

2024 SUSTAINABILITY REPORT



**FORTENOVA
GRUPA**

Contents

	3 Letter from the CEO and Member of the Board of Directors		30 Key Topics and Progress in 2024		88 Employee Development, Advancement and Training		6 138 FINANCIAL INFORMATION
1	5 GENERAL AND STRATEGIC INFORMATION		34 Double Materiality		94 Gender Equality		139 Creating Economic Value
	6 Corporate Overview		44 Risk Management		99 Occupational health and safety		140 Managing Taxes and Tax Risks
	8 Corporate Structure	3	46 ENVIRONMENTAL INFORMATION		102 Corporate Climate and Culture		142 EU Taxonomy
	10 Key information for 2024		47 Energy and Emissions		104 Local Community	7	154 ABOUT THIS REPORT AND APPENDICES
	12 Retail and Wholesale Division		57 Climate Risks		111 Supply Chain		155 Methodology of Data Collection and Corrected Disclosures
	17 Food Division		61 Water		115 Product Quality, Safety and Sustainability		157 Abbreviated names of Fortenova Group companies for reporting purposes
	22 Agriculture Division		67 Waste		125 CORPORATE GOVERNANCE		158 Opinion of the Committee of the Croatian business council for sustainable development (HR PSOR) regarding the Fortenova group's 2024 sustainability report
	25 Memberships		73 Materials and Raw Materials		126 Company Assembly		160 GRI content index
2	26 STRATEGY, GOVERNANCE, RISKS AND MATERIALITY ASSESSMENT		78 Sustainable Agricultural Practices		127 Board of Directors		
	27 Introduction		81 Farm Animal Welfare		130 Executive Directors		
	28 Organisational Setup	4	83 SOCIAL INFORMATION		132 Compliance and Corporate Policies		
			84 Fortenova Group's Human Resources		133 Code of Ethics		

Letter from the CEO and Member of the Board of Directors

If the description of operations in one year was to be reduced to one sentence, for Fortenova Group this would be “focus on reducing indebtedness and operational burden in order to strengthen the Group’s structure and sustainability in the long term”, as the most important goal and the key purpose of our activities on the markets of SE Europe.

However, behind this one sentence there are a number of activities and projects that marked the year under review in our company. Time-wise they were divided in two large entities – in the first nine months our focus was on ownership restructuring, the finalization of refinancing and the divestment of the Agriculture Division, while the last third of 2024 was marked by the operational restructuring of the business and process optimization within the Group. All those operations, that contained a number of mutually connected causal steps, were again run in parallel, with the usual focus on business operations, so that meeting the goals set by way of their conclusion was yet another success of the entire team.

Focus on reducing indebtedness and operational burden in order to strengthen the Group’s structure and sustainability in the long term, as the most important goal.



Preparing the system for potential shocks

Besides meeting our financial goals, through operational improvements we were also able to strengthen and prepare the system to respond do potential new shocks that may arise from the geopolitical changes that we have been witnessing and that severely impact economic developments and operations. With the reordering of the world under way, the balance of power shifting, political and interest-driven partnerships changing, globalization and free trade being replaced by protectionism and shutdowns, and the monetary policies of key states uncertain, it is very hard to predict the consequences all of the above may have on the business processes of economic entities.

In view of the experience that we have been through as a company that overnight became the victim of sudden disturbances on the global scene, we do not take those risks lightly. Due to the war in Ukraine, for example, we found ourselves amidst a completely unforeseen, long-lasting ownership crisis, as we had overnight gained sanctioned shareholders in our ownership structure, which led to a number of difficulties in the Group’s financing and business operations and significantly increased the costs of financing and compliance. It therefore took us more than two years striving to find a model of ownership transformation, while at the same time persistently dealing with and financing a number of challenges, particularly in court, to provide for the normal operations of our Group that operates on five markets and directly employs around 45,000 people.

Resolving the ownership situation, divestment of the Agriculture Division and refinancing

In July 2024 Fortenova Group finally managed to change its owners. Its majority shareholder is now the company Open Pass, and today Fortenova Group has no sanctioned, Russian or Belarusian shareholders in its ownership structure anymore. For us it is particularly important that through that transaction we were able to entirely settle the so-called ‘border debt’, i.e. the conditional rights to payment held by the suppliers of former Agrokor.

In addition to this largest one, in 2024 we were able to deal with another two very important elements of operational sustainability as well – the refinancing of our debt and the divestment of the Agriculture Division. The sale-purchase agreement was closed with Podravka in July, in a transaction amounting on a cash-free/

debt-free basis to EUR 333 million, and the formal takeover followed once we received the regulator’s approval in January 2025. We are proud to have found a high-quality, long-term strategic partner for those operations, that will continue to develop them.

And finally, we refinanced the existing bond with the current majority creditors, funds headed by US-based HPS Investment Partners. Namely, in spite of the great efforts that we had undertaken to realize the refinancing of the entire bond amount under the most favourable conditions possible, due to shortened time limits, market developments and vexatious litigation that we were exposed to for two years related to an attempt to obstruct and intimidate financial institutions, the refinancing with commercial banks was not realized as planned. Under those circumstances, the best solution was to temporarily extend the arrangement with the HPS funds for a period until the end of Q1/2026. We have reduced the effective annual cost of financing, as well as the discount on the bond issue, and created the prerequisites to refinance HPS with traditional financial institutions in the next step, in 2025. Entirely in accordance with that plan and the timeframe, we have reduced the debt-to-operating profit ratio below 2.8 and started intensive discussions with the financial community regarding the new refinancing that we will realize over the course of this year.

We strongly support the transition of the entire economy towards a green, sustainable model and remain fully dedicated to contributing to this transformation — from reducing greenhouse gas emissions to fostering a circular economy.

Operational portfolio restructuring

On the other hand, the operational portfolio restructuring that we started to implement in the last quarter of 2024 was clearly focused on the segments that deal with our end customers – retail, drinks, meat processing as well as edible oils and delicatessen,

and at the same time, through synergic processes, we established stronger ties among the companies while appreciating, of course, the specific features of the market and the individual companies. For example, in Retail the trading and category management functions were reorganised and strengthened, as well as the central procurement and private label production functions for the entire region. Furthermore, in order to additionally improve the efficiency of the existing food and drinks distribution platform, February 2025 saw the operational finalization of the process of demerging the Velpo division from Konzum and its merger with Roto dinamic. Konzum thus stays focused on retail, while Roto, which has already grown to become a significant market competitor in drinks wholesale, has with assuming the food portfolio distribution strengthened its position as national distributor in wholesale overall. The focus on the core business was in the background of yet another two internal processes realized in 2024 – the closing down of Abrakadabra, Fortenova Group’s online store for non-food products in Croatia in September 2024 and the closing of Mercator Tehnika stores in Slovenia. The long-term sustainability of operations and securing stability for its 2,000 employees was in the focus of optimizing and adjusting the Tisak sales network, too. With that in mind, given that distribution is not part of the company’s core business, in Q4/2024 Tisak made the decision to discontinue the provision of printed matter distribution services with the end of January 2025. In order to make sure that those services are provided in the transitional period, until finding a final solution to provide for the availability of printed media and general information to the public, we have founded the company Tisak *distribucija tiskanih medija* (Tisak Distribution of Printed Media), thus demonstrating our social responsibility.

Risk awareness

In the very introduction I have already indicated the key risks for the industries in which our companies operate: the impact of global and local geopolitical processes on operating conditions, for example through energy prices, distractions in the distribution chain and logistics as well as raw-material prices, which are additionally impacted by trade wars and climate change. All of these have affected not only the quantity and quality of yields or the tourist industry which is, incidentally, a major consumption channel for our brands, but migration processes, too. Following the trends from previous periods, consumption has continued to be more price-sensitive, while consumption routines have changed (smaller

shops, smaller purchases), switching to more affordable products, private label and B brand products. Last but not least, one of the most conspicuous risks nowadays is depopulation and the reduction of working-age population in EU member states.

We have been looking at how to respond and adjust to all of the above. We have put into service new investments focusing on market development, such as the full function of the new pig slaughtering facility at PIK Vrbovec or the test run of state-of-the-art equipment where the production of Dijamant oils has started in a new, lighter bottle. At the same time, we have been launching new products that follow the changes in consumer profile and habits and the changes in food culture – healthier (reduced fat, reduced sugar, salt, additives, preservatives), faster (e.g. semi-prepared food), as well as changes in packaging (size and materials). When it comes to the highest risk – labour force challenges, while waiting for and supporting a long-term systemic solution, in the short term our companies seek for solutions by raising income levels and improving working conditions for workers, as well as employing foreign workers and providing the necessary integration activities for them.

Responsibility for sustainability

And finally – something about the additional reasons for as detailed a description of our operations as this, with special focus on sustainable practices. Although we are not yet obligated to report in accordance with EU regulations for large companies, just as in the case of preparing and strengthening the Group’s system for potential external shocks we have decided to voluntarily prepare this report for 2024 in order to set up a system to recognize the sustainability of our own economic activities by means whereof we will be able to track them tomorrow, once it becomes obligatory. Namely, in spite of external and internal difficulties, we strongly believe in the transition of the entire economy towards green economy, as well as our own contribution thereto – from the reduction of GHG emissions to driving circular economy. This is simply not an obligation, but rather our responsibility for future generations.

1. GENERAL AND STRATEGIC INFORMATION

2024 SUSTAINABILITY REPORT



Corporate Overview

Fortenova Group is one of the largest private companies in the region of Southeast Europe, comprising 38 operating companies¹ and employing more than 45,000 people. On five markets – Croatia, Slovenia, Bosnia and Herzegovina, Serbia and Montenegro – the Group has developed operations that are primarily focusing on end customers – retail, drinks, meat processing as well as edible oils and the delicatessen program as part of it. Due to this strong focus on end customers, they are also the most important user group of Fortenova Group’s products and services.

To them Fortenova Group is recognizable for several of its main retail brands (Mercator, Konzum, Idea, Roda, Tisak), operating by way of a network consisting of around 2,600 points of sale across the region, as well as a large number of food brands, many of which are leaders in their respective categories.

Through food product exports Fortenova Group is also present on the markets of 50 countries across the world.

At the same time, due to its size and the diversity of markets and operations Fortenova Group engages in, the second key group of its stakeholders are suppliers.

Among important Fortenova Group stakeholders there are also its owners and creditors, where the Group underwent significant changes in 2024 with regards to owners.

Fortenova Group exports its food products to 50 countries worldwide, maintaining a strong international presence.

¹ Position as at 31st December 2024

Awards 2024



Ownership structure transformation

After the Depositary Receipt (DR) Holders’ Assembly of Fortenova Group, held in late 2023, by a majority of 97 percent of present investors that voted, approved the transaction between Fortenova Group TopCo B.V. as the seller and Iter BidCo B.V. (now: Fortenova Group B.V.) as the buyer of 100 percent of shares in the capital of the company Fortenova Group MidCo B.V. for an amount of up to EUR 660 million, Fortenova Group TopCo B.V. on 9th July 2024 successfully completed the ownership structure transformation.

The goal of the transformation realized with the closing of the divestment process, initiated earlier, of the company Fortenova Group MidCo. B.V. (owner of Fortenova grupa d.d. and all its operating companies) to the company Iter BidCo B.V., consisting of non-sanctioned investors in the old structure, was for Fortenova Group to not have a single sanctioned, Russian or Belarusian shareholder in its new structure.

Upon completion of the transaction, which followed the subscription process where all unsanctioned persons and persons that are not from Russia or Belarus (and are hence not limited in receiving specific necessary services within the Dutch structure) had the right to acquire a share in the umbrella foundation of the company Iter BidCo B.V. under the same conditions as Open Pass, Open Pass became the majority investor holding a share of 93.78 percent of depositary receipts in the foundation that is the 100 percent owner of the company Iter BidCo B.V. More than 80 minority holders from the old structure decided to take part in the new ownership structure, now together holding a share of 6.22 percent.

The agreement between the companies Fortenova Group TopCo and Open Pass, the largest unsanctioned DR Holder in the (old) foundation Fortenova Group STAK Stichting, included the sale and transfer of 100 percent of shares of the company TopCo in the capital of the company MidCo against a consideration of up to EUR 660 million.



Out of the total consideration, the amount of EUR 500 million was unconditional and paid upon conclusion of the transaction. The remaining amount of EUR 160 million was conditional upon Fortenova Group meeting specific financial goals over the course of 2024, primarily the refinancing under improved conditions, and achieving specific goals with regard to the debt-to-EBITDA ratio. In addition, there are provisions regarding potential additional payments to the present shareholders if over the following three years significant asset sales or a listing of the company on the stock market should take place.

After all the relevant conditions precedent and approvals had been met/obtained or waived, on 9th July 2024 Fortenova Group’s qualified investors that decided to invest in the new ownership structure settled the total sale-purchase price in full, and the shares in the company Fortenova Group MidCo B.V. were transferred to Iter BidCo B.V.

The total sale-purchase price of EUR 500 million includes EUR 86 million for the complete payment of the so-called ‘border debt’ to the suppliers of the former Agrokor, securing for the financial claims held by suppliers of the former Agrokor to now be settled in full. Besides that, EUR 33.5 million shall remain with the

company Fortenova Group TopCo to finance contingent liabilities and operating costs until solvent liquidation, expected to take place in three to four years. Those funds, which would otherwise mainly be available for distribution to shareholders, have among other things been retained to cover expenses arising from numerous litigation proceedings brought by the sanctioned DR Holders of the company TopCo, SBK Art and its alleged owner, as well as the advisor to this company, and from the fact that Sberbank had refused to meet the required formalities in order to implement the arrangement made a long time ago to waive the rights under the loan note issued to Sberbank by TopCo. A major part of the retained amount of EUR 33.5 million would become available for distribution if SBK Art and Sberbank timely took the required steps.

