

Environmental, Social and Governance Report 2024

ELKO[®]
GROW SMARTER

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< Letter from the CEO

2024 will be remembered as a historic year for the circular economy in the ELKO product portfolio, since this is the year when we started the M&A transaction, which was closed in 2025, acquiring Renewed AB – a Swedish specialist in refurbished electronics. This is a significant step forward in developing a much broader range of circular economy services across the ELKO geography to satisfy increasing demand from both our vendors and customers. We see strong potential for this business segment and solid contribution to driving sustainability in our markets.

We have continued during 2024 our vendor-focused sustainability initiatives like Vendor Scoring and Partner Code of Conduct. In line with ever-evolving legislation, we see our partners developing and adopting their business practices, and we are proud to say that 80% of our vendors have received a score of A or B, underscoring the high quality of our product offering to our customers.

Our partnership with Mitigate has helped us navigate the complexity of reporting requirement changes through this period and significantly improved our data gathering process across multiple geographies and legal entities.

One of the key projects launched in ELKO in 2024 has been the LEAN initiative. We are becoming a part of a community of great companies adopting LEAN practices, driving organization-wide employee engagement in improving our processes: eliminating unnecessary actions, minimizing/automating low-value activities, and focusing on enhancing high-value initiatives. While we are still at the beginning of the road, I am certain that the Continuous Improvement path will lead to a more efficient ELKO organization, be more sustainable in the long run, and be able to significantly improve the cooperation experience for our vendors and customers, allowing us to grow the business further.

We are proud of the work we have done so far, we are also aware of the challenges ahead, and we have a clear plan to keep building ELKO as an environment-friendly, socially responsible, and well-governed business!

Svens Dinsdorfs
The CEO of ELKO Group



< Key 2024 non-financial indicators

350
manufacturers

10 000
customers

1 050
employees

Awards & rankings

Distributor of the Year 2024 in the Baltics
Best Retail Distributor in the Baltics
by [Context](#), [ChannelWatch 2024](#)

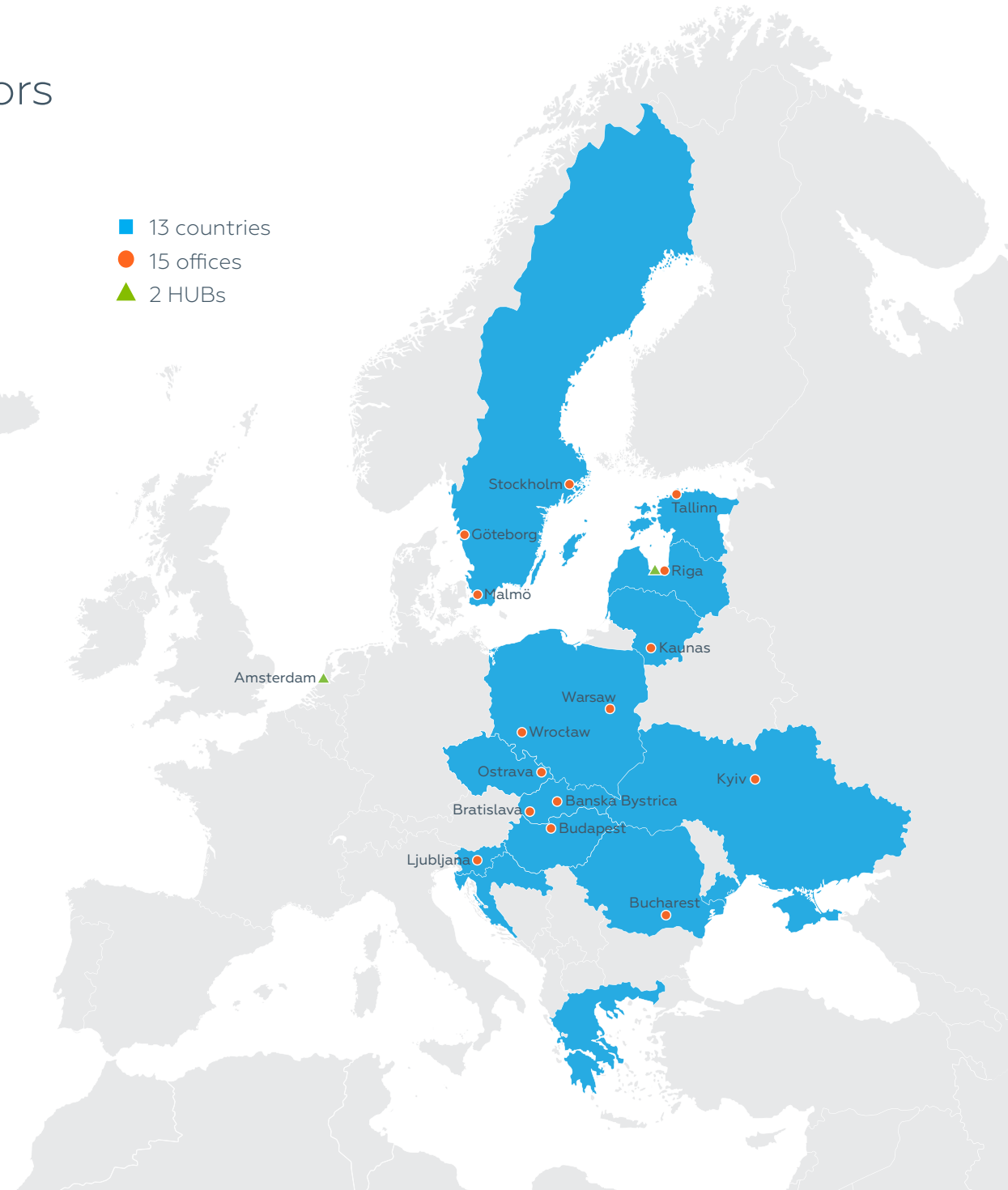
Family-Friendly Workplace status
by the [Latvian Society Integration Foundation](#),
since 2023

Best Investor Relations on First North Bond List
by [Nasdaq Baltic Awards, 2023](#)

The biggest concern in Latvia
by [db.lv TOP 500 companies in Latvia, 2024](#)

311th position in the TOP 500 largest companies in CEE
by [Coface, 2024](#)

- 13 countries
- 15 offices
- ▲ 2 HUBs



< UN sustainable development goals

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

At ELKO, we have acknowledged the importance of working towards helping to achieve these goals and have identified several areas where our operations and sustainability priorities align with the aforementioned SDGs.



1. Health insurance for all our employees, which also includes mental health coverage.
2. Active promotion of a healthy lifestyle by organizing internal events related to such promotion.
3. Regular blood donation and vaccination drives at the workplace.



