received average 60 h/person trainings on digital solutions available to simplify tasks, increase efficiency, analyse data, and improve visualization.



C5 – ADDITIONAL (GENERAL) WORKFORCE CHARACTERISTICS

The female-to-male ratio at management level at the end of the reporting period was **7:6**.

99,6% of employees have permanent contracts and 59% have full-time contracts. It indicates that the employees have permanent employment contracts that provide job security, while still allowing them to work part-time if they wish. Information on self-employed persons without staff who work exclusively for the company will be clarified in the coming years (including specifying who meets these criteria).

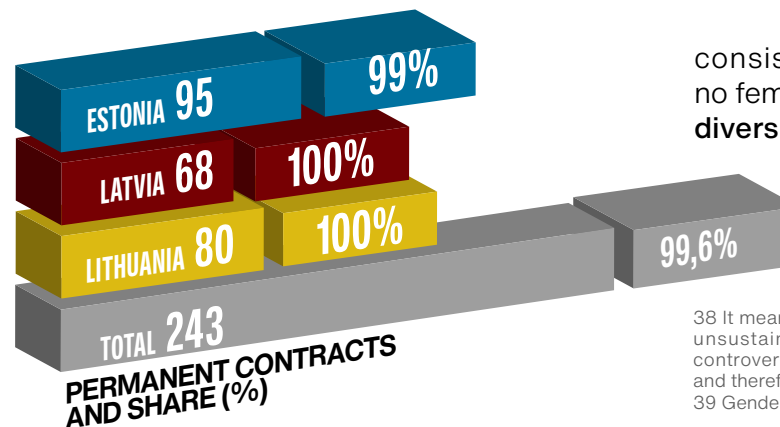
C6 – HUMAN RIGHTS POLICIES AND PROCESSES

The undertaking doesn't have a specific code of conduct or human rights policy for its own workforce, which would cover child labour, forced labour, human trafficking, discrimination, accident prevention. But some of these topics (and other own workforce related rules) are covered in organisation work rules and occupational health and safety rules.

The undertaking has a complaints-handling mechanism for its own workforce. It can be done **whistleblowing function** (which is required by the law).

C7 – SEVERE NEGATIVE HUMAN RIGHTS INCIDENTS

There **have been no confirmed incidents** within our own workforce related to child labour, forced labour, human trafficking, discrimination, or any other human rights-related issues.



GOVERNANCE METRICS

B11 – CONVICTIONS AND FINES FOR CORRUPTION AND BRIBERY

During the reporting period, there have been **no convictions or fines** imposed on Jalajälg Group for violations of anti-corruption or anti-bribery laws.

C8 – REVENUES FROM CERTAIN SECTORS AND EXCLUSION FROM EU REFERENCE BENCHMARKS

Jalajälg Group is not operating and **do not earn revenues** in the sectors of controversial weapons, the cultivation and production of tobacco, fossil fuel, and manufacture of pesticides and other agrochemical products.

The undertaking is not excluded from EU reference benchmarks that are aligned with the Paris Agreement.³⁸

C9 – GENDER DIVERSITY RATIO IN THE GOVERNANCE BODY

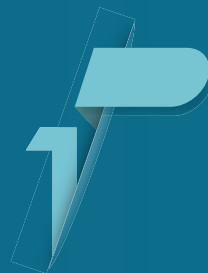
The governance body of Jalajälg Group consists of three male board members and no female members. Consequently, the **gender diversity ratio is 3:0**.³⁹

³⁸ It means that the undertaking is not ruled out because of harmful or unsustainable activities (like coal mining and energy generation, controversial weapons production, oil and gas power generation, etc) and therefore could be included in climate-conscious investment indices.
³⁹ Gender diversity ratio = female board members/male board members.

FUTURE REPORTS AND ACTION

Jalajälg Group falls within the second wave of companies which were required to report under the ESRS sustainability reporting standards. Following the two-year postponement of the deadline for audited reports announced in February 2025 and given that the standard itself is currently under review⁴⁰, this report should be regarded as a transitional sustainability report. Until the requirements are clarified, Jalajälg applies the voluntary EFRAG VSME standard requirements.

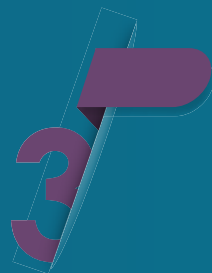
In order to improve the clarity and practical value of the report in FY2026, we will:



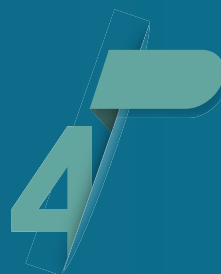
focus on improving data quality and collecting comprehensive information to clearly establish baselines, which will support setting future targets and selecting performance indicators for our key sustainability aspects



remap and engage with key stakeholders to gain a clearer understanding of the sustainability information most relevant to their interests



focus on the most significant sustainability impacts, aiming to reduce the negative (e.g. energy use) and enhance the positive ones (e.g. supporting sports)



clarifying the actions we can take to strengthen our market position through sustainability initiatives (e.g., evaluating the positive impact of our activities, , developing sustainable products and services)

⁴⁰ EFRAG (31.07.2025) Press release - EFRAG Shares Revised ESRS Exposure Drafts and Launches 60- Day Public Consultation.



THANK YOU!

CONTACTS: JALAJÄLG GROUP, JALAJALG@JALAJALG.EE