Of the EUR 500 million received upon closing, the total proceeds from the sale in the amount of EUR 380.5 million were distributed to the shareholders, with the amount of EUR 154.9 million representing the transfer of capital to the new ownership structure, while EUR 225.5 million were distributed in cash to old investors that have not invested in the new ownership structure. Out of this amount, the largest part of EUR 165 million, consisting of EUR 159 million for the company SBK Art and EUR 6 million for Sberbank’s depositary receipts held in escrow, is held for Sberbank

and its affiliate on a special escrow account that they will gain access to once the EU, US and UK sanction regulations allow so.

Given that Open Pass has now exceeded the relevant threshold of 85 percent, that investor has made a binding offer for all depositary receipts not held by them, at a price that equals the subscription price for Iter BidCo B.V. The minority shareholders that had initially decided to stay with Fortenova Group under the new ownership structure were thus given the opportunity to divest their share should they decide so.

Bond refinancing

In early November 2024 a DR Holders’ Assembly was held, where the DR Holders voted in favour of the proposal for the existing bond to be refinanced up to the amount of EUR 1.22 billion with the former majority creditor, the investment company HPS Investment Partners, for a period until the end of Q1/2026.

Namely, although Fortenova Group had made significant efforts over the course of the ownership transformation process to refinance its debt under the best possible conditions with commercial banks, due to shortened time limits, market developments and continued vexatious litigation related to an attempt to obstruct and intimidate financial institutions, pursued by SBK Art, the refinancing with commercial banks was not realized.

Under those circumstances an interim extension of the arrangement with the HPS funds proved to be the best solution for Fortenova Group. The arrangement reduced the effective annual financing costs, as well as the discount on the bond issue, and created the prerequisites for Fortenova Group to receive a credit rating in 2025 and refinance HPS with traditional financial institutions in the next step.

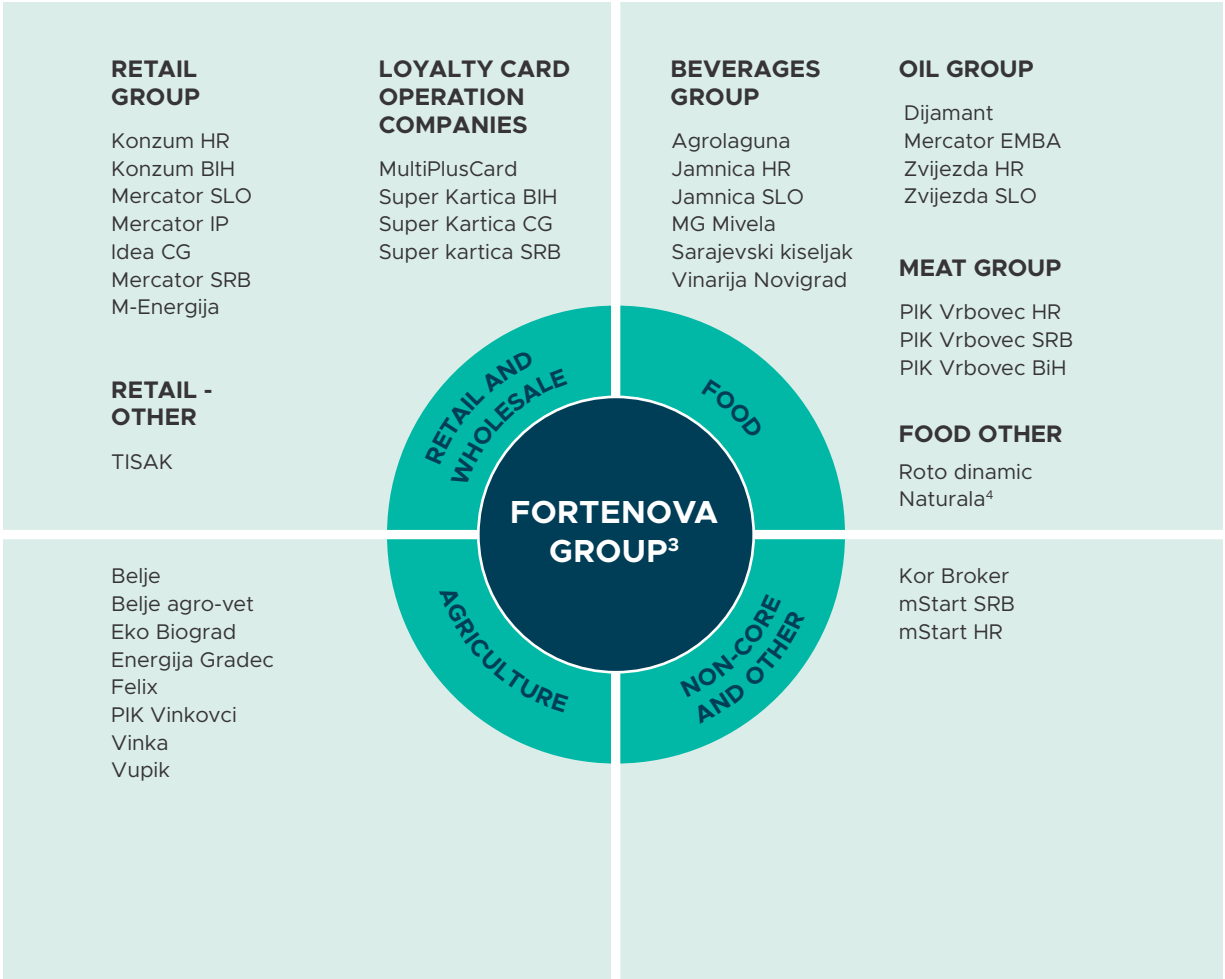
Changes to the Group structure in 2024

Over the course of 2024 the process of internal reorganisation and consolidation, focused on operational improvements and core business efficiency enhancements, continued at a slightly more intensive pace than in the previous years, in accordance with several large operations concluded in the first half of the year. To that end various changes of status were implemented at the operating companies, as well as mergers/amalgamations and shutdowns of companies, as shown in the [graph](#).

Corporate Structure

The 2024 Sustainability Report contains data from 39 operating companies² and Fortenova grupa d.d. on important activities and employee numbers, divided into three core business divisions – Retail and Wholesale, Food and Agriculture, and the Non-Core Business Segment. Below is a short description of those business divisions that the Fortenova Group companies belong to, as well as an overview of the key features of their operations in 2024.

Fortenova Group or Group	Parent company Fortenova grupa d.d. and its subsidiaries (referred to as “operating companies” in the context of this Report)
Fortenova grupa d.d.	Holding company / parent company to the subsidiaries
Operating companies	Subsidiaries of Fortenova grupa d.d. operating in the core and non-core business segments



2 As at 31st December 2024 Fortenova group had 38 operating companies. Given that A007 and LG Moslavina for most of the year operated as part of the Group, their data were integrated in this report.

3 Position as at 31st Dec. 2024.

4 The company Naturala d.o.o. became part of the Group at the very end of 2024, hence the data of that company have not been included in the report.

Corporate Structure

Changes to the Group Structure in 2024

The year 2024 saw a continuation of the internal reorganisation and consolidation process at the Group, aimed at improving the core business efficiency. To that end, various changes of status were implemented at the companies, as shown in the graph below.

Companies that were merged in 2024

A007 plus d.o.o. – merged with the company Konzum plus d.o.o.
FNG ART d.d. – merged with the company Fortenova grupa d.d.

Companies under liquidation

MERCATOR-MAKEDONIJA d.o.o.e.l.

Sold companies

PLODOVI PODRAVINE plus d.o.o.
L.G. Moslavina plus d.o.o.
AISLE 40 d.o.o.

Liquidated companies

Jamnica Water LLC

Acquired companies

Naturala d.o.o.

2024 Business Features

The Group in numbers

2024	2023
40	40
Number of significant operating companies and Fortenova grupa d.d., included in the Sustainability Report	
45	47
Total number of companies in the consolidated financial statements ⁵	
100+	100+
Own brands	

Financial information

	2024	2023
EUR million of net sales	6,139.56	5,750.48
Percentage of change against previous reporting period	6.8%	8.9%
EUR million of net revenue	6,280.00	5,887.00
Percentage of change against previous reporting period	6.7%	8.8%
EUR million of paid income tax	-15.03	-18.52
Assets	4,391.25	4,598.41
Capital	940.40	1,092.58
EBITDA	339.998	251.35

5 Companies included in the consolidated financial statement, but not included in the sustainability report (Agropromet, Euroviba, Idea real estate, Kron, M-Profil SPV, Zvijezda BiH), that had no revenue or employed less than two employees, engaging mainly in activities with no significant impact on ESG aspects.

Key information for 2024

Key information for 2024

E ENVIRONMENT S SOCIAL G GOVERNANCE

E	2024	2023
Quantity of GHG emissions in Scope 1 (in tonnes of CO ₂ e)	469,067.03	483,027.98
Quantity of GHG emissions in Scope 2 (in tonnes of CO ₂ e)	247,525.95	275,054.13
Quantity of GHG emissions in Scope 3 (in tonnes of CO ₂ e)	4,870,513.48	4,588,014.82
Intensity of GHG emissions (tonnes of CO ₂ e / EUR 000 of net sales)	0.910	0.929
Purchased electricity and energy for heating in 2024 (GJ)	3,099,861	2,980,428
Electricity from renewable sources (%)	15	0.1
Number of owned, leased or managed business locations in the immediate vicinity of protected areas and areas of high value in terms of biodiversity outside of protected areas ⁶	6	5
Potable water withdrawn (ML)	4,571	2,779
Water withdrawn (ML)	8,111	7,283
Water consumed (ML)	2,153	2,057
Number of pollutions in water discharge	0	0
Water withdrawn from areas with water shortage (ML)	0	0
Quantity of material and raw-material used (t)	1,412,028	1,449,756
Waste quantity 2024 (t)	91,985.48	81,616
Pollutions related to waste	0	0
Companies with ISO 14001 certificate	14	14



6 PIK Vinkovci (production activity bordering on protected areas in Croatia No. 930 and 892), Belje (agricultural activity within the Kopački rit Nature Park), Jamnica HR (production activity within the Pokupsko/Kupa river basin, Natura 2000 POP HR1000001), Idea CG (smaller store within the Lake Skadar National Park, WDPA ID 16385), Mercator SRB (medium-sized store with- in the Kopaonik National Park in Serbia), Mercator SLO (smaller store within the Triglav National Park, Krajina Park Strunjan).

Key information for 2024



S	2024	2023	G	2024	2023
Number of employees (including seasonal workers)	45,117	45,383	Separated Executive Director and BoD Chairman functions	Yes	Yes
Employee turnover (% of employment contract cessations)	25	23	ESG criteria for performance evaluation of executive director team members	Yes	Yes
Lost Time Incident Rate per 100 employees (LTIR)	2.5	3	Share of companies where risk of exposure to corruption has been assessed (%)	8	13
Lost Work Day Rate due to injury at work per 100 employees (LWDR)	113	113	Number of established cases of corruption	0	0
Share of women in senior management (%)	36	37	Number of established cases contrary to market competition rules	0	0
Share of women in management (% , including senior, middle and line)	60	60	Number of reports to Ethics Committee	14	15
Number of foreign workers	1,181	1,930	Number of reports to Ethics Committee related to breach of children's rights	0	0
Average number of employee training hours	9.3	7	Number of established cases of Code of Ethics breaches	0	1
Employee coverage by collective agreements (%)	94.53	94	Number of established cases of discrimination	0	1
Share of employees who received performance assessment (%)	34	37	Total number of reported concerns about ethical issues in Group companies, including reports to the Ethics Committee	31	63
Share of employees that received notification about the anti-corruption policy (%)	10	17	Number of significant information security incidents	0	0
Share of employees who attended human rights training (%)	11	15	Number of cases of personal data protection breaches	0	0

Retail and Wholesale Division

The strong focus on improving the operating performance of individual companies, and thus the respective business divisions, as a key feature of the Group's operations in 2024 was particularly conspicuous in the Retail and Wholesale Division, Fortenova Group's largest business unit.

The Group has retail and wholesale operations on five markets of the SE Europe region, consisting of the retail facilities and logistics and distribution networks of Mercator SLO (Slovenia), Konzum HR (Croatia), Tisak (Croatia), Mercator SRB (Serbia), Konzum BiH (Bosnia and Herzegovina), Idea CG (Montenegro), M-Energija, Mercator IP and the companies operating as part of Fortenova Group's Loyalty Programme – MultiPlusCard, Super Kartica SRB, Super Kartica BiH and Super Kartica CG.

Over the course of the reporting period, the retail companies employed more than 35,000 people in total, and with the dynamics of opening new points of sale, refurbishing old ones and completely closing down some locations, the total number of retail facilities in Fortenova Group's retail network is currently around 2,600.

In 2024 Fortenova Group's Retail and Wholesale Division opened a total of 44 new and refurbished points of sale. Mercator SRB opened seven retail stores and refurbished another three, Konzum BiH opened three new and renovated four facilities, while Idea CG opened only one refurbished store, but also completed the visual identity change of Franca stores entirely in late September. Mercator SLO opened three new retail stores, while Konzum HR, just as in the year before, had the most openings – 11 new and five refurbished stores. As part of the network optimization that included the closing down of its points of sale with poor performance, in 2024 Tisak also opened eight new points of sale.

All retail companies continued to operate independently in 2024, with their own headquarters, managements and key business functions, the only change in the number of companies in that division compared to 2023 being the closing down of the company A007, which managed the operations of Abrakadabra, the Group's non-food online store.

In 2024, Fortenova Group's regional Retail and Wholesale business saw the opening of a total of 44 new and refurbished stores.