1. Provide fair wages and promote safe and secure working environments for all employees.
2. Operations in 13 countries where we promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation.



1. Perpetually introducing the newest solutions and products that can help improve the IT infrastructure.
2. Introduce the newest technologies and solutions in our supply chain for more sustainable and efficient group operations.



1. Continuously improving our carbon footprint data and working on policy development to reduce it.
2. Continuously improve our product portfolio by introducing eco-friendlier solutions.
3. Introduce new services and improve operating methods to reduce waste generation.
4. We closely monitor the ESG activities of our suppliers, thus helping our product portfolio to become more sustainable.

A photograph of a modern, multi-story office building with a glass facade and a balcony. The ELKO logo is mounted on the roof. The building is surrounded by green trees, and the sky is blue with a few birds flying.

< General disclosures

ESRS 2 GENERAL DISCLOSURES

BP-1 General basis for the preparation of sustainability statements

Disclosure of the general basis for the preparation of the sustainability statement

Akciju Sabiedrība ELKO Grupa (hereafter ELKO), has established its foundational framework for the 2024 report in line with the Corporate Sustainability Reporting Directive (CSRD) and the relevant European sustainability reporting standards (ESRS).

By continuing to implement this approach for the 2024 report, ELKO has been able to present information in a structured and compliant manner, adhering to the stipulations of the updated reporting standards.

BP-2 Disclosures in relation to specific circumstances

The focus for the 2023 report was to adapt the report to the requirements outlined by CSRD and ESRS; additionally, we also focused on increasing the data quantity as well as quality for Scope 3 emission reporting. The 2023 report includes up-stream and downstream T&D data, which was calculated using not only the new Mitigate ESG platform but also the data provided by our sector partners.

GOV-3 Integration of sustainability-related performance in incentive schemes

Currently, ELKO has not established direct sustainability-related performance incentive schemes; however, for some employees, sustainability-related quarterly targets are set. Our qualitative targets in sustainability encompass a wide range of non-numeric objectives aimed at indirectly improving our environmental impact, social responsibility, and corporate governance practices. We integrate our qualitative sustainability targets into our strategic planning processes, performance evaluations, reporting mechanisms, and stakeholder communications to ensure that they are embedded in our day-to-day operations and decision-making.

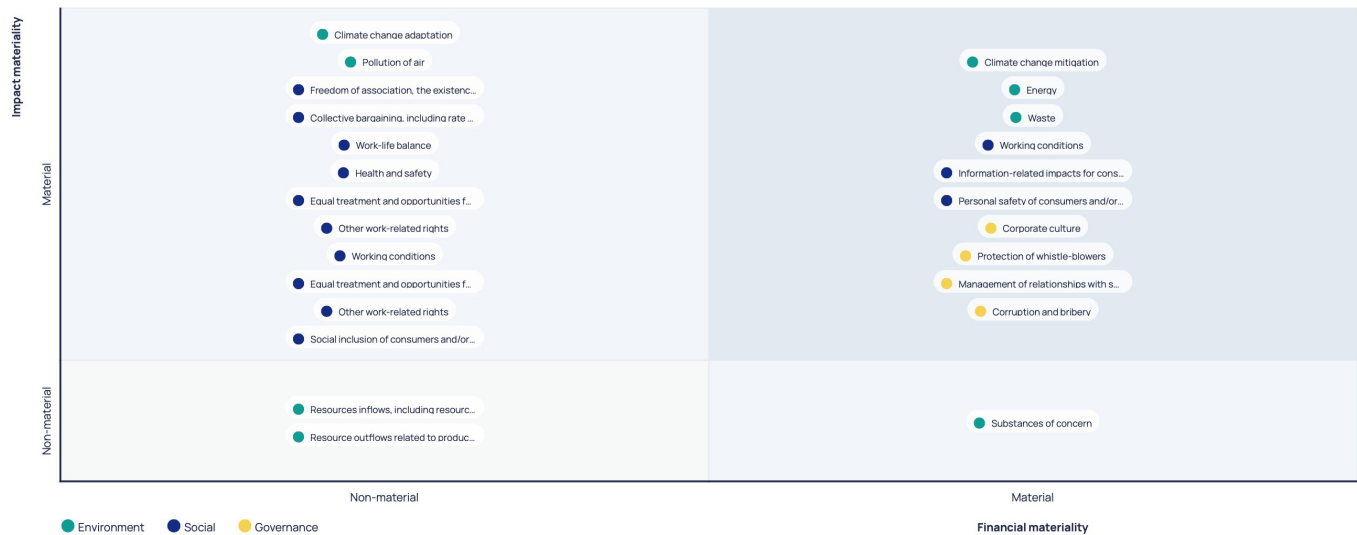
GOV-5 Risk management and internal controls over sustainability reporting

As of 2022, ELKO has a dedicated employee responsible for overseeing sustainability matters. This individual's role closely aligns with that of an international project manager, ensuring that sustainability initiatives are effectively coordinated and implemented across all subsidiaries and that our sustainability efforts are comprehensive and aligned with international requirements.

SBM-1 Strategy, business model, and value chain

At ELKO, we recognize the importance of sustainability in our business model. As one of our core values, fostering long-term relationships across the entire supply chain is paramount to our success. As recent supply chain surveys have demonstrated, sustainability has become an integral part of partnership decision-making, and thus, we are committed to ensuring that our partners throughout the supply chain can trust in our reputation, rely on our proven business practices, and continuously improve sustainability aspects in our day-to-day working practices. This commitment to sustainability is not only a reflection of our values but also a strategic imperative that guides our decision-making and operations.

SBM-3 Double Materiality assessment - Material impacts, risks, and opportunities and their interaction with strategy and business model



In 2024, we conducted a more comprehensive double materiality assessment that expanded the scope from solely internal shareholder evaluations to include input from a broader range of supply chain partners. This assessment incorporated evaluations from vendors, clients, logistics, and local management across all our geographic areas, providing a more holistic view of significant material topics. Please refer to the material topics above. The material topics identified are strongly linked to the ELKO Group's business model and its upstream and downstream supply chain.

Our 2024 report was prepared in alignment with these findings, identifying key aspects and topics that will remain a focus for further improving data quality.

E1 CLIMATE CHANGE

E1-1 Transition plan for climate change mitigation

In 2024, our organization joined the Science-Based Targets initiative (SBTi) as part of our commitment to addressing climate change and setting ambitious sustainability goals. The specific targets and their approval are still in the development process, with a deadline of 2026.

