

21.02.2024.

Rimi progress towards becoming cage-free eggs retailer

Our commitment

Rimi Baltic, a part of the ICA Group, is dedicated to fair and responsible trade. At the end of 2017, our management team reaffirmed Rimi Baltic commitment to animal welfare standards by signing a memorandum. The document reflects our goal to seek to be selling only cage-free eggs, an ambition that Rimi continues to commit to.

As our goal is to have happy hens, satisfied customers, and affordable eggs for everyone, therefore in our transformation process, Rimi Baltic is guided by these key principles:

- We are committed to achieve that our assortment of fresh eggs come from cage-free hens, both in our own brand and suppliers` brands products
- Our transformation plan considers both locality, one of the key pillars of our sustainability program, and customer price sensitivity
- We are teaming up with egg producers

Cage-free eggs transformation

Eggs are categorized based on how the hens are raised:

- No 0 (Organic) means hens are raised organically with outdoor access
- No 1 (Free-Range) indicates outdoor space for hens
- No 2 (Barn-laid) allows movement within barns
- No 3 (Caged) restricts hens to cages with limited space

Starting from 2018 Rimi Baltic strategically focuses on cage free eggs assortment development, shifting to selling only No 0, 1 and 2 eggs.

Linda Jākobsone, Rimi Baltic Category Management Director Fresh Food:

"Since 2018 Rimi Baltic has focused strategically on transitioning to become a cage-free eggs retailer, gradually diminishing No 3 eggs product share in our assortment. The ambition we committed to in memorandum of 2017 is not only a plan on paper – we are already taking specific actions in our operations both in our own private label products and in partnerships with suppliers. We aim for fair and responsible trade and the next level of sustainability, so we are taking small, but determined steps towards a better tomorrow, prioritizing both local and affordable choices for our customers. We are sure that it is in collaboration with local producers and other stakeholders that our ambition will be achieved."

Despite recent economic challenges, the share of cage-free eggs in our assortment has kept growing and steadily surpasses 60%.

In Estonia cage-free eggs share in the assortment has increased from 47% in 2022 reaching up to 64% in 2023. More than half (55%) of cage-free eggs items assortment is No 2.

In Latvia cage-free eggs share has remained stable up to 70% since 2021. Rimi Latvia has wide No 1 eggs assortment with majority (75%) of items coming from local farmers. No 1 eggs form up to 58% from all cage-free eggs items assortment.

In Lithuania cage-free eggs share has been stable over up to 60% during the last few years - 61% in 2023, 61% in 2022. No 2 eggs are most demanded from cage-free assortment, building up to 64% from all cage-free items assortment.

Customer demand

Due to the price sensitivity of the Baltic market the majority of customers still prefer No 3 eggs. However, we are proud to share that during the last two years Rimi Baltic sales volumes of No 3 eggs have decreased by a significant 24%. Moreover, the demand for barn-laid eggs has increased steadily during the last few years - No 2 eggs sales volumes have grown by half (+50%) vs 2020 and sales managed to grow for 4% during 2023. Also demand for No 1 eggs increased steadily until 2022 when due to considerable inflation, Rimi customers started to opt for more affordable alternatives.

Consequently, in 2023, the sales of free-range eggs dropped by 36% compared to 2021, but the demand for organic eggs that continue to represent the smallest proportion of overall egg sales has not changed significantly during the last few years.

Also in Estonia, buyers started to save money in 2023, so demand for organic eggs plummeted. However, demand for No 2 eggs increased, as well as for No 3 eggs.

Similarly, in Latvia, buyers started to save more money in 2023, with demand for organic eggs and free-range eggs falling the most, while demand for No 2 and No 3 eggs remained similar to 2022.

In Lithuania, however, the demand for organic eggs in 2023 did not decrease and even increased in the face of economic difficulties. Demand for No 1 eggs fell significantly - almost half the volume. Demand for No 2 and No 3 eggs, on the other hand, increased slightly.

Rimi Private Label eggs

Currently Rimi Private Label assortment includes all category eggs (0, 1, 2, and 3). In 2023, we decreased the number of caged egg items in our own Private Label, reducing them from 7 to 6 in Latvia, 5 to 4 in Estonia, and maintaining only 4 products in Lithuania. Moving forward in 2024, we remain committed to further reducing caged egg product items across all three Baltic markets. Additionally, we will introduce special icons on our packaging to help customers easily distinguish between caged and cage-free options.



Joining forces for change

To ensure considered transition, we keep an open dialogue and collaborate with local egg producers and animal protection non-governmental organizations. Rimi Baltic prioritizes and supports local suppliers to support local economy, and they are an essential part of our shift to cage-free eggs. Therefore, our collaboration with the Baltic market leader, Balticovo, as well as

other local producers is integral to this transformation. Balticovo has already invested over 40 million euros in developing cage-free and free-range hen farms and the company plans to fully transition to cage-free production by 2027, with substantial investments and construction planned for 2024 and 2025. Of course, smaller egg producers, including local farmers, also play a vital role in shaping our product assortment, especially organic and free-range eggs product items.

Navigating 2024

During 2024, Rimi Baltic plans to develop a Rimi Animal Welfare Policy, reviewing existing animal welfare requirements in the selection of suppliers and assortment. The policy is intended to be a document setting out Rimi Baltic position on animal welfare and listing detailed requirements and recommendations for supplier and assortment selection - for eggs, meat, cosmetics, clothing and other product categories. The policy will apply to both Private Label products and supplier-owned brands. In the context of eggs, the policy would include a guideline to avoid the inclusion of caged eggs in the assortment.

In our goal to achieve a complete transition to cage-free eggs, during 2024 Rimi Baltic also plans to:

- Further reduce the share of caged eggs in our assortment
- Expand Private Label range with more cage-free options
- Introduce distinct labels on Private Label product packaging
- Educate customers on different egg categories
- Launch the first Rimi stores offering only cage-free eggs in 2024
- Connecting us as a retailer with local producers and animal activists to collectively meet our set target
- Publish updates on the website on progress towards becoming a cage-free egg retailer