Response to impacts from the environment

On four markets where Fortenova Group's retail companies operate – in Croatia, Serbia, Bosnia and Herzegovina and Montenegro, the retail consumption grew on an annual level in 2024, while only Slovenia recorded a drop in consumption which is attributed, besides to the market structure, also to the habits of Slovenian customers whose tendency to consume is largely aligned with the trends and economic indicators in Austria or Germany, for example.

When it comes to impacts from the environment on the processes and operations of the retail companies, similar to the two previous years, in 2024 and particularly in its second half the strongest external impact came from inflation and, indirectly, in some countries, from the measures introduced by the governments to limit product prices in order to make it easier for citizens to cope with increasing costs.

As opposed to the previous wave that started in mid-2021 and ended in spring 2024, the inflation wave that started in October 2024 and was among the SE European countries the most pronounced in Croatia, had different causes and was largely the product of a combination of factors. In Croatia this was particularly related to the increase in service and energy prices and driven by the increase in salaries in the government and public sector.

Hence, as market leaders in retail and also due to their significantly wider social responsibility, the companies from the Retail Division in 2024 spearheaded or supported initiatives on their respective markets which were focused on customer protection by means of mitigating price shocks through product price controls and additionally lowered and locked prices and carried out promotional and other activities on their own initiative, working together with suppliers to maintain acceptable price levels wherever this was possible. The development of private label products, offering customers high value for money and category resets, was strengthened in order to provide customers with the best possible assortment.

However, unlike in 2023 when all national governments of the respective countries were actively involved, in the reporting period such active engagement completely failed in Slovenia, while in Serbia it was limited to a period of only two months.



Retail and Wholesale Division

In Slovenia, where the national government had not locked prices in the previous year, either, but the Ministry of Agriculture had monitored and published prices from the consumer basket, which also included Mercator SLO, in 2024 there was no price publication taking place, but the companies continued to send data regarding price movements to the Ministry. In Serbia the “Best Price” drive, initiated by the Government of the Republic of Serbia, lasted from 1st September to 31st October, with lowered prices for 80 food products.

In addition to honouring the obligation to sell 30 products at prices frozen by decision of the Government of the Republic of Croatia throughout the year 2024, Konzum HR extended the range of products available to members of the MultiPlusCard loyalty program at a lower price on two occasions in that year by a thousand SKU’s – in October and again in November, providing its customers with the possibility to purchase more than 2,500 products at more favourable prices, on average by 17.5 percent. This does not include over 2,500 of Konzum’s private label products in almost all categories, also at more reasonable prices.

Konzum HR thus, except having supported all such activities pursued by the Government of the Republic of Croatia, from 2022 until early 2024 invested almost EUR 20 million in own pricing initiatives. At the same time, in collaboration with the suppliers Konzum HR introduced a new price lowering initiative for 250 products in January 2025 to last until 1st June, supporting the Government of the Republic of Croatia which decided to add another 40 products with limited prices to the already existing list of 30 such products. Also, as it is the only retail chain in Croatia with its own online store and its prices are transparent and available to check and compare at any point in time, Konzum HR is also one step ahead of everyone else in meeting the provisions of the Act on Exceptional Price Control Measures, in effect as of February 2025, and additionally of the Decision of the Government of the Republic of Croatia on the publication of pricelists and additional price indications as a measure of direct price control in retailing, whereby it has introduced the obligation for retailers to daily update the pricelists on their websites, in formats suitable for automatic processing and comparison, as well as to indicate additional prices of the respective articles.

After completion of the “Stop Inflation” drive (on 31st December 2023), the Government of Montenegro on 6th September 2024 initiated a drive called “Limited Prices”, which lasted until year end and limited the prices for products of particular importance for people’s lives and health, having included 71 products. Upon its completion the Government of Montenegro decided to extend this drive until 30th April 2025.

In Bosnia and Herzegovina the first wave (which lasted from 15th December 2023 to 15th March 2024) of the partnership project “We’re locking prices”, initiated by the Employers’ Association of the Federation of Bosnia and Herzegovina and the Federal Ministry of Trade, was extended to last until the end of the year, having locked the prices for 40 products. In January 2025 the decision was made to continue the project and the list of products with locked prices was extended by another 10 products.



Retail and Wholesale Division

Process Optimization for Efficiency Improvement

The completion of Fortenova Group's ownership transformation in all of its operations resulted in the initiation of processes focused on additional improvements in the Group's core businesses, including Retail. As members of the same Group, since the moment they became part of the same entity, the retail companies have shared a common development strategy and used numerous advantages of that relationship. Hence, across the network, while appreciating the specific features of the respective markets and companies, over the course of 2024 similar operations took place with a view to additionally strengthening the focus on retail activities and improving the quality of services provided to customers.

For example, over the course of the reporting period the Group reorganised its trading and category management function, which was strengthened in such way that seasoned experts – all of them with long-standing operational expertise in the areas of trade, category management and sales – assumed regional positions in supervising key categories in retail (dairy, cheeses, fresh pasta and to-go products, fresh meat, fish, poultry and processed meat, soft drinks, beer, wine, strong alcoholic drinks, etc.), and all those functions have become fully operational. Additionally, the central procurement and private label production function has been strengthened for the whole region.

In order to focus the operations of Konzum HR even stronger on retail and at the same time additionally improve the efficiency of its existing food and drinks distribution platform in Croatia, at the end of Q3/2024 Fortenova Group started the process of demerging the Velpro (wholesale) division from Konzum HR and merging it with the company Roto dinamic. Konzum HR thus remains focused on retail, while Roto dinamic, which has already grown to become a significant market competitor in drinks wholesale, will strengthen its position as national distributor in wholesale in general by taking over the distribution of the food portfolio. The Velpro transfer process was prepared in detail and completed in 2024, and became operational in February 2025. All Velpro employees were offered jobs at Konzum HR, Roto dinamic and elsewhere in the Group, and the cooperation with existing customers and suppliers has continued as Roto dinamic has completely assumed Velpro's operating business.

The focus on core business in a strongly competitive environment



was in the background of another two internal processes in Retail realized in 2024 – the shutting down of Abrakadabra, Fortenova Group's online store for non-food products in Croatia in September 2024, as it had not met the performance goals set, and the closing down of Mercator Tehnika retail stores in Slovenia. In particular, Mercator SLO – following the ever more conspicuous trend of buying technical goods online and in accordance with the strategic decision to exit the business of technical goods sales – closed down all stores of this brand.

The strategy of securing long-term operational sustainability and stability in the interest of 2,000 Tisak employees was in the background of the retail network optimization and adjustment pursued by the national kiosk chain in Croatia in 2024. Along with opening new kiosks, this also means closing down the points of sale that are operationally unsustainable.

Under the same aegis of operational sustainability, in the last quarter of 2024 Tisak made the decision to stop providing printed matter distribution services with the end of January 2025, whereof

all partners were notified in time. Namely, in spite of the fact that distribution is not part of its core business, in addition to the deliveries to its own points of sale Tisak had for many years provided printed matter distribution services for its partners to more than 3000 locations across Croatia. Tisak itself has continued to sell printed matter at its own points of sale.

At the same time, with the early announcement of the contract termination Tisak made sure that the partners have a transitional period to reorganise their distribution model and possibly transfer this activity to other commercial entities, where it is their complementary operation. Not being the only one to recognize the importance of printed matter distribution and of securing its availability for the sake of informing the public, Tisak expressed its readiness to support the transfer of its knowledge and experience of many years in this specific distribution to other interested parties, thus enabling the continuation of this important activity.

When it comes to dealing with printed matter distribution, the Government of the Republic of Croatia at its session held on

13th February 2025 passed the Decision on the Establishment of an Interdepartmental Working Group to determine the need for public financing of the distribution of non-fiction publications as a service of general economic interest, assessing it to be an important step forward towards addressing the topic of distribution.

The ultimate goal of all projects was to additionally strengthen the focus on retail operations and improve the quality of service for customers.

Fortenova Group's Retail with respect to opportunities and risks

According to analysts, the scenarios of both opportunity and risk analyses for retail operations in the forthcoming period primarily depend on external factors – inflation developments, salary increases and conditions on the labour market, which is all closely connected to global geopolitical relations. Generalization reduces this either to the assumption of decreasing inflationary pressure, strong increase in salaries and the possibly reduced pressure of labour shortages or to inverse effects should those parameters show an increasing trend.

In case of the first scenario one may expect an increase in the real disposable income of consumers, which is an opportunity for consolidated retail chains. This means, for example, that retailers can increase customer retention by creating attractive loyalty programmes. Also, consumers who do not feel the pressure of growing prices are more inclined to choose products marked as “organic” or “locally grown”, so that an extension of products offered in that segment can quickly attract new customers, as can partnerships with local suppliers to promote short supply chains. In the long term, investments in technologies such as artificial

intelligence, predictive analytics and automated stores provide for business optimization and adjustments to personalized consumer needs, and the introduction of smart stores that use technologies such as sensors, blockchain and mobile payments enable the provision of flawless and personalized shopping experiences.

When it comes to the scenario where operational risks increase, it is the analysts' opinion that this will lead to a decrease in consumers' purchasing power and encourage them to look for discounts and promotions. New global supply chain disruptions, the introduction of customs duties, trade wars, raw-material shortages and delays in goods deliveries may affect the availability of products, with larger procurement cost increases and a drop in customer loyalty. Due to economic uncertainties customers redirect their consumption towards more affordable products and stores, while discount chains get stronger. In such a situation retailers reduce their investments, particularly in the implementation of digital solutions, thus running the risk of losing their competitive edge. Operating costs also grow due to the introduction of new regulations, such as stricter rules regarding food safety, customer protection, the use of specific materials and other.

The current strategy of Fortenova Group's retail business and its operational adjustment to the circumstances on the markets and in the companies “cover” both general scenarios, as they rest on differentiation, combination of formats, micro-location flexibility, long-standing strategic relationships with local partners, multi-channel experience and operational excellence, with the support of digital transformation. For example, the differentiation of offers made to customers across the network must really be diverse (e.g. fresh, healthy, local, with a good price-quality ratio etc.), while flexibility implies the application of concepts that result in the most synergic effects. It goes without saying that operational excellence must be present throughout the chain when it comes to retail standards and customer service.

In terms of loyalty programs Fortenova Group, which has the best-developed loyalty programs on each of the markets where it operates, made another step forward in 2024 when it comes to attracting users. Namely, new applications were launched and programs improved at Mercator SLO, Mercator SRB and Idea CG, while the app version in Croatia was improved. All of them are based on the principle of progressive rewarding of their members'

proactive behaviour, and the new model and new application make it even easier for member access to be personalized and gamified, in order to materialize the vision “From Member to Fan”. By the end of the reporting period such approach has attracted more than 570 thousand new members across the region and additionally strengthened the leadership position of those loyalty programs on the local markets. Fortenova Group's retail companies are also leaders on the market in the area of predictive analytics innovation, product assortment and promotional strategy optimization as well as in the realization of other digital strides in retail – smart stores, payment in cryptocurrencies, electronic receipts and the introduction of electronic prices.

Therefore, also when it comes to responding to risks in retail, Fortenova Group has mechanisms embedded in its strategy enabling it to respond to most challenges, as demonstrated over the last few years in its response to the pandemic and post-pandemic, earthquakes, the war in Ukraine, inflation...

The least leeway, on the other hand, is available in dealing with the ever more conspicuous shortage of qualified labour, as well as ageing of the population in Europe and Croatia, which narrows down the base of younger, active consumers and changes consumption patterns. This is an economic risk across the European area, though, and requires systemic solutions both at state level and at the level of supranational associations.

In the reporting period the approach “From Member to Fan” attracted more than 570 thousand new members across the region and additionally strengthened the leadership position of the loyalty programs on the local markets.

Food Division

Over the course of the reporting period Fortenova Group's companies from the Food Division operated under the same circumstances as the retail companies.

Namely, apart from the same external inflationary pressure, which slowed down first only to become stronger in the last quarter of 2024 and, indirectly, the price restrictions for specific product groups introduced by some national governments in the countries of SE Europe that included some of their products, the Group's food companies were not able in 2024, either, to avoid the increase in prices of raw materials, particularly commodities, and input prices in general, which were reflected in the formation of the final prices of their products. Climate conditions, conflicts or zoonoses, which were reflected in the costs of raw-materials and transportation, combined with numerous other factors that varied due to global or local impacts, such as labour shortages as well as increasing total income levels, including minimum wages, made it more difficult to plan in the long term and were a management challenge.

Cost management

On the consumer side, the trends from 2023 continued – the consumption was more price sensitive and the consumer routines changed (smaller stores, smaller purchases), having transitioned to more affordable products, private label and B brand products. This was also reflected in the demand for brands, where Fortenova Group companies hold leadership positions with many products on the FMCG markets. Additional pressure on the companies' performance came from the consumer pressure spilling over from retail to the suppliers' pricing policies, as well as from the growth of salaries due to labour shortages, just like in all other businesses.

When it comes to global food pricing developments in 2024, the Report of the global Food and Agriculture Organisation (FAO)



published in January 2025 has shown that, in spite of the declining trend, food prices at the end of 2024 were six percent higher than at the beginning of the year. Also, despite the decreasing trend, numerous products were still significantly more expensive at year end than at the beginning of the year – for example, edible oils cost as much as 25 % more at the end of 2024 compared to the beginning of the year.

On the markets of SE Europe, where two Fortenova Group edible oil factories operate – Zvijezda and Dijamant – global trends were affected by local factors, which reflected on the business. In Serbia the first half of 2024 saw a reduction in the average sales price, as large quantities of cheaper oil from Russia arrived to the market. The price of bottled oil started to recover after the Government of the Republic of Serbia had limited imports of

Food Division

cheaper oil from Russia in H2/2024. In Croatia, on the other hand, the prices of raw-materials, particularly sunflower oil, stabilized, which resulted in reduced input costs, but without the price pressure from the retail channel giving in, particularly due to the increased offer of cheaper private label products.