The Science-Based Targets initiative provides a rigorous and credible framework for companies to set emissions reduction targets that are in line with the latest climate science and the goals of the Paris Agreement. By participating in this initiative, we demonstrate our commitment to taking concrete actions to mitigate climate change and transition to a more sustainable business model.

Additionally, we have made several significant strides in developing the circular economy aspect of our business in certain regions. This initiative has introduced entirely new and exciting opportunities for sustainable practices within our portfolio.



Initiatives framework

	Initiative	Objective	Timeframe 2023	2024 update
Environment	SBT	To pledge and join the SBT initiative by setting specific goals. Science-based targets provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals.	Joined early 2024; targets to be developed by 2026.	Target development is in process. Expected to be submitted by the end of 2025.
	Vendor management	Increase activity in circular economy initiatives provided by vendors.		M&A initiatives that include refurbished business segment.
	Supply Chain improvement	Supply Chain mapping and Routing optimization in order to optimize and reduce Scope 3 emissions.	Improved data quantity and quality for Scope 3 emissions, more complete upstream and downstream T&D data across all offices.	Ongoing; 2024 report data include more elaborate T&D data set.
	Scope 2 GHG reduction	Improve energy efficiency in the office and warehouse.	Ongoing	Ongoing
	Procurement	Onboard 3rd-party data certifications.	2025 (currently in communication with industry associations including GTDC who are looking at development of a centralized solution)	GTDC database still in development; looking into potential EPEAT and other ecolabel certifications.
	Data quality and management	Improve data quality and versatility, especially in the Scope 3 section. Introduce an ESG data management system and software.	We have partnered with Mitigate ESG platform.	In pipeline to develop a more efficient data management system.
Social	HR Data	HR data warehouse development with the whole Group as a scope.	Introduced HR data in PowerBI.	Ongoing
	Equality	Remuneration equality improvement.	Ongoing	Preparation for reporting according to EU requirements.
	Training and Education	Continuous development of employee education programs.	Ongoing	Emphasis on AI training for all employees.
Governance	Compliance	Continuous development of documents and procedures associated with the applicable rules of regulations.	Ongoing	Up to date with current CSRD and ESRS requirements.
	IT	Security improvements: • Cybersecurity measures • Data Security initiatives	Ongoing	Ongoing

E1-5 Energy consumption and mix

Total energy consumption from renewable sources

Total energy consumption from renewable sources is determined using the latest available data from Eurostat. This data provides insights into the proportion of our energy that is sourced from renewable resources such as wind, solar, hydroelectric, and biomass. While we actively monitor these figures to track our sustainability progress, our ability to directly influence and increase our consumption of renewable energy is limited. Despite these challenges, we remain committed to exploring innovative opportunities and partnerships that could enhance our utilization of renewable energy and contribute to our overall sustainability goals.

Please see the overall renewable energy share in the following table:

Overall share of energy from renewable sources, 2017-2023
(% of gross final energy consumption)

	2017	2018	2019	2020	2021	2022	2023
EU	18	19	20	22	22	23	24.5
Estonia	30	30	32	30	37	38	40.9
Latvia	39	40	41	42	42	43	43.2
Lithuania	26	25	25	27	28	30	31.9
Poland	11	15	15	16	16	17	16.5
Romania	24	24	24	24	24	24	25.7
Slovenia	22	21	22	25	25	23	25
Slovakia	11	12	17	17	17	18	16.9
Sweden	53	54	56	60	63	66	66.3



E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

Gross Scopes 1, 2, 3 and Total GHG emissions - GHG emissions per scope

	Group	Baltics	Sweden	Romania	Slovenia	Slovakia
Scope 1	352	2	0	0	18	333
Scope 2	747	373	30	37	11	296
Scope 3	17055	2693	1875	1479	3370	7639
Total	18154	3068	1904	793	3399	8267
GHG intensity Scope 1+2 (tCO ₂ e/mEUR)	0.98	1.32	0.14	0.33	1.20	2.17
Total GHG intensity (tCO ₂ e/mEUR)	16.2	10.8	9.3	7.1	141.6	28.5

Scope 1

As a service provider company, our Scope 1 emissions are relatively limited compared to companies with significant direct emissions from sources like combustion of fossil fuels or industrial processes. In our case, the main component contributing to Scope 1 emissions is the leasing of company vehicles, which includes only a few geographies.

Scope 2

Our Scope 2 emissions encompass the indirect emissions associated with the consumption of purchased electricity, heat, and steam that power our offices and warehouses. Energy utility companies provide this data and reflects the environmental impact of the electricity and energy we use in our day-to-day operations.

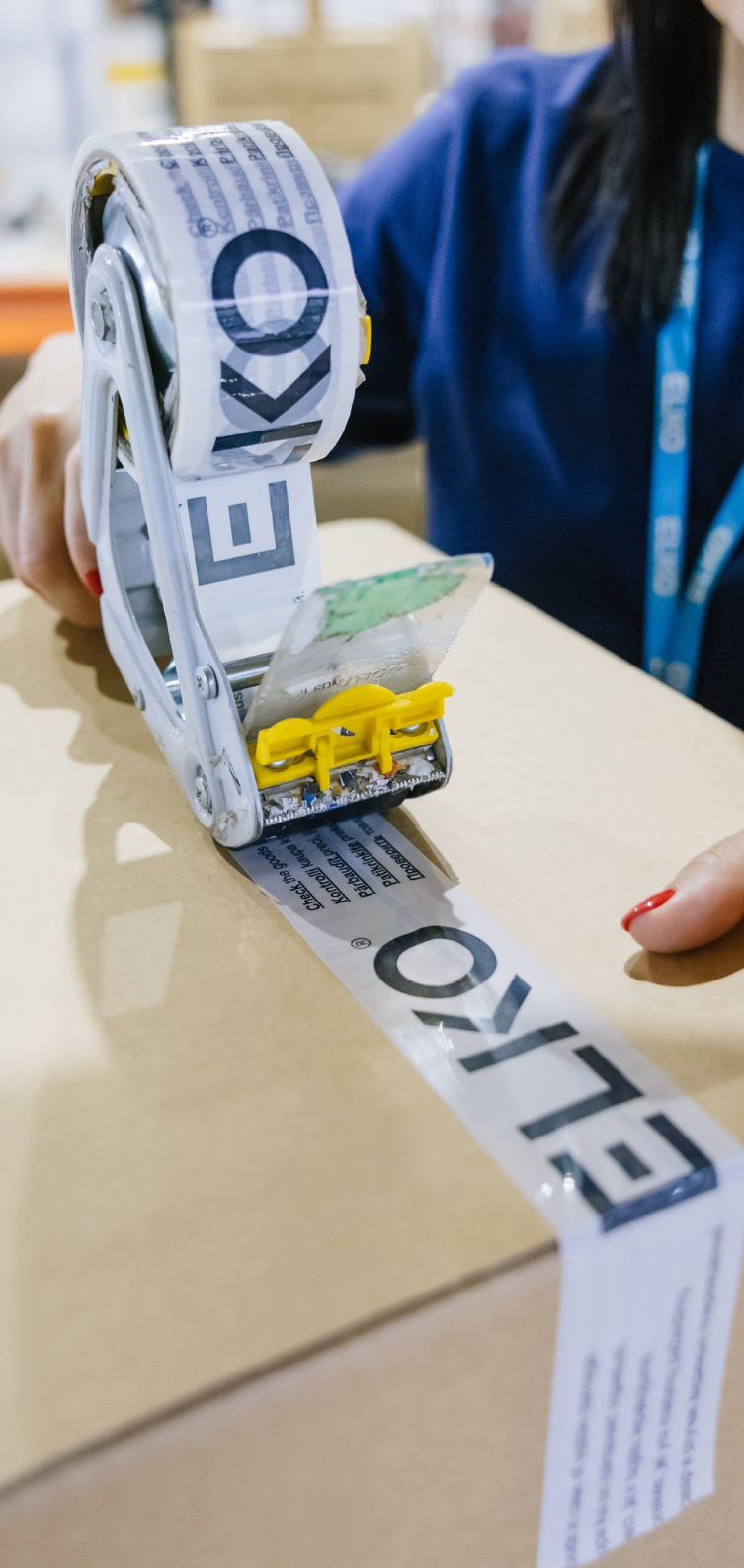
By monitoring and reporting on our Scope 2 emissions, we are taking a proactive approach to understanding our carbon footprint while facing limitations in our reduction opportunities.