With regard to meat, the EU market of animal origin proteins has undergone serious structural changes which have to be observed carefully in order to react in time. In 2024, the prices of beef and veal grew by around 10 percent, while the prices of pork, chicken and turkey stagnated, with indications that they may even start to drop in 2025. This stabilization of raw-material prices resulted in lower input costs at PIK Vrbovec, leader in the production and processing of red meat in Croatia and a large exporter.

However, in addition to the uncertainties in global trade, the drop in meat production due to a number of factors, including the spread of diseases, depopulation in traditional livestock breeding areas and in rural areas in general, decentralization of pig breeding and livestock breeding in general, has strongly affected price

volatility. For example, unlike in the year before, in 2024 African swine fever (ASF) in Croatia only occurred at six facilities, but its presence in the environment and the potential new spread are a permanent threat to business policies (in February 2025 ASF was again confirmed in Croatia). Thus in 2024 the exports of PIK Vrbovec to the market of Serbia were limited due to ASF, while the application of protective measures directly affected the delivered quantities and increased the company's costs.

Due to all of the above and in accordance with the Group's main focus – implementing improvements in all business operations – in Fortenova Group's food companies the year 2024 was primarily marked by firm cost management and work on operational improvements through process optimization, quality enhancement, increased efficiency... For example, one of the processes that covered both the retail and the food business was the decision to improve the efficiency of the food and drinks distribution platform in Croatia, which resulted in the demerger of the Velpro division from Konzum HR and its merger with Roto dinamic, which operates as part of the [Food Division](#).

Production investments

Some of the aforementioned improvements were related to the completion, testing and commissioning of several investments or parts of investments at the operating companies.

Thus, following the trial run period, the new pig slaughtering facility at PIK Vrbovec HR has become fully operational in 2024 and represents a great technological advancement in primary pig processing, expected to result in a significant improvement in efficiency, product quality and in meeting the world's highest standards in terms of hygiene and safety. Its total value amounts to EUR 10 million, whereof EUR 1.55 million were co-financed through the European Agricultural Fund for Rural Development (EAFRD). For a company focused on driving the development of the local economy and the production of meat from local farms this project constitutes the key step towards improving the production capacity and strengthening the collaboration with over 100 farms located all across Croatia, from which PIK receives more than 370 000 pigs per year, or more than 50 percent of the domestic pig production.

In connection with that, in the reporting period fresh pork from PIK Vrbovec received the national designation "Proven Quality – Croatia", issued by the Ministry of Agriculture. The designation represents a recognition to the high standards of quality and safety of the pork of local origin, as all the production stages take place in the Republic of Croatia. PIK's consumers thus receive an additional certification making sure that each piece of pork they choose is based on quality, local origin and strict controls of the production conditions. For the company, on the other hand, this is an acknowledgment that what they do is the best for the community.

October 2024 saw a trial run of the new bottling plant at Dijamant, where the production of Dijamant oil in a new, lighter bottle started on state-of-the-art equipment. This translates into 200 tonnes less plastic used on an annual basis and an 18 percent lower carbon footprint in the bottle production process. The new bottles also have a new design. Furthermore, a chemical water testing plant was put into trial operation.

In 2025 Jamnica HR signed a contract for EUR 1.2 million of funds from the European Modernisation Fund to install solar



Food Division

power plants on the roofs of the production plants of Jamnica in Pisarovina and Jana in Gorica Svetojanska. Thanks to those photovoltaic power plants the Jamnica HR facility will autonomously produce around 22 percent of the total electricity required for the operation of the plant, and Jana around 8 percent.

In 2024, Jamnica HR launched the Jamnica natural carbonated mineral water in a returnable glass bottle of 0.33 l for the HoReCa channel, which replaced the former smaller bottle of 0.25 l. With this investment, worth EUR 1.5 million, the manufacturer has provided consumers with added value through a price for the bottle of greater volume which is more favourable for the consumer. Additionally, with this investment Jamnica HR has demonstrated its high level of environmental responsibility, as it raises awareness of the importance of returnable glass packaging and a sustainable lifestyle. To this end, at year-end the company also launched a campaign under the title “Easy-Peasy” (“*Ništa lakše*”), primarily intended for younger people, educating and motivating them through a series of short, fun advertisements and dynamic social media engagement to opt for Jamnica in returnable glass packaging, which is environmentally friendly and enables multiple use. The campaign will last throughout the year 2025, with a view to encouraging positive change and raising awareness of the importance of responsible consumption and care for the environment.

An investment worth EUR 655 thousand in an aseptic line will also be realized at Mercator EMBA, enabling this manufacturer to follow the contemporary trends of reduced sugar and preservatives and develop products with improved nutritional value. Mercator EMBA is a large producer of toppings and syrups and a major partner to McDonald’s, producing toppings and syrups for McDonald’s restaurants in 18 countries of Central Europe and the Mediterranean. The company has a tradition of more than 60 years, its best known brands being BenQuick instant cocoa products and Sladki greh dessert toppings. Thanks to the modern factory and permanent investments in product quality and safety, Mercator EMBA has found its place on the demanding European market and successfully exports to 25 foreign markets, where it generates almost 90 percent of its revenue.

In 2024 Agrolaguna completed its project of several years of planting olive grove plantations, having gained a plantation with 300 new trees and established a drip irrigation system. This will



make it possible to increase the production of high-quality olive oil, leading eventually to an increase in revenue and the company’s improved market competitiveness. The project was co-financed with EU funds, through the Rural Development Programme of the Republic of Croatia for the period 2014-2020, sub-measure 4.1., “Aid for Investments in agricultural holdings” - implementation of

operation type 4.1.1. “Restructuring, modernization and increasing the competitiveness of agricultural holdings” – raising new and/or restructuring existing perennial plantations. It is also planned to purchase agricultural machinery and equipment as part of the project, which will make the plantation maintenance and olive oil production significantly easier.

Food Division

New launches in 2024

All new products that were put on the market by Fortenova Group's food companies in 2024 have followed the changes in consumer profile and habits, changes in nutrition culture – healthier (less fat, less sugar, salt, additives, preservatives), faster (e.g. semi-prepared), as well as the changes in packaging (size and materials).

For example, PIK Vrbovec HR launched the new PIK Natur innovative line of meat products without added nitrites and phosphates. It was developed with the support of funds from the European Regional Development Fund, which helps companies with innovations and sustainable development, and key in its realization was also the collaboration with the Croatian Public Health Institute. Although PIK Natur ham, mortadella, Bologna sausage and durable sausage are produced with certain adjustments in the production process, with changed recipes and without flavour enhancers, artificial colourings, gluten or soya, they have retained their original taste.

This traditional taste is the reason why, according to the research conducted by the Nielsen⁷ agency, PIK Vrbovec HR hams are the bestselling product in their category on the Croatian market. In 2024 PIK also launched Sijeme bacon and PIK dry-cured smoked pork loin, while in the “Slow Cooked” line beef ribs were launched in 2024.

Dijamant's *Dobro jutro* (Good Morning) spread has also got a Natur version, which is a combination of carefully selected ingredients with natural colouring and flavours and a gentle touch of sea salt, without preservatives and palm oil. This new product bears the vegan “V-label”.

Zvijezda HR has introduced new products: ketchup without preservatives and gluten, containing as much as 200 grams of freshly picked tomatoes in 100 grams of product, packaged in a glass bottle that preserves its freshness, taste and nutritional value; Zvijezda Dressing with three tastes (Yoghurt, American, Garlic)



– without flavour enhancers, artificial colouring and preservatives; Salsa sauce, without gluten in an environmentally friendly glass packaging, and a new Planet of Plants product – Hummus.

Jamnica HR launched a new Lemon flavour in the ice tea category. A new product, Sensation Tonic, was developed in Jamnica's modern research and development laboratory, whereby the assortment of that brand was additionally extended with a non-alcoholic carbonated refreshment drink with the recognizable flavour of classic tonic water. The Toco portfolio has been enriched with two new flavours – apple rhubarb and lemon cucumber, while ProGame was launched in a new can packaging.

Brand power surveys

Zvijezda oil and mayonnaise take turns on top of the list of brands in Croatia, while Jana non-carbonated natural mineral water and ABC dairy/cheese spread made the greatest progress on the list of the best brands, as shown by the BRANDscore rating scale⁸, part of the BRANDpuls survey that examines the power of brands among domestic consumers, conducted in the first half of 2024. In this wave Zvijezda oil ranked first and mayonnaise second on the BRANDscore rating scale, while the Top 10 list, as usual, includes another four Fortenova Group company brands – Jamnica carbonated natural mineral water (ranked 6th), Zvijezda ketchup and hard margarine (ranked 7th and 8th), while ABC dairy/cheese spread climbed from No. 13 to No. 9 on the list. At the same time, on the extended list of 50 strongest products in Croatia there are three additional products from the Fortenova Group portfolio, where Jana still water leapt from No. 21 to No. 13. The regional list contains three Jamnica products – Jana water, Jana Ice Tea and Jamnica carbonated water, as well as Dijamant edible oil.

The CPS GfK* Brand Footprint Europe report, which provides insight in consumer preferences on various markets and in different categories by means of Consumer Reach Points (CRP) based on customer penetration and purchase frequency, analyses more than 42,000 brands. The results of the data analysis for Serbia have shown that the company Dijamant ranks second in the category of most frequently selected brands in the FMCG sector, which consists of renowned local and international brands.

7 NIQ RMS, MAT 05/2024, hams category (Copyright © 2024, Nielsen Consumer LLC.)

8 The BRANDpuls survey was conducted in the period from March to June 2024 with more than 5700 respondents aged 16 to 64 in Croatia, Serbia, Bosnia and Herzegovina and Slovenia, who evaluated brands in around 60 FMCG categories.

Risk management

The key risks of the industries in which Fortenova Group's food companies operate were already indicated in the introduction – from the impact of global and local geopolitical processes on energy prices, logistics operations and raw material prices, additionally affected by trade wars and climate change, which again affect not only yields and the tourist industry as a large channel of consumption that the companies strongly lean on, but also migration processes, to one of the most pronounced risks today – depopulation and reduction of the working-age population in countries of the Western Hemisphere.

The most recent projections by Eurostat, EU's official statistics agency, suggest that the population of Europe will according to the current trends account for six percent of the overall population of the world, dropping from 447 million to 419 million. This drop, however, is Eurostat's scenario that includes the effects of immigration. If immigration is excluded from the model, the Agency has envisaged a drop in the population by more than one third by the year 2100, to 295 million. Already today, 21 percent of the EU population is aged 65 or more. In Eurostat's basic scenario this share will rise to 32 percent by the year 2100, and in the scenario that excludes immigration it will grow even more, to 36 percent. There is no area of human activity that will not be adversely affected and under significant economic pressure because of that, and demographers believe that the main consequence will be slower growth, as labour force will be reduced and tax burdens will grow because the costs of pensions and the demand for health care and guardian care will increase.

Immigration, as well as raising the employment rate of the working-age population, raising the retirement age, pension system reforms and shifting the tax burden from work income to wealth, particularly assets, are all part of the systemic solution advocated by experts. However, those are systemically designed activities that only show effects in the long term. In the short term, Fortenova Group companies are currently seeking solutions to labour force challenges by increasing salaries and improving work conditions, as well as by employing foreign workers and providing them with the necessary integration activities.



Agriculture Division

Exactly a year after Fortenova Group had started to gauge the interest for the potential divestment of the Agriculture Division by sending informative materials to the addresses of several possibly interested buyers, on 31st January 2025 Fortenova Group and Podravka signed the Share Transfer Agreement and thus finalized the process of Podravka's acquisition of six companies from Fortenova Group's Agriculture Division: Belje, Vupik, PIK Vinkovci, Energija Gradec, Belje Agro-vet and Felix. The formal closing followed after the companies had signed the sale-purchase agreement in July and Podravka obtained all the required approvals from the regulatory authorities on the markets where the companies operate.

The transaction value on a cash-free/debt-free basis amounted to EUR 333 million and the proceeds from the sale will be used to further deleverage the Group. Namely, by closing the transaction Fortenova Group has met one of the conditions from the 2023 refinancing arrangement, according to which it was obligated to start the process of testing the potential divestment of its Agriculture Division.

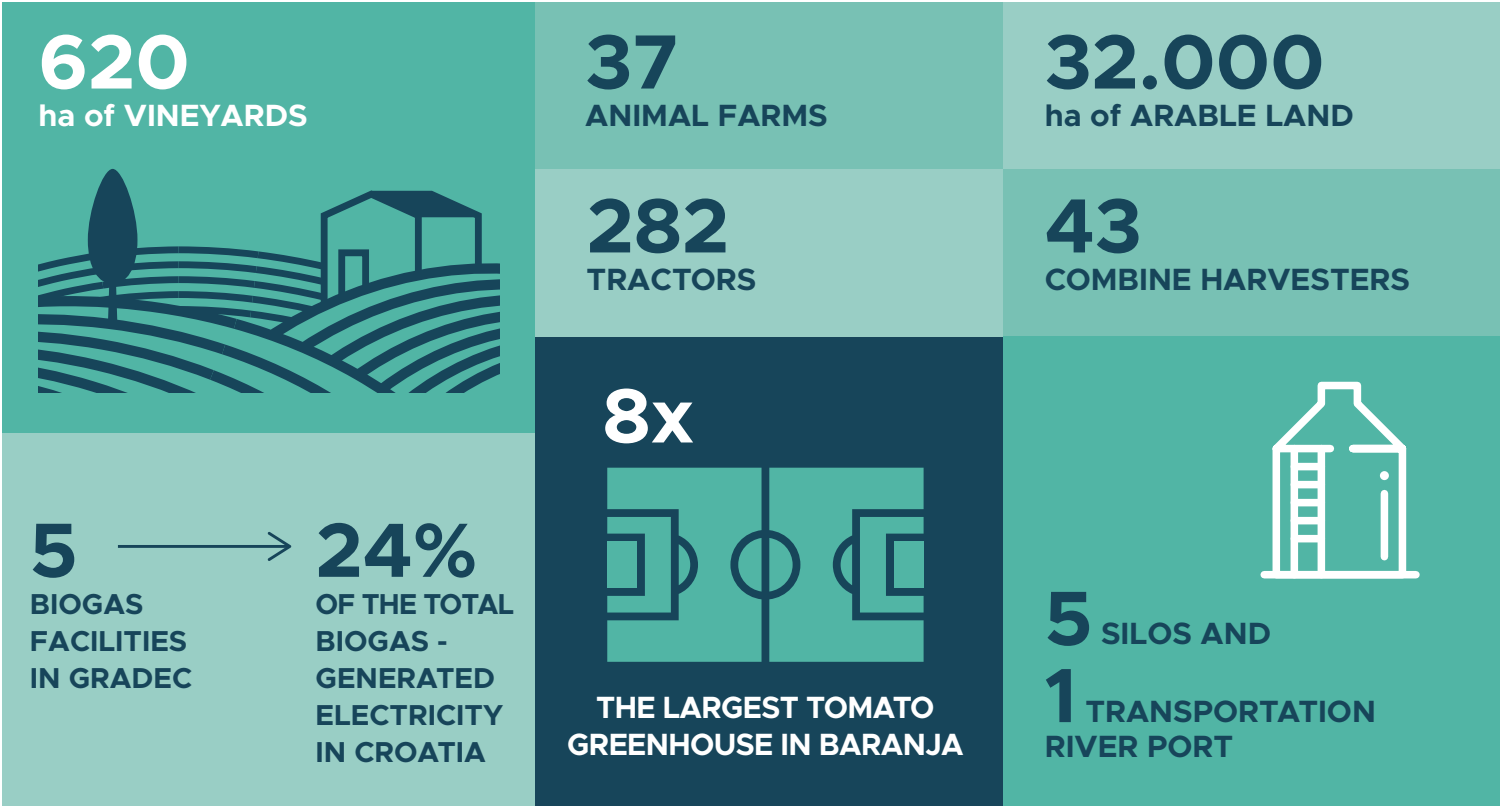
This has finally resulted in the conclusion of the very complex transaction of selling the entire operation with intertwined mutual relations among the companies, and the realization of the sale, where Podravka was selected as strategic partner, met two fundamental conditions: the maximisation of value of the whole business and a guarantee for the development of business and retention of employment, i.e. for the overall sustainability of this nationally important operation, particularly in the light of the economic advancement of the entire region of Slavonia and Baranya.

An additional advantage of the arrangement with Podravka is the fact that with it Fortenova Group has gained a strategic partner

that will provide PIK Vrbovec HR and the Fortenova Group system with high-quality domestic raw materials for further processing and production.

Another three Fortenova Group companies were part of the Agriculture Division. LG Moslavina was sold, as was Eko Biograd,

while the agricultural company Vinka is still part of Fortenova Group. Its operations are divided in two segments – production and processing of frozen vegetables (mainly peas, maize, potatoes and carrots) and fruit (mainly cherries) and the growing and sales of fresh fruit (apples, cherries) and crops grown in the orchard and fields of Borinci.



Agriculture Division

Agriculture Division significance and size indicators

Podravka acquired the vertically integrated agricultural operations diversified into 12 segments with 2400 employees working on more than 100 locations.

The traceability of the overall production rests on 32,000 hectares of arable land tilled with 282 tractors, 43 combine harvesters and 900 pieces of agricultural implements/connecting agricultural machinery.

The nine dairy farms with more than 5,000 dairy cows and the contract farms together produce over 54 million litres of extra quality milk per year, accounting for 15 percent of the overall cow milk production in Croatia.

The ten own cattle fattening farms and the contract farms produce more than 20,000 pieces of cattle per year or 18 percent of the total production in Croatia.

Eighteen pig breeding farms apply the strictest biosecurity measures in order to provide for farm animal welfare. The total annual production on own and contracted farms amounts to 420,000 finishers, accounting for 55 percent of the total amount of finishers produced in Croatia.

The animal feed factory in Darda with its capacity of 185,000 tonnes provides animal feed for a total of 37 farms in Belje, Vupik and PIK Vinkovci. The capacity of silos located across the continental part of Croatia exceeds 270,000 tonnes, where the reloading port of Vupik, located at the banks of the Danube river in Vukovar, is particularly important for the storage and transportation of cereal crops.

Belje's two dairy product factories, in Osijek and Beli Manastir, annually produce 35,000 tonnes of different dairy products made of milk from Belje's and Vupik's own farms. The Belje dairy plants are the only ones in Croatia to feature traceability from own raw materials to the final product. Belje's most important export product, ABC fresh cream cheese – market leader in the category of fresh cream cheeses and cheese spreads available on 25 markets across the world, celebrates its 45th anniversary in 2025.

The facilities of Baranjka produce around 1,000 tonnes of durable

cured meat products per year, whereof Baranjski kulen is the most famous one, featuring EU protected geographical indication.

The Vina Belje and Vina Vupik wineries together have 620 hectares of vineyards and annually produce 4.5 million litres of wine, with Graševina as the dominant sort and the bestselling wine sort in Croatia.

Energija Gradec is the most significant domestic company that engages in the production of electricity in biogas facilities. Its biogas facilities in Gradec, Ovčara, Popovac, Mitrovac and Vinka produce 24 percent of the total biogas-generated electricity in Croatia.

PIK Vinkovci annually put 4,200 tonnes of vegetables on the market, where almost half of that quantity is accounted for by onions, kept at the distribution center and storage plant in Lipovac which was built for that purpose. The greenhouse in Mitrovac, at Belje, produces around 2,700 tonnes of fresh tomatoes per year.

Overview of the most important ESG business elements in 2024

Activities related to the divestment process were the dominant feature of Fortenova Group's Agriculture Division in 2024. On the other hand, like in other businesses, operating processes were under different influences from the environment, dominated in this activity of course by the weight of climatic conditions. Thus, for example, the companies recorded the historically earliest harvests of crop cultures and grapes, and climatic conditions also had different effects on the quality and yields of some cultures.

In view of the sale-purchase transaction of the entire Division realized in the reporting period, for the purposes of this Report we have only singled out the activities that are directly related to ESG effects.

The year 2024 saw eleven integrated photovoltaic power plants in the total capacity of 1,800 kW becoming operational at seven pig breeding farms, three dairy cattle farms and the crop farming facility at Belje, producing 2.9 GWh of electricity for their own needs. This was the company's largest investment in sustainable energy sources, where the company was signed up through the Rural Development Program for the Measure 4.1.3. Use of Renewable Energy Sources.

In the photovoltaic power plants project the focus was on pig breeding farms, with the largest power plant built on the roofs of the nucleus farm Brod Pustara 1, which is the base of Belje's pig breeding production. With a total of 888 modules, this solar plant features a power of 320 kW and produces almost half of the required electricity, mostly used for stable ventilation and lighting. The electricity produced at each of the eleven locations is used exclusively for own needs and covers more than 40 % of needs for electricity on each of the farms. The photovoltaic plant at the Mitrovac farm, which has a total capacity of 1,700 cows, provides electricity for the large, 60-unit rotary milking parlour, as well as the state-of-the-art ventilation system in the stables.

Given the large number of locations, different types of facilities and high biosecurity measures on the farms, the operational part of the project proved to be logistically quite demanding, but the internal team of experts together with the contractors and HEP (*national electricity provider and distributor, note of the translator*) managed to meet all deadlines, and by building the power plants Belje demonstrated its commitment to sustainable operations.

PIK Vinkovci was Fortenova Group's first company to put two photovoltaic powerplants – Lipovac and Vinkovci – into permanent operation in 2023 and 2024, respectively. Both projects were initiated in early 2020, when they were signed up for the Measure 4.1.3. – “Use of Renewable Energy Sources”, so that one third of their total value was financed from EU funds. PIK Vinkovci thus received financial support in the amount of EUR 215,000 for the location of Lipovac and EUR 364,000 for the location in Vinkovci. At company level, with the production of electricity on the photovoltaic power plants in Lipovac and Vinkovci, PIK Vinkovci covers 35 percent of its electricity needs from own renewable sources.

Besides PIK Vrbovec HR, which met the criteria and received the designation “Proven Quality from Croatia” for its products from the Ministry of Agriculture, Belje obtained the compliance certification “Proven Quality from Croatia for pigs” for the fattening farms of Belje, Vupik and their contractors. Belje has also received the designation “Proven Quality from Croatia” for the locally grown Belje tomatoes, and PIK Vinkovci for the domestic onions. Proven Quality from Croatia is a new national quality system for agricultural and food products introduced by the Ministry of Agriculture to provide domestic producers with better recognizability and

Agriculture Division

promotion of high quality domestic products with special characteristics. Domestic production of vegetables is an exceptionally important segment of the Croatian agriculture, particularly because of the high product quality, but also because of the fact that it is important to additionally extend and improve it in order for it to meet the domestic needs. At the 8th “Croatian Vegetables” Conference Belje was awarded with a Charter for its special contribution to vegetable growing. As the members of the Organisational Committee pointed out in the explanation of the award, “Belje’s investment in state-of-the-art tomato production on protected premises, its exceptional results and the high yields of tomato bearing the Proven Quality certificate have been recognized as an important element of recognizability and promotion of Croatian vegetables”.

The project of investing in new agricultural machinery that started in the year before reached its full intensity in June and July of 2024, and the deliveries of the ordered machines were scheduled to arrive in time for the wheat harvest at Belje, Vupik and PIK Vinkovci, marked by the nine new Fendt Ideal combine harvesters, which made sure that the harvest ended within optimum time only with the companies’ own resources, without having to hire external suppliers. The agricultural companies’ vehicle fleet was renewed by fall with a total of 72 new tractors (including 18 tractors delivered in 2023). The purchase of heavy-duty and medium tractors was necessary for the operations performed throughout the year on large areas of arable land. Exceptionally important are also the three new forage harvesters which make it possible to store silage for the needs of the cattle farms across the system. The completion of the agricultural machinery renewal has been timed for the end of the year, until when all the light machinery was delivered, too, including (light) farm machinery implements. The agricultural machinery renewal in the agricultural companies is worth more than EUR 60 million.

At Belje’s vineyards, on Banovo brdo in Baranya, 22.6 hectares of new vineyards were planted as part of the Rural Development Measure 4.1.1. – Investment in New Plantations and Machinery, where the project was financed in the amount of 50 percent of the total acceptable costs, while PIK Vinkovci in 2024 extended their production assortment to tomatoes, as they had agreed with their future owner, the company Podravka, to produce industrial tomato on a total of five hectares of arable land at the location of Sopot, with drip irrigation. The seedlings and support throughout the production process were provided by experts from Podravka with experience of many years in tomato growing.



Memberships

In 2024 Fortenova Group continued its membership in associations and initiatives engaged in sustainable development goals such as the UN Global Compact, Croatian Business Council for Sustainable Development (HR PSOR), the International Institute for Climate Action (IICA), the Slovenian Institute for the Development of Social Responsibility (IRDO). As a member of those organisations, Fortenova Group is an active participant in relevant sustainability development initiatives, with access to all information and know-how important for this area of social activity, serving as a role model to encourage the stronger involvement of the business sector in activities intended to progress towards sustainable development goals and achieve corporate sustainability.

The year 2024 saw the completion of the procedure of becoming member of the Forum for Responsible Business in Serbia and the Roundtable on Sustainable Palm Oil (RSPO).

The Forum for Responsible Business in Serbia is a business network dedicated to the promotion of socially responsible operations and sustainability in that country. It brings together the leading companies that contribute to the development of the community, and through collaboration and exchange of knowledge develops tools for sustainable operations with measurable social impact. The Forum's mission is to encourage the development of permanent and stable socially responsible practices in the business sector.

As members of the Forum, companies voluntarily integrate social, ethical and environmental principles of corporate social responsibility (CSR) in their everyday operations. They have undertaken to build a responsible relationship with their employees, partners and other stakeholders, promoting high standards of transparency, respect for human rights, environment protection and combating corruption and discrimination. Also, they will actively share know-how and experience and encourage dialogue on the advantages of corporate sustainability and responsibility.



RSPO is an international organisation dedicated to the promotion of sustainable growing and use of palm oil with a view to reducing its negative effects on the environment and the society. The initiative is intended to encourage responsible land management, protection of workers' rights, reduction of GHG emissions and the involvement of local and small suppliers. The companies Zvijezda and Dijamant, as RSPO members of many years, have through the continuous increase in the share of sustainable palm oil in their production significantly contributed to the development of sustainable and transparent supply chains. Fortenova Group has additionally affirmed its commitment to sustainable operations by having become member of the RSPO in 2024, thus supporting the initiatives of its members as their umbrella organisation.

Pursuant to the applicable legislation in Serbia, Bosnia and Herzegovina, Montenegro and Slovenia, which obligates

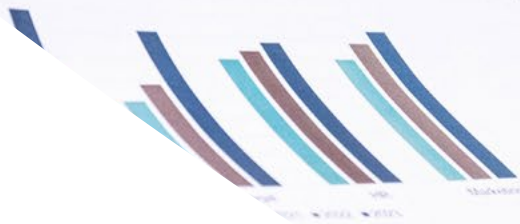
employers in those countries to be members of independent professional and business organisations, Fortenova Group and its operating companies are members of the Chambers of Commerce of Serbia, Bosnia and Herzegovina, Montenegro and Slovenia. Following the change of the Act on the Croatian Chamber of Commerce (HGK) in Croatia, which does not stipulate obligatory membership anymore but provides for the principle of voluntariness, with the amount of the membership fee depending on the level of total revenue, the Group and its operating companies have remained members of the HGK on a voluntary basis.