Scope 3

We are continuously working to improve the quality of our Scope 3 data, which encompasses indirect emissions associated with our value chain, including those resulting from our suppliers, logistics, and product use. However, we face challenges related to data availability and comparability across our various geographic regions. This inconsistency in data can hinder our ability to make accurate assessments and informed decisions, and we view it as both a significant concern and a valuable opportunity for improvement.

Recognizing the importance of reliable data, we are actively seeking to enhance our data collection processes and establish clearer guidelines for our partners to ensure consistency and accuracy. By addressing these challenges, we can gain a more comprehensive understanding of our overall environmental impact and better engage our stakeholders in sustainability initiatives.

Furthermore, we aspire to implement a unified data management system that will streamline our data collection, analysis, and reporting processes. This system is a future goal that we are gradually progressing towards, as it will enable us to consolidate our efforts and facilitate more effective tracking and comparison of Scope 3 emissions across all markets. By investing in these improvements, we aim to strengthen our commitment to sustainability and enhance our overall performance in this crucial area.



E5 CIRCULAR ECONOMY

E5-1 Policies related to resource use and circular economy

As of late 2024, ELKO has made significant progress toward establishing a circular economy segment within our business model. We recognize the growing importance of sustainability and resource efficiency and are actively seeking ways to integrate these principles into our operations. To this end, we are entering into a refurbished goods business segment that embodies the principles of the circular economy, which emphasizes reducing waste and promoting the continual use of resources.

Our strategy involves a mergers and acquisitions (M&A) approach, allowing us to partner with or acquire companies that align with our vision of sustainability and circular practices. By doing so, we not only enhance our operational capabilities but also expand our market reach. We believe that this strategic move will enable us to tap into new revenue streams and foster innovation within our portfolio.

We are genuinely excited about the progress we have made thus far and are committed to continuously expanding this segment of our business. As we integrate more circular economy principles into our offerings, we are increasing the sustainability share of our portfolio. This commitment not only supports our environmental responsibilities but also positions us favourably in a market that increasingly values sustainable practices. Ultimately, we aim to create a lasting impact on both our business and the communities in which we operate by contributing to a more sustainable future.

S1 OWN WORKFORCE

S1-1 Policies related to own workforce

At ELKO, we are fully committed to upholding the laws and regulations of the geographical territories in which we operate. As all our locations are situated within the European Union, we strictly adhere to EU laws and directives that govern various aspects of business operations, including human rights, child labor, freedom from discrimination, and other fundamental rights.

By integrating EU laws and human rights principles into our workforce policies, we aim to create a culture of integrity, respect, and equality for all employees. ELKO is dedicated to promoting a work environment that upholds the highest standards of ethical conduct and values the well-being and rights of every individual within our organization.

Some of the major additional workforce policies are listed below:

- Personal Data Protection Policy
- Data Breach response and Notification Procedure
- Fair Competition Rules
- Working Procedure Regulations
- Workplace Safety Procedures
- Employee Onboarding Policy
- Employee Development Guidelines



Freedom from discrimination

At ELKO, we value all employees and job candidates as unique individuals, and we welcome the diverse range of experiences and perspectives they bring to our company. We are committed to fostering an inclusive and equitable workplace where everyone feels respected, valued, and supported.

Our non-discrimination policy is integral to our core values and is embedded within our hiring process as well as everyday work situations. We believe that everyone should be treated with fairness and dignity, regardless of race, sex, gender identification, sexual orientation, national origin, native language, religion, age, disability, marital status, citizenship, genetic information, pregnancy, or any other characteristic protected by law.

We are dedicated to creating a work environment that is free from discrimination, harassment, and bias of any kind. Our policies and practices are designed to promote diversity, equity, and inclusion at all levels of the organization.

We actively promote equal opportunities for all employees and job candidates, and we are committed to providing a supportive and respectful workplace where individuals can thrive and contribute to our shared success.

Child labor

At ELKO, we are dedicated to upholding ethical standards and promoting a safe and fair workplace for all employees. We firmly condemn the use of child labor in any form and are committed to ensuring that our internal policies and workplace practices align with national and international labor laws that strictly prohibit child and forced labor; we have implemented robust measures to prevent and eliminate any instances of child labor within our operations and supply chain.

Our commitment to eradicating child labor includes thorough vetting processes for our suppliers and ongoing monitoring to ensure compliance with our strict standards.

S1-2 Processes for engaging with own workers and workers’ representatives about impacts

S1-15 Work-life balance metrics

We prioritize the well-being and satisfaction of our employees, as they are integral to our success as an organization. To ensure that we maintain a positive work environment and address the needs and concerns of our workforce, we conduct an annual employee satisfaction survey.

Our employee satisfaction survey is designed to gather feedback from each office separately and covers a wide range of topics that are essential to understanding and improving the employee experience. These topics include, but are not limited to, productivity levels, stress management, evaluation of management, job security, safety measures in the working environment, internal communication effectiveness, and clarity of our long-term vision.