At the same time, on a voluntary basis, the Group and its operating companies are also members of numerous national and international interest groups and associations intended to protect, advocate, align and promote the interests of their members, employers/managers and businesses in which the companies operate.

2. STRATEGY, GOVERNANCE, RISKS, AND MATERIALITY ASSESSMENT

2024 SUSTAINABILITY REPORT

Bolji rezultati u svim promatranim područjima



Introduction

Fortenova Group commenced its systematic sustainability reporting in 2022, thus having set a firm foundation to track the environmental, social and economic effects of its operations. The 2024 Report comprises 40 Group companies and is based on the collection and analysis of data relevant to the entire business.

In view of the Group’s complexity, its operations and geographic footprint, the data are structured and aggregated according to the key business divisions: Retail and Wholesale, Food, Agriculture and Non-Core Businesses, as well as on a consolidated level for the whole Group. Such approach provides for more clarity and ease of reference in the Report, facilitates understanding the key messages and constitutes a basis for comparison and evaluation of the results.

The Group applies a uniform approach to sustainability, regardless of whether the companies operate within the European

Union or not. This provides for a consistent application of best sustainability practices in various regulatory environments, while promoting equal standards of responsibility and transparency.

The Sustainability Report is based on the Global Reporting Initiative (GRI) methodology. In the context of increasingly strict regulatory requirements, in 2024 the Group started getting prepared to comply with the Corporate Sustainability Reporting Directive (CSRD). The key step in that process was the double materiality assessment, intended to identify the topics where Fortenova Group has a significant impact, as well as those that are important for the stakeholders. More detailed information on the results of the analysis is available in the section titled [Double Materiality](#).

Fortenova Group’s sustainability strategy is additionally aligned with the UN 2030 Agenda and the Sustainable Development

Goals (SDG), with focus on those goals where the Group, in collaboration with its stakeholders, can achieve the greatest positive impact on the society, the environment and the economy.



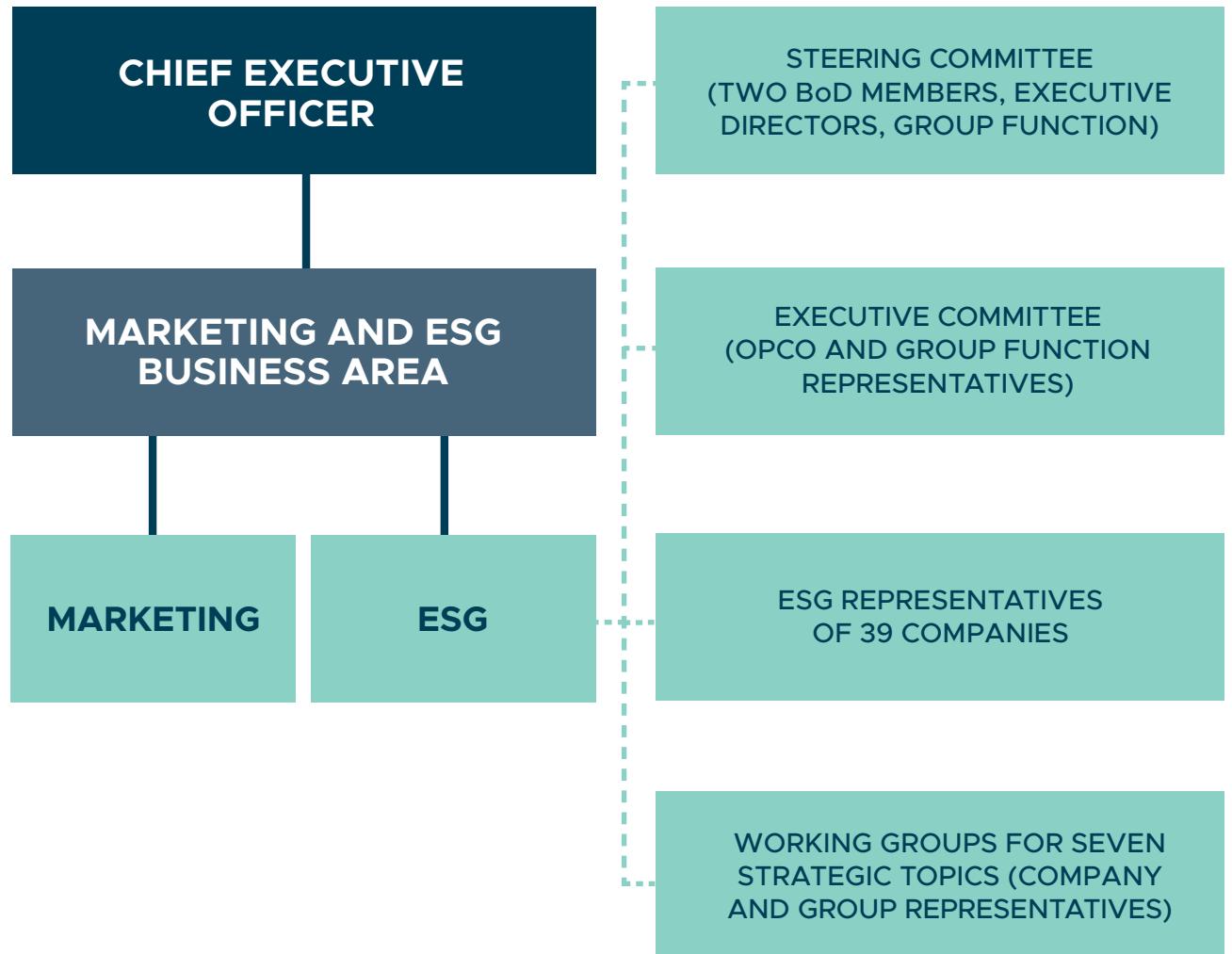
Organisational Setup

The organisational unit in charge of ESG (Environmental, Social, Governance) operates as part of the Marketing and ESG Business Area and reports to the Chief Executive Officer. Its key role includes the establishment of a system for consolidated sustainability reporting and the coordination of ESG strategy implementation at Group level. In addition, formal functions in charge of sustainability have been introduced at the operating companies.

As part of the Group's ESG setup, two key governance bodies have been established as well:

- The Sustainable Development Committee assembles representatives of all companies, markets and Group support functions. The Committee actively participates in collecting data for the Report as well as in addressing sustainability considerations raised at Group level. It also provides support to the working groups that deal with strategic sustainability topics.
- The Sustainability Steering Committee includes the Executive Directors, Members of the Board of Directors and representatives of key functions such as Strategy, Compliance, Human Resources, Finance, Audit and Procurement. The Committee meets on a quarterly basis with a total of 16 sessions held so far, whereof five in 2024, with a view to monitoring the progress of the working groups, discussing regulatory novelties and defining required adjustments.

The Sustainability Report is prepared by the central ESG team based on the data provided by the operating companies. The draft report is considered and approved by the Steering Committee, while the final approval is given by the Executive Directors. The Board of Directors passes key decisions on material topics and impacts, and as of September 2024 all Group policies are to be approved by the Executive Directors. The Board of Directors also gives approval for all decisions that exceed specified financial thresholds according to internal procedures.



Organisational Setup

Over the course of 2024 regular monthly meetings of all Fortenova Group companies' ESG teams have been introduced. This initiative makes it possible to exchange knowledge and experience, timely exchange information on regulatory changes and coordinate activities with a view to consistently and effectively implementing sustainable initiatives at the level of the entire system.

For some companies within the Group, a number of educational lectures were organised in 2024, with particular emphasis on topics related to the forthcoming regulatory changes and ESG assessments of suppliers. OpCo representatives actively participated in numerous external conferences and panels dedicated to sustainability, as well as in organising professional associations, chambers of commerce and promotional and commercial events.

Integration of ESG criteria in CAPEX decisions

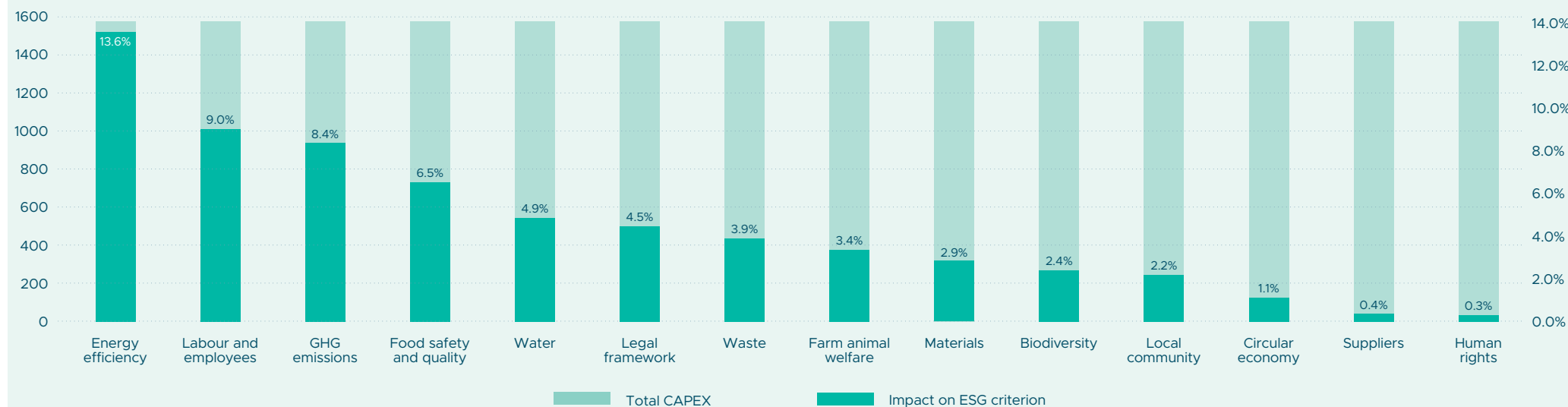
The year 2024 saw a continuation of the systemic process of ESG criteria integration in the process of approving CAPEX projects, related to energy efficiency, emissions, water consumption, materials, waste, biodiversity, impacts on workers and the community, food safety and so on.

In the period from 1st January to 31st December 2024, a total of 1,578 projects were initiated in the Group, whereof some have been completed and some are still under way. It is important to note that all of the projects covered at least one ESG criterion and that one project may affect several different aspects within the ESG framework.

The share of CAPEX projects with recorded impact on ESG criteria is set out below.



Share of CAPEX projects with ESG impact in 2024



Key Topics and Progress in 2024

In accordance with the organisational changes, Fortenova Group plans to revise its existing goals over the course of 2025. The revision will take place in collaboration with all relevant departments in order to make sure that the goals reflect the actual needs and potentials of each business segment.

GOALS	MEASURABILITY	STATUS
Embedding sustainability as a relevant criterion in decision-making		
Establishment of organisational unit within the Group and establishment of ESG working positions at the OpCos	To be implemented in 2023	The goal was accomplished (details available in the section Organisational Setup).
Risk management improvement – preparation of climate risk analysis	To be implemented by mid-2024 and updated annually	The analysis of physical and climate transition risks was repeated in late February 2025. More about the risks is available in the section Climate Risks . In 2024 guidelines were issued in accordance with the specific effects of physical risks in the respective divisions.
Consideration of ESG criteria in decision-making	Implementation of a pilot project for investment decisions by the end of 2023	The year 2024 saw a continuation of the systematic integration of ESG criteria in the approval process of all CAPEX projects. ESG criteria have been integrated in a total of 1,578 CAPEX projects.
Adjustment to the new EU regulatory framework for sustainability – data automation	To be implemented in all operating companies over the course of 2024	The implementation of the solution has been delayed in accordance with the postponement of the legal deadline pursuant to the Accounting Act (Official Gazette 85/24).
Introduction of ESG in manager performance assessment	To be introduced as of 2023 for all managerial levels	Introduced as of 2023 as individual goal in connection with seven key ESG topics.

Reduction of GHG emissions – achievement of carbon neutrality		
Account for the carbon footprint of Fortenova Group and its companies and prepare an action plan to reduce emissions	Scope 1 and Scope 2 accounting for 2022; Based on available data, accounting for Scope 3 for 2023; tracking of Scope 3 improved in 2024	Scope 1 emissions were reduced by 2.9 % compared to 2023, Scope 2 emissions were reduced by 10 %, while Scope 3 emissions increased by 5 %. Action plans for the reduction of emissions were completed in mid-2024.
Encourage the production and use of energy from renewable sources	By 2030, 100 % of energy to be from renewable sources, whether by purchase or by production	In 2024 the share of electricity from renewable sources reached 16 %, which is a significant increase against 2023, when it amounted to only 0.2 %.
Efficiency in energy consumption through rational use and investments in more efficient equipment	10 % by 2025 compared to 2022	In 2024 the total electricity consumption was almost at the same level as in 2023, but the consumption of electricity from non-renewable sources was reduced by 11 %.
Improvement of the way we use resources and manage waste – from food to packaging		
Use packaging that is reusable, recyclable or compostable	By 2030 – 100%	Currently the Group uses 60 % of recyclable packaging materials (paper and cardboard, wood packaging, metal and glass), which is an increase against 2023, when the share amounted to 50 %.
Reduce the use of plastic (Food Division)	2030: 20 % 2040: 30 %	Compared to 2023, the use of plastic in the Food Division was reduced by 0.1 % in 2024. The use of plastic is tracked through the quantity of plastic used per tonne of manufactured product ⁹ .
Increase the use of recycled materials	2030: 30 % 2040: 40 %	In 2024 the share of recycled materials in packaging grew to 46 %, which is a significant improvement against the 26.4 % share recorded in the year before.

| 9 A review of absolute values related to the use of plastic at Group level has shown that in 2024 there was an increase of 12 % against 2023.