Please see below the insights from 2024 survey below:

Management and communication

- Overall, we see that employees are satisfied with the amount and frequency of internal communication, so we will continue to hold CEO live calls, send quarterly event reviews, and organize various events to ensure everyone is informed about what is happening in the company and to strengthen the ELKO team spirit.
- The results of 2024 survey indicated the need for a more systematic and regular employee evaluation program; as a result, starting from 2025 an employee evaluation process will be organized. This process will provide an opportunity to objectively evaluate an employee’s contributions, promote professional growth and development, and receive feedback, recognition for work done, and skills and competencies evaluation.

Work and well-being

- Survey results show that employees have adapted to the current hybrid work model, working both in the office and remotely. Colleagues have indicated that they are able to work productively and balance their workload with their personal lives. We expect to retain current hybrid model for the foreseeable future.
- We see a slight increase in stress levels and a decrease in emotional well-being levels. The 2025 internal training theme will focus on mental health, one of the eight dimensions of well-being. The training will share tested methods and experiences to help us understand and learn to manage stress, improve emotional balance and well-being. Practical tips and tricks will also be covered to help maintain good mental health and balance in daily life.
- We have received comments regarding seniority leave. The management has decided to introduce additional vacation days for employees based on the number of years worked, starting 2025. This practice aims to appreciate the loyalty and contributions to ELKO’s development.

Tolerance and equality

- The survey results indicate that more than 2/3 of employees consider ELKO Group has a positive work environment where employees mostly feel appreciated and respected, are not discriminated against, and do not experience aggression or any other threats.

S1-6 Characteristics of the undertaking’s employees

S1-9 Diversity metrics

ELKO is dedicated to fostering a supportive and inclusive workplace that celebrates diversity. Our ongoing efforts focus on creating an environment that not only welcomes individuals from all backgrounds but also actively cultivates a sense of belonging. As an international organization with a presence in 10+ countries, our work environment thrives on the richness of diverse nationalities, cultures, and religions.

Description of methodologies and assumptions used to compile data (employees)

The statistics for each geographical division are reported individually by the respective representative; the Group data also includes the headquarters statistics.



Characteristics of the undertaking’s employees

	Group	Baltics	Sweden	Romania	Slovenia	Slovakia
Top Management	8	7	5	9	2	4
Male	665	154	50	58	18	385
Female	342	102	21	30	10	179
Total	1007	256	71	88	28	564

	Group	Baltics	Sweden	Romania	Slovenia	Slovakia
Male	66%	60%	70%	66%	64%	68%
Female	34%	40%	30%	34%	36%	32%

S1-10 Adequate wages

At ELKO, we are using data-driven decision-making in setting adequate wages by using quantitative and qualitative data to ensure that pay rates are fair, competitive, and aligned with the organization’s strategic goals.

In our salary policy, we strive to ensure that all employees are compensated within a range of -20% to +20% of the market median salary for comparable positions in the local market. As of 2024, 67% of our employees fall within this designated salary range.

During our annual salary review process, all salaries are re-evaluated to ensure fairness and consistency. Generally, employees in the same position receive comparable remuneration; however, individual performance may be considered, allowing for variations in salaries based on merit.

For those whose salaries fall significantly below the market median, we implement more rapid salary increases to help bridge the gap. Conversely, employees whose compensation is closer to the market median typically receive smaller increases, while those earning above the market median generally see minimal increases. This structured approach allows us to maintain competitive compensation while rewarding performance fairly and equitably.

S1-11 Social protection

We are proud to affirm that all employees in our own workforce are covered by social protection through public programs in each of our operational areas. We guarantee that our employees have access to essential benefits and support systems that promote their financial stability, health, and overall well-being. These programs provide a safety net that safeguards our employees, offering assistance in areas such as healthcare, unemployment benefits, retirement pensions, and other social services.

Our commitment to enrolling all employees in social protection programs underscores our values of fairness, responsibility, and care for our workforce.



S1-13 Training and skills development

Each year, ELKO provides a diverse range of training programs for our employees with the goal of enhancing their performance and ensuring they stay informed about the latest developments in our industry. We recognize that ongoing education is crucial for maintaining a skilled workforce, and our training initiatives are designed to address a variety of needs and promote professional growth.

The training is primarily delivered through live lectures, which offer interactive learning experiences where employees can engage directly with instructors and ask questions in real time. In addition to these live sessions, we utilize the eGrow platform, which hosts a variety of online courses. Many of the courses on eGrow focus on current compliance matters, making it essential for relevant employees to participate in these programs to ensure that everyone is aware of and adheres to the latest regulations and standards in our field.

While we can easily track participation in the eGrow platform, measuring attendance and engagement for live lectures presents more challenges. Unlike online courses, where completion can be documented reliably, live lecture attendance relies on more subjective metrics that can be difficult to quantify accurately. As we continue to enhance our training programs, we are exploring ways to improve our tracking and reporting methods for live lecture participation, which will help us better assess the effectiveness of our training initiatives and ensure that all employees are benefiting from the opportunities provided.

Below are just some of the highlights regarding our 2024 training programs:

- Continuation of internal "shadow days", where each department in an informative and entertaining manner explains their day-to-day. It is a valuable initiative that fosters interdepartmental understanding and collaboration within an organization.
- International Trade Control e-grow course; this course allowed to gain an understanding of how to ensure that ELKO complies with global trade regulations and avoid potential legal and reputational risks.
- Employee onboarding course transferred from MS Teams to e-grow platform for wider accessibility; as HR is a continuous process in the group, improvements in onboarding is recognized.
- Artificial Intelligence lecture cycle; these lectures included not only practical use demonstrations but also philosophy and future opportunities behind the fast development of AI tools.

S1-14 Health and safety

Health insurance

As a benefit, ELKO has been providing health insurance for all its employees that covers a comprehensive range of expenses, including dental, diagnostic, emergency room, ambulatory rehabilitation, surgical, and physiotherapy services, among others. Since 2021, we have also included an insurance cover for our employees' mental health. We are fully committed to taking preventive measures that concern not only the physical health of our employees but also their mental well-being.

Other health benefits

ELKO has consistently recognised the value of employee wellness programs, and therefore, we are striving to cultivate a culture of wellness in the workplace. Since 2014, we have been carrying out health weeks in the workplace. The initiative includes lectures on healthy eating, the importance of exercise, as well as blood donation and vaccination drives at the workplace.

In addition, ELKO provides on-site, free-of-charge gym access to all employees, thus promoting an easier path towards physical health improvement.

Safety

In order to provide safe working conditions for all ELKO employees, we have developed a health and safety management system for our office as well as warehouse employees, which complies with labor protection laws. During the employees' first week of employment, all employees are introduced to job safety and fire safety instructions. Furthermore, annually, we hold safety training, and all employees are required to sign a confirmation that they have gone through the training. Fire safety systems are inspected and maintained by a certified external company on a monthly basis, and a representative from the State Fire and Rescue Service conducts an annual review of all fire safety systems. Additionally, at our warehouses, a work environment risk assessment is performed regularly, and we provide accident insurance for our employees.



S1-16 Compensation metrics

Currently, the compensation metrics are displaying data for the headquarters (HQ) and the Baltic office, and there is a need to enhance the report; the organization is also considering widening the scope to improve transparency and inclusivity.

Female vs. Male remuneration

	2023	2024
01 Junior Specialists /Physical Workers	-22%	-21%
02 Specialists	-7%	-15%
03 Senior Specialists	5%	5%
04 First Level Management/Mid-Management	-14%	-18%
05 Executives	10%	7%
06 Board	n/a	n/a

01 Junior specialists are employees who carry out an organization's administrative/technical tasks and who do not have a supervisory or managerial responsibility. Physical workers are semi-skilled or unskilled employees whose work does not require specific professional education. The discrepancy in remuneration in this employee segment is mainly attributed to the peculiarities of the market segment they represent. Cleaning staff are mostly women, and physical warehouse workers are male. While cleaning staff have a fixed salary, warehouse workers have incentive-driven bonuses.

02 Specialists - both sales and non-sales professionals with no managerial responsibility, although they may provide mentoring, coaching or supervision to less experienced staff. Most positions in this group are responsible for professional and technical everyday work in an organization/department.

03 Senior specialists - both sales and non-sales professionals with no managerial responsibility, although they may provide mentoring, coaching or supervision to less experienced staff. Senior positions may take on team leader roles that are based on profound expertise rather than on people management.

04 First Level Management / Mid-Management - employees who focus on tactical vision and/or operational activities within a specific area. Report to an executive or head of an organization. Have managerial responsibility for a department or a team. Coordinate and organize activities of a separate unit or service within an organization. Establish operational and administrative proce-



dures, formulate policies relevant to their areas, and organize, lead and direct others to achieve their goals. The discrepancy in remuneration in this employee segment is mainly attributed to the higher salary index for IT employees. Thus, IT employees in similar roles and with similar responsibilities, when compared to other department employees, have higher remuneration. And IT is an industry which is still highly male-dominated.

05 Executives - employees who provide strategic vision. Determine policy and direction of a functional area and direct its activities through other managers. Includes the top-level function managers.

06 Board - employees who provide strategic vision across multiple functions. Determine policy and direction of the organization. Includes the head of an organization and the other board members. ELKO Group has no female Board Members.

G1 BUSINESS CONDUCT

GOV-1 The role of the administrative, supervisory and management bodies

Disclosure of the role of administrative, management and supervisory bodies related to business conduct

For the General governance, ELKO has incorporated Articles of Association as its main framework. The document serves as an essential supporting framework of rules and practices by which the board ensures accountability, fairness and transparency in both how the company runs and how it communicates with its stakeholders.

Management Board

The Management Board consists of five members elected by the Supervisory Board of the joint-stock company for three years. The chairman of the Management Board, who at the same time is the president of the Company, manages the work of the Management Board. The Management Board shall adopt decisions on all issues connected with the activity of the Company, except those which are within the competence of the General meeting or the Supervisory Board. In accordance with the provisions of the Articles of Association, separate decisions of the Management Board require the written consent of the Supervisory Board.

Supervisory Board

The Supervisory Board of the Company consists of four members, who are elected for three years. The Supervisory Board shall approve the annual and quarterly budgets of economic activity of the Company. Additionally, the written consent of the Supervisory Board is required for the decisions adopted by the Management Board on issues regarding large excesses of the annual budget, approval of large loans or credit, any acquisition or alienation of the property rights and other significant measures that can notably affect the general affairs of the company.

The management of the business and the conduct of the affairs of the Company are vested in the directors of the departments.

General meeting

The General meeting is entitled to adopt decisions on issues listed below if at least 80% of the paid share capital of the joint-stock company is participating, provided that the majority of votes, which makes up at least 80% of the total number of votes of all shareholders with the right to vote, are required. The main decision-making areas for the General Meeting cover amendments of the Articles of Association of the Company, changes in the share capital, reorganization and emission and conversion of the Company's securities.



G1-1 Corporate culture and Business conduct policies

Data privacy

ELKO has consistently upheld a robust stance on data privacy, demonstrating a commitment to safeguarding the personal information of individuals. We have a zero-tolerance policy towards any form of non-compliance with data privacy and security regulations.

In line with our dedication to data protection, we have implemented stringent measures and procedures to ensure the security and privacy of personal information.

To oversee and enforce compliance with these procedures, we have a dedicated GDPR officer within our organization. The role of the GDPR officer is to provide oversight and guidance on data privacy matters, ensuring that our practices remain in full alignment with the requirements set forth by relevant data protection legislation.

Furthermore, we have established a network of Data Guardians across each department, individuals who have undergone specialized training on data privacy protocols. By equipping these Data Guardians with in-depth knowledge and expertise in data privacy best practices, we empower them to serve as advocates for data protection within their respective departments, fostering a culture of awareness and accountability.

IT infrastructure and safety

The safety of our IT infrastructure is safeguarded by a comprehensive suite of policies designed to ensure data protection, compliance, and overall security. These policies encompass various aspects of IT safety and are critical in maintaining a secure and resilient technological environment.

Cookie Policy: Our cookie policy outlines how we collect and use cookies on our websites. This policy ensures transparency regarding data collection practices and informs users about their rights and choices regarding cookie management. By adhering to this policy, we prioritize user privacy while also enhancing their experience on our platforms.

Data Breach and Notification Procedure: This policy establishes clear protocols for identifying, managing, and responding to data breaches. It includes steps for assessing the severity of the breach, notifying affected individuals, and complying with regulatory requirements. By having a robust data breach notification procedure in place, we aim to minimize potential harm to individuals and preserve the integrity of our systems.

IT Security Policy: Our IT security policy serves as a foundational document outlining the principles, responsibilities, and procedures for protecting our information systems and data. This policy defines security measures, including access controls, encryption, network security protocols, and regular risk assessments, ensuring that our IT infrastructure remains resilient against potential threats.

Video Surveillance Policy: The video surveillance policy governs the use of cameras and surveillance technologies within our facilities. It outlines the purpose of surveillance, the types of data collected, and the measures in place to secure that data. This policy ensures that surveillance practices respect privacy rights while enhancing the safety and security of our premises.