Key Topics and Progress in 2024

Sort waste with a view to achieving as little waste in landfills as possible and as much as possible for recycling or energy recovery	Continuous reduction of waste disposal in landfills (strive for zero)	Over the course of 2024, 20 % of the total waste quantity was disposed of in landfills, 63 % was treated by recycling and composting, while 15 % was used for energy recovery by incineration. In 2023, 19 % of waste was disposed of in landfills, 65 % was recycled and composted and 13 % incinerated for energy recovery.
Reduce food waste	20 % reduction by 2030 compared to 2022	Compared to the year before, the total quantities of food waste in 2024 grew by 14 % in absolute value, without accounting for quantities per unit of production and sales. The increase in food waste quantity has resulted from the increase in the number of stores and production volume. The revision of measures and goals is under way.
Improvement of the quality of life through high-quality food – increase in the assortment and own production of healthy food and functional products, focus on traceability and short supply chains, as well as on the promotion of domestic producers.		
Continuously work on increasing the assortment and sales of <i>Better for you</i> products (healthy, improved and functional products)	By 2030 – 30%	The share of <i>Better for you</i> ¹⁰ products in the private label assortment amounted to 27 %, both in 2024 and in 2023. In the Food Division ¹¹ , the share of products from the <i>Better for you</i> category in the overall assortment amounted to 24 %, less than in 2023, when it was 29 %. In the Agriculture Division a similar trend was recorded, with a share of 30 % ¹² in 2024, as against 39% in the year before.
Increase local/regional procurement with regards to private label	2030: 70 %	The share of local/regional procurement in private label products amounted to 76.8 %, which is an increase against the previous year, when it was 73 %.

10 Currently the stated share includes articles from the fruit and vegetables, fresh meat and fish assortments. In the forthcoming period it is planned to introduce separate tracking of the above categories.

11 Does not include the company Roto dinamic

12 Given the nature of the operations, the calculation only includes industrial goods and no raw-materials. Data for 2024 are exclusive of the company Vinka.

13 Data on the quantity of purchased "Meat from Croatian Farms" pork in 2023 were corrected in this Report. More details available in the section [Methodology and Corrected Disclosures](#).

Increase sales of own products with alternative (plant-based) proteins Planet of Plants	2030: Planet of Plants – 2.5 % share in net sales revenue of the Food Division	The share of Planet of Plants products in net sales revenue in 2024 amounted to 0.12 %, which is a minor increase compared to 2023, when it was 0.11 %.
Goals until 2030: Focus on traceability and support to certified production	Oil Group – palm oil and fat (stearin) By 2025: 10 % less use By 2027: 20 % less; By 2030.: 30 % less;	2024: 10.5% less than in the year before
	PIK Vrbovec HR – pea protein and sunflower protein 100 % certified	2024 and 2023 - 100% certified products.
	Belje – 100 % domestic milk, depending on availability	In 2024, 100 % of the milk was from Croatia, whereof 86 % of "Milk from Croatian Farms" from Vupik and Belje, and the rest from small local farmers, which is an increase compared to 2023, when the share of domestic milk amounted to almost 98 %, with 80 % of "Milk from Croatian Farms" and 18 % from local producers.
	PIK Vrbovec HR – maintain the level of 70 % of "Meat from Croatian Farms", depending on availability	The share of "Meat from Croatian Farms" in 2024 amounted to 58 % and in 2023 to 53 % ¹³ .
	Private label – coffee, cocoa, tea, rice, nuts, fish EU (Slovenia, Croatia): by 2027 at least 25 % of products shall have certified raw-materials; by 2030 not less than 40 % Outside EU (Serbia, BiH, Montenegro): by 2027, 15 % of products shall have certified raw materials; by 2030 not less than 25 %	The establishment of a data tracking system is currently under way and will be available as of 2025.

Key Topics and Progress in 2024

Goals until 2030: Focus on traceability and support to certified production	Private label – eggs: EU (Slovenia, Croatia): as of 2025 no eggs will come from caged hens	In countries outside the European Union (BiH, Montenegro, Serbia) the share of free range eggs is currently very low, but it is expected to grow gradually. In Slovenia, there are no private label eggs from caged hens available anymore, while in Croatia in 2024 such eggs accounted for 72 % of total private label egg sales, which is an increase against 2023 when the share amounted to 62 % ¹⁴ .
	Private label – milk and meat: 80 % local and regional	2024: SLO 36%, SRB 100%, HRV 100% local Milk – HRV, SLO and BiH 100%, SRB 62% local. 2023: SLO 24% local, SRB 100% local. Milk – HR 100% local, SLO 87% local, SRB 46% local, BiH 100% local.
	Private label – poultry: 100 % local/regional	Poultry – private label (HR, SLO, SRB): producers were 100 % local in 2024 and 2023.
Improve consumer awareness of food	Not less than two projects per company per year	Implemented for several years already – several examples are available in the Report (in the sections Product Quality, Safety and Sustainability and Local Community).
Prepare a Code of Conduct for suppliers and implement supplier assessment according to ESG criteria	Adopt the Code in 2024 and initiate supplier assessment	In 2024 the Supplier Code of Business Conduct was adopted and the process of inviting suppliers to ESG self-assessment was initiated. A total of more than 200 suppliers were invited.
Develop Group policies related to sustainability and material topics (water management policy, human rights policy, animal welfare policy, sustainable development policy)	To be prepared in 2024	With regard to demerging part of the Group's business in 2025, the prepared internal policies have undergone revision and alignment with the new guidelines and changed business policies arising from the organisational change.

Efficient management and reduction of impacts on water and soil		
Development of initiatives to reduce the use of chemicals (pesticides)	Reduction by 32 % until 2030 in comparison to the average of 2015, 2016 and 2017	In the period from 2022 to 2024 the use of pesticides on five most important crops was reduced by 46%, which is an improvement of seven percentage points against 39 % from 2023.
Efficient fertilisation management – reduced use of mineral fertilisers and increased use of organic fertilisers	By 2030, a 39 % reduction compared to 2012	Compared to the year 2012, the total area where organic fertilisers are applied has been increased almost three times or as much as 277 %. Also, compared to the base year 2012, the use of mineral fertilisers was reduced by 37 %, which is 10 percentage points more than in 2023, when the reduction amounted to 27 %.
Focus on applying precision farming tools and irrigation with a view to increasing yields and reducing the impact of climate change	On average 30 % higher yields compared to the years without irrigation or application of precision farming	Over the course of 2023, a new irrigation system was installed on a surface area of 213 hectares, with similar investments to be continued in 2025.
Reduced water consumption	In the Agriculture and Food Divisions by 10 % and in the Retail Division by 7 %; increase water recycling by 5 % until 2030	The Agriculture Division recorded an increase in water withdrawal by 10 % against the previous year. On the other hand, the Food Division slightly reduced the water withdrawal by 1 %. The water withdrawal in Retail was increased by 4 %. In 2024 the total quantity of recycled water amounted to 25 million litres ¹⁵ .

¹⁴ Data on the quantity of eggs from caged hens in 2023 were corrected in this Report. More details are available in the section [Methodology and Corrected Disclosures](#).

¹⁵ In 2023, a total of 36 million litres of recycled water was reported including rainwater, which has now been stated separated in the section [Water](#).

Key Topics and Progress in 2024

Drive and support the improvement of the standard of living on all markets in order to positively affect the recovery of the region in which we operate

Improvement of quality of life and standard of living	<p>Goal 1 – short term: bring all employees above the lower pay grade / salary threshold (salaries <20 % of median)</p> <p>Goal 2 – medium term: extension of the above to reach - 15% of median as the lower threshold of salary range</p> <p>Goal 3 – long term: achievement of salary at median level</p>	Goal 1 – In 2024, 18 % of employees were below -20 % of the median of the pertaining pay grade, which is an increase against 2023, when that share amounted to 15 %.
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Diversity, Equity and Inclusion

Equal pay for equal work – equalisation of pay for women and men	Analysis and implementation of corrective measures in 2024	The established difference in salaries in the amount of EUR 3.4 million was reduced to a total of EUR 1.14 million, where it should be noted that unequal pay applies to both women and men.
Adopt an inclusion, equity and diversity policy	To be implemented in 2023	Goal achieved in 2023
Gender equality	50 % of women in managerial positions	In 2024, the share of women in senior managerial positions was 36 % and at middle management levels 44 %. In 2023, the share of women in senior managerial positions was 37 % and at middle management levels 42 %.
Employment of persons with disabilities and improvement of collaboration with companies that employ persons with disabilities	Increase from year to year	In 2024 the Group employed 1,342 persons with disabilities, which is a slight drop against 2023, when the number was 1,360.
Employee health and safety	Aim at zero accidents at work	Over the course of 2024 there were 978 injuries at work, which is an increase compared to 2023, when 919 injuries were recorded.



Double Materiality

The adoption of the Corporate Sustainability Reporting Directive (CSRD) is one of the European Union's key initiatives in fighting climate change and builds on other measures focusing on the reduction of greenhouse gas emissions. In order to secure transparency and consumer and investor trust and to prevent the manipulation of information, CSRD requires organisations to provide detailed, measurable data on its environmental, social and governance practices. In addition, the application of a standardized reporting framework in combination with obligatory external control guarantees high precision of information and its compliance with the most recent EU standards.

According to CSRD, reporting on sustainability factors is based on the principle of **double materiality**, which consists of two key dimensions:

Impact materiality – inside-out perspective

The question of sustainability is considered to be material from the perspective of **effects** when it comprises material, actual or contingent, positive or negative effects of companies/organisations on the society and the environment in the short-term, medium-term and long-term period. From that perspective, material sustainability issues include impacts related to own operations and the entire value chain of the company, including its products and services, as well as business relations.

Financial materiality – outside-in perspective

The question of sustainability is considered to be financially material if it generates **risks or opportunities** that have, or are expected to have, influence on the **financial position, success, cash flows, access to financing or the cost of capital** in the short-term, medium-term or long-term period.



According to the *Accounting Act* (Official Gazette 85/24), for the reporting year 2024 Fortenova Group is not obligated to report according to the CSRD regulations and the delegated act on *European Sustainability Reporting Standards* (ESRS).

Although in the context of the recently adopted *Stop the clock Directive* it is expected for the obligatory reporting in accordance with CSRD regulations to be further delayed, in view of the complexity of the process and numerous requirements of the regulations, as well as the fact that the reporting within the Group includes as many as 40 operating companies, Fortenova Group

has decided to apply the double materiality process for the first time for the year 2024. This is also a test of sorts of the internal expertise and capacities required to implement the regulatory framework in that area going forward.

The process of double materiality assessment at Fortenova Group was implemented in two phases:

1. Stakeholder and value chain mapping;
2. Identification and assessment of effects, risks and opportunities for stakeholder engagement.

1. Stakeholder and value chain mapping

In order to provide for a comprehensive insight into all activities that may have significant effects on the environment, the society and the economy, it is necessary to describe all phases of the value chain – from the procurement of raw materials, through production and distribution, to the use and disposal of products. In accordance with that, Fortenova Group carried out the process of **stakeholder and value chain mapping**.

1.1. Stakeholder mapping

Stakeholder mapping provides a comprehensive identification of all relevant stakeholders of the Group. This enables a clearer understanding of the various groups' interests, which is key in assessing the impact of business activities on the environment and the society as well as their potential financial effect on the organisation.

The process of mapping Fortenova Group's stakeholders included the following groups:

- Internal stakeholders, e.g. the Board of Directors, Executive Directors, workers' councils, employees and so on;
- Resource suppliers, e.g. suppliers of water, energy, raw materials and so on;
- Service providers, e.g. providers of marketing, advertising, IT and other services;
- Stakeholders related to human resources, such as potential employees, educational and professional institutions and so on;
- Investors and providers of financial services, e.g. potential investors, stakeholders, banks, insurance companies and so on;
- Regional and local governments, such as cities, municipalities and so on;
- State institutions, regulatory authorities and public bodies, e.g. competent ministries, sector-related agencies and so on;
- Consumers, such as B2B customers, retail and wholesale customers;
- Independent experts and professional associations, e.g. business consultants, chambers of commerce and so on;
- Academia, for example universities, research institutions and scientific centres;
- Non-governmental organisations, such as environmental organisations, media, local communities and so on.

Based on the implemented mapping process, at Fortenova Group level approximately 2100 stakeholders were identified. By analysing

the presence of the identified stakeholders on the respective markets it was found that most of the stakeholders were identified in Croatia, followed by the markets of Serbia and Bosnia and Herzegovina. Also, an overview of the average number of stakeholders by business division has shown that the Agriculture Division has the greatest number of stakeholders, followed by the Food Division, the Retail Division and the Non-Core Business Operations.

The materiality of the above stakeholders was determined according to a methodology based on the evaluation of the stakeholders' influence on Fortenova Group and vice versa. The stakeholder materiality assessment has shown that the most significant stakeholder categories include:

- Internal stakeholders
- Customers/consumers
- Resource suppliers.

The resulting assessment was used in the stakeholder survey process, where the replies of specific stakeholder categories had greater weight in accordance with their identified materiality (more details in section 3. Stakeholder Survey).

1.2. Value chain mapping

Value chain mapping provides a visual presentation of key activities, stakeholders and their mutual relationships within the whole chain, from basic resources to the final use of products or services. This approach enables the identification of ESG-related risks, opportunities and impacts across all phases of the chain.

Within Fortenova Group, value chain mapping was first conducted at operating company level and then, based on the collected data, extended to the level of business divisions. The mapping was conducted as follows, by:

- Determining **the companies' own position in the value chain** through identifying fundamental activities that define the basis of the business;
- Determining **participants and activities** – identification of activities and participants on the upstream¹⁶ and downstream¹⁷ level of the value chain;
- Determining the **interrelations** among participants and activities.