Collectively, these policies reinforce our commitment to IT and infrastructure safety by providing a structured framework for managing risks, ensuring compliance, and fostering a culture of security awareness among our employees. We regularly review and update these policies to adapt to evolving threats and technological advancements, ensuring that our organization remains proactive in its efforts

to protect sensitive information and maintain a secure operational environment.

AML and sanction compliance

Given the expansive global characteristic of ELKO and the inherent complexities associated with operating across multiple jurisdictions, we recognize the heightened exposure to financial and reputational risks. In 2021, we collaborated with external consultants to develop a more extensive Anti-Money Laundering (AML) policy that aligns with both local and international legislation. In addition, we have developed guidelines and procedures to manage relevant trade sanctions, thereby helping the ELKO Group to continuously stay up to date with legislative demands as well as local office requirements. Since the new AML and sanctions monitoring procedures were introduced, we have implemented five additional local office adjustments to AML procedures.

Our policies serve as a comprehensive framework that enables us to ensure compliance with regulatory requirements while effectively mitigating the risks associated with respective sanctions. One of the key functions of this policy is to conduct a thorough risk assessment during the vendor and customer onboarding process, allowing us to determine the risk level associated with each party and tailor our due diligence measures accordingly.

The pivotal responsibility for overseeing and managing our AML initiatives, procedures, and compliance rests with the Compliance Officer. As the primary custodian of our AML framework, the Compliance Officer plays a pivotal role in ensuring that our policies and practices align with regulatory standards, thus safeguarding our organization against financial and reputational risks associated with sanctions. Currently, there are two compliance officers at the group level and seven allocated employees in our sales offices.

Employee Code of Conduct

ELKO places a strong emphasis on fostering a culture of integrity and ethical conduct within its workforce, as evidenced by our Employee Code of Conduct. This document outlines a set of guidelines and principles that govern the employer-employee relationship, safeguard the interests of the business, and communicate the company's expectations to all employees.

At the core of our Employee Code of Conduct is a commitment to maintaining a positive and respectful employer-employee relationship, fostering a work environment that values transparency, fairness, and mutual respect.

LEAN initiative

By the end of 2024, ELKO successfully launched the LEAN initiative, collaborating with external consultants to guide the process. This methodology aims to enhance efficiency, reduce waste, and generate greater value for our partners.

The initial steps included a LEAN Bootcamp for selected ambassadors, who are key decision makers in our business core activities and are enthusiastic to implement LEAN principles. We conducted a thorough analysis of our working practices, identifying potential improvement workstreams and corresponding solutions. Our focus areas include:

- **Minimizing Low-Value-Added Tasks:** Reducing tasks that do not significantly contribute to outcomes, allowing team members to concentrate on more impactful activities.
- **De-Bottlenecking the Flow of Information and Goods:** Streamlining how information and goods move through our operations to eliminate bottlenecks and improve efficiency.

Additionally, we have appointed a dedicated Continuous Improvement Manager responsible for driving this initiative and for implementing improvements in our daily procedures.

The most significant gains are anticipated in 2025, when we will develop a comprehensive group-wide roadmap LEAN initiative roll-out to ensure long-term efficiency and sustainability in our operations.



G1-2 Management of relationships with suppliers

Description of approaches in regard to relationships with suppliers, taking account of risks related to the supply chain and impacts on sustainability matters.

Partner Code of Conduct

In 2023, ELKO formulated a comprehensive Partner Code of Conduct (CoC) that is specifically designed to guide our vendors and other partners within the supply chain. This code serves as a pivotal tool in promoting a culture of accountability, transparency, and sustainability among our business partners.

The Partner Code of Conduct upholds responsible business practices and adheres to a set of internationally recognized declarations, conventions, and guidelines pertaining to human rights, labor rights and conditions, environmental responsibility, and anti-corruption measures.

In the last year, we have introduced the CoC assessment system and implemented it across the group. The system allows us to assess our partners on the basis on CoC guiding principles in case the partner refuses to adhere by them. No incidents were reported in 2024.

Procurement module

The introduction of the Procurement Module in 2022 marked a significant milestone for our organization, as it became an integral part of our ERP system, enhancing the transparency and efficiency of our core business process of ordering goods from suppliers. The module has played a crucial role in improving the accuracy of forecasting and planning, enabling us to optimize resource usage more effectively.

We are continuously building upon this success by focusing on further enhancements to the tool, not

only by investing in IT improvements, thus improving user experience, but also making advancements in measuring the effectiveness of it internally. Major steps are expected to be taken in 2025 within the LEAN initiative.

Icecat

In 2024, ELKO commenced the implementation of Icecat solutions to enhance its product specification descriptions. By integrating these solutions, we aim to provide more detailed and accurate product information, improving customer experience and engagement. This initiative will enable us to standardize our product data, making it easier for customers to access essential details and compare products effectively.

Iccat is a global AI-powered product content management and distribution platform that provides detailed and structured data about various consumer products, particularly in the electronics, home, and personal care sectors. It offers product specifications, images, manuals, and descriptions, which can be utilized by retailers, distributors, and manufacturers to enrich their product listings.

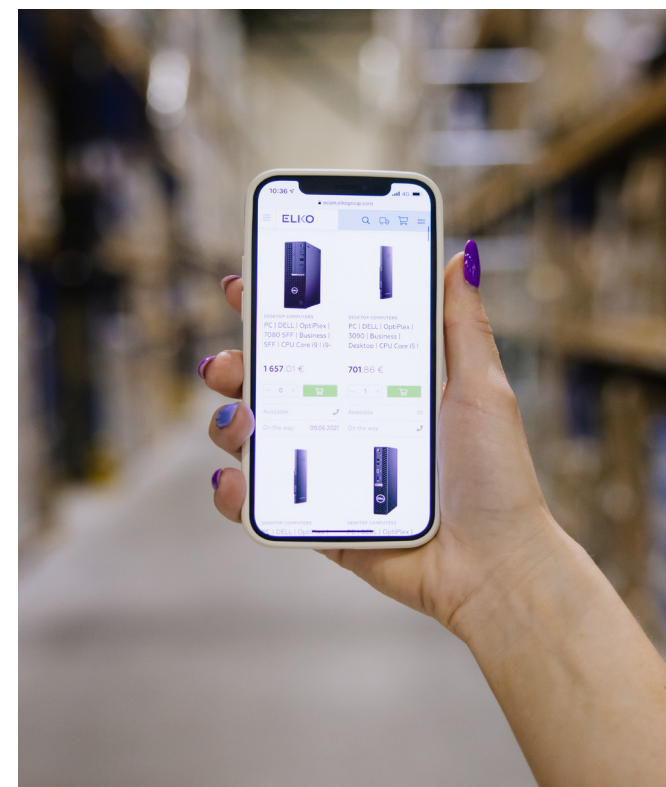
Iccat's offerings can be beneficial for businesses looking to improve their online catalog and enhance customer experience through accurate and comprehensive product information, including sustainability features. By utilizing Iccat's data, companies can streamline their operations, reduce errors in product listings, and potentially increase sales by providing customers with the information they need to make informed purchasing decisions.

To further strengthen this ecosystem, we invite brand suppliers to contribute their product data directly through the Icecat Brand Cloud, a free content management platform designed for manufacturers. When suppliers publish their content through this platform, it not only ensures faster access to rich,

accurate data with less manual effort, but also improves catalog coverage, speeds up updates, and minimizes data gaps for everyone involved.

Energy labels

In 2024, we also introduced energy labels in our e-commerce system. An energy label is a label affixed to appliances, electronics, and other products that provides consumers with information about the energy efficiency and consumption of the product. These labels are designed to help customers make informed choices by highlighting how much energy a product uses compared to similar items. We managed this by integrating with EPREL, the European Product Database for Energy Labelling, which enabled automated access to up-to-date and standardized energy performance data.



Internal vendor sustainability scoring

In 2022, ELKO introduced an internal vendor scoring system focused on various aspects of ESG (Environmental, Social, and Governance) matters. This scoring system evaluates vendors based on various criteria such as the presence of an ESG report, the guidelines used in the report (such as GRI, Other, UN Development Goals), major environmental goals defined, RBA Membership status, and Responsible Sourcing and Conflict Minerals Policy. Vendors were then assigned a score ranging from A to D, with A indicating that all major ESG aspects were addressed and only minor issues might be present.

In 2024, the screening process covered 99% of its turnover, with 80% of vendors receiving a score of A or B, indicating a higher overall level of compliance with ESG criteria.

80%
Score A or B

The annual internal screening process is expected to remain a cornerstone of ELKO's sustainability efforts, with a focus on enhancing the proportion of vendors achieving the top score of A. However, a deeper evaluation is to be expanded in order to include additional topics regarding compliance with CSRD and ESRS standards, as well as ESG report audit status.

Main aspects as value scores

- Presence of CSR report
- Guidelines used in the report (GRI, Other, UN Development Goals)
- Major Environmental Goals defined
- RBA Membership status
- Responsible Sourcing and Conflict Minerals Policy

Vendor satisfaction survey

In 2024, the scope of the annual Vendor Satisfaction Survey, including the Net Promoter Score (NPS), was expanded beyond Group contracts to include local partners of ELKO Romania and ELKO Ukraine. The consolidated results show an NPS of 40, which is an improvement over the 2023 score of 37 for Group-level partners only. This indicates that local partnerships are as strong as those managed centrally.

The latest survey also indicated that sustainability initiatives are an essential factor in choosing a distribution partner, with the Environmental aspect as the most significant one. **The importance of the sustainability score is 8 out of 10.**

40
Vendor NPS
score



Customer satisfaction survey

As part of our commitment to transparency and continuous improvement, ELKO Group conducts a structured, annual Customer Satisfaction Survey across all subsidiaries (except for Gandalf Distribution AB). This initiative includes the globally recognized Net Promoter Score (NPS) metric, enabling us to benchmark satisfaction both internally and against industry standards.

The survey serves as a direct, unfiltered channel between our management team and the field, providing valuable insights into service quality across regions. It captures feedback from multiple customer roles, including procurement, logistics, and finance, ensuring a well-rounded perspective that might not surface in day-to-day interactions.

Beyond measuring satisfaction, the survey acts as a strategic radar, highlighting emerging customer needs and guiding our development priorities. Each year, the insights gathered inform a concrete action plan, resulting in tangible service improvements across the Group.

For example, in response to the previous year's feedback and customer requests, we have:

- Decided to integrate with the region's leading content provider – IceCat, to ensure timely and qualitative product descriptions (implementation in 2025);
- Implemented energy labels on eCom and API in compliance with the latest EU Energy Labelling Regulation;
- Introduced internet bank payments in eCom;
- Initiated a list of eCom filter and sorting improvements.

Notably, the consolidated NPS score has increased every year since 2020, from 49 to 71 today, demonstrating the effectiveness of our customer-centric approach and follow-up actions.



71

2024

69

2023

60

2022

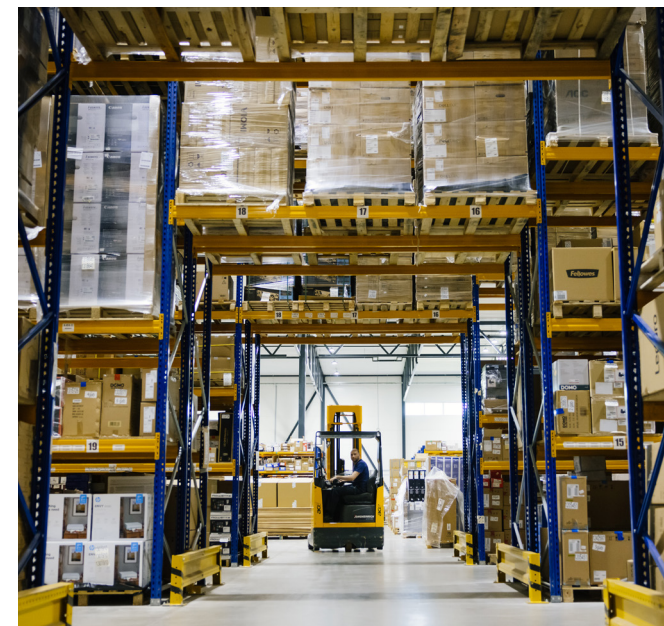
57

2021

49

2020

**Customer
NPS score**



G1-3 Prevention and detection of corruption and bribery

To mitigate the risks associated with corruption and bribery, ELKO has implemented an anti-bribery and corruption procedure that outlines the mandatory requirements for ELKO employees to comply with. Furthermore, it clearly outlines the procedure for reporting actual or suspected wrongdoing and outlines the liabilities in case a breach is detected. ELKO has a definite and unequivocal stance against bribery and corruption and the subsequent negative economic and social effects such actions can provoke. Furthermore, we have established an internal whistleblower channel that allows employees to report unethical or illegal activities, such as fraud, corruption, or policy violations, without fear of retaliation.

G1-4 Confirmed incidents of corruption or bribery

In 2024, no incidents were reported.

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