Although, given the specific diversities among the businesses, the identified own activities differ from one division to another, there



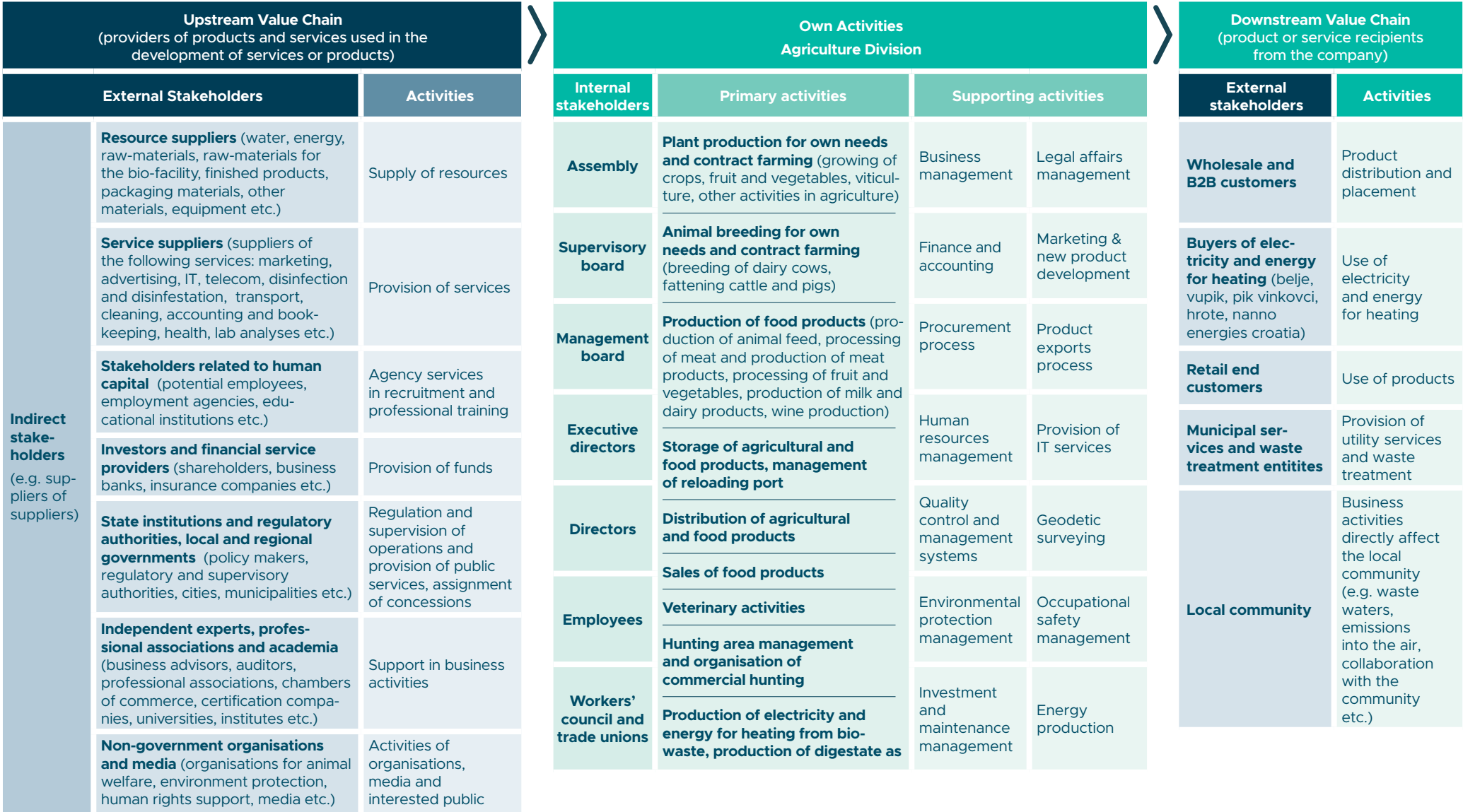
were common key stakeholders identified on the upstream and downstream levels of the value chain. On the upstream level of the value chain this includes, among others, resource suppliers, service providers and financial investors. On the other hand, on the downstream level the identified stakeholders include the local community, customers and consumers.

¹⁶ The upstream level of the value chain refers to external stakeholders that provide the products and services necessary to carry out own activities or that are used in the common development of products and services, together with related activities.

¹⁷ The downstream level includes external stakeholders that use the products or services (e.g. the disposal of waste generated during production) and stakeholders directly affected by the operations, such as the local community.

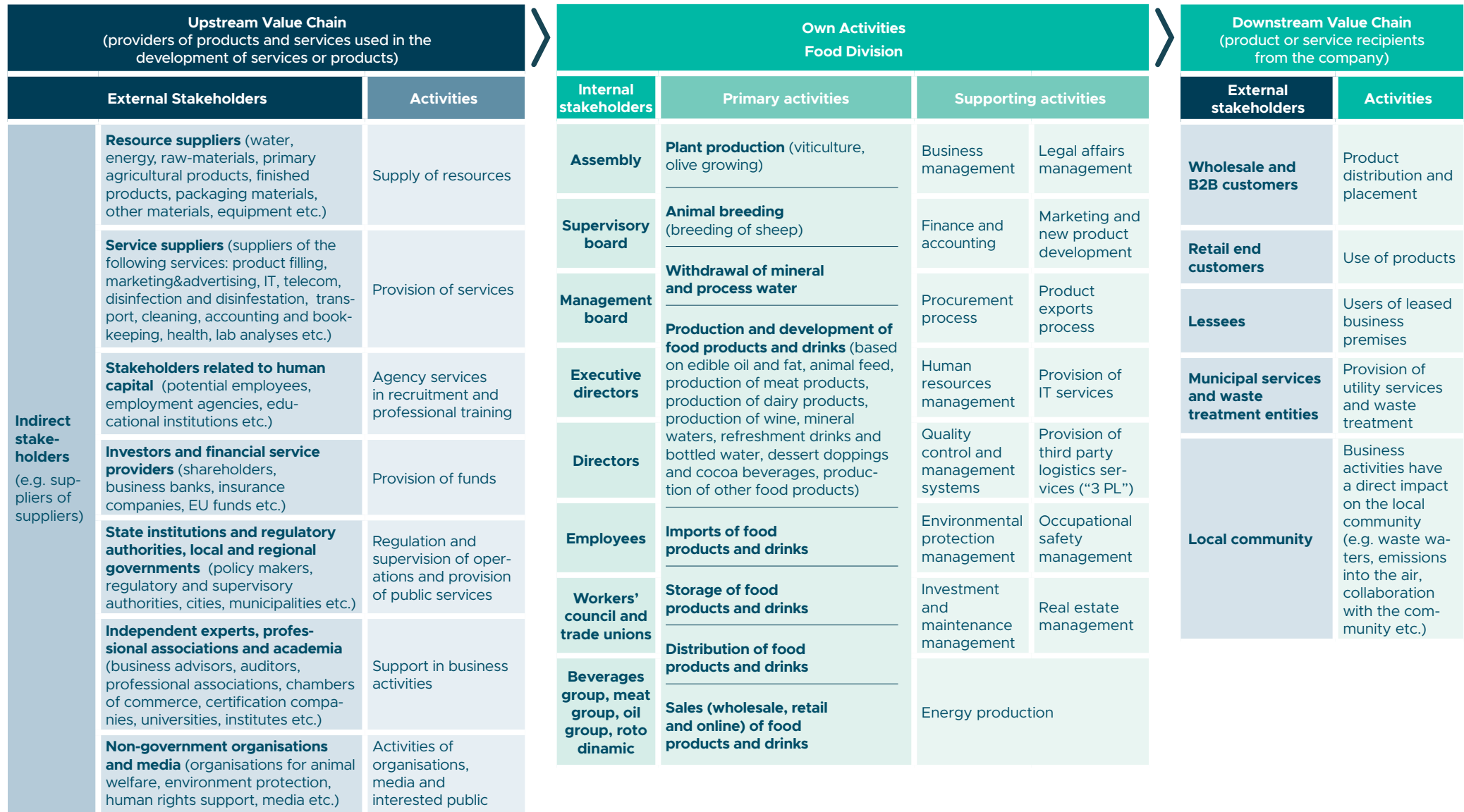
Double Materiality

Agriculture Division Value Chain



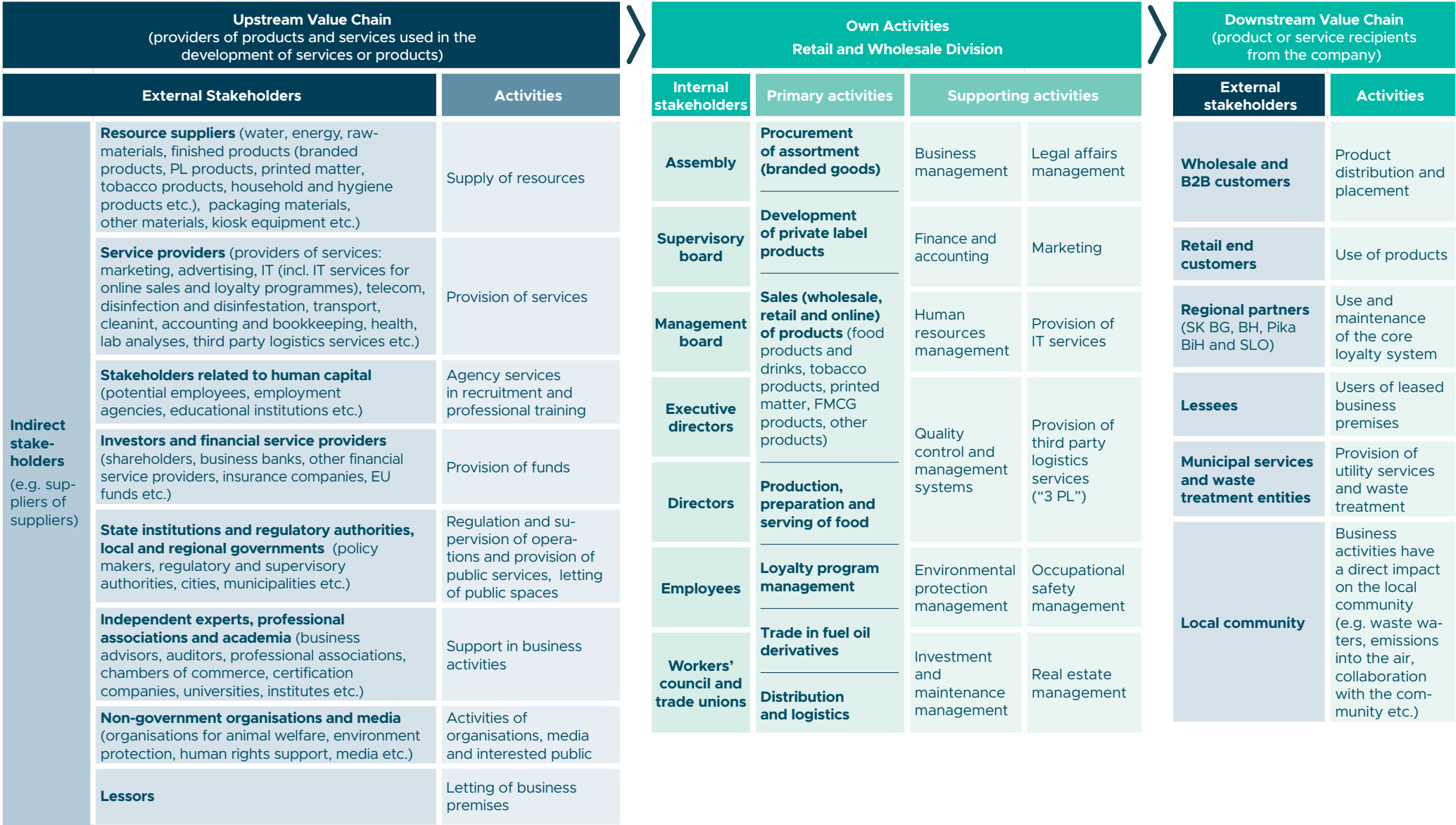
Double Materiality

Food Division Value Chain



Double Materiality

Retail and Wholesale Division Value Chain



Double Materiality

Non-Core Business Value Chain

Upstream Value Chain (providers of products and services used in the development of services or products)			Own Activities Non-Core Business Division				Downstream Value Chain (product or service recipients from the company)	
External Stakeholders		Activities	Internal stakeholders	Primary activities	Supporting activities		External stakeholders	Activities
Indirect stakeholders (e.g. suppliers of suppliers)	Resource suppliers (water, packaging materials, energy, some equipment categories (vehicles, fork lift trucks, agricultural machinery), IT solutions)	Supply of resources	Assembly	Provision of IT services (Implementation, integration, ERP development and maintenance, provision of infrastructure services (IaaS, PaaS, hosting and cloud services), provision of information security services, payment services, data monetisation, ITSM, digitalisation, provision of PC support services)	Business management	Legal affairs management	B2B CUSTOMERS	Product distribution and placement, provision of services
	Service providers (providers of services: marketing, advertising, IT services, telecom, health, intellectual services, real estate management etc.)	Provision of services	Supervisory board		Finance and accounting	Brand and marketing management, sustainability management	Internal and external buyers of IT services	Use of IT services for operational purposes
	Stakeholders related to human capital (potential employees, employment agencies, educational institutions etc.)	Agency services in recruitment and professional training	Management board and committees				Operating companies	Activities related to agriculture, development, production distribution and sales of food and non-food products and services to end users
	Investors and financial service providers (shareholders, business banks, insurance companies, investment funds etc.)	Provision of funds	Executive directors	Agency services in insurance and re-insurance distribution operations	Management of procurement and trading processes, supply chain management	Management of operations related to insurance		
	State institutions and regulatory authorities, local and regional governments (policy makers, regulatory and supervisory authorities, cities, municipalities etc.)	Regulation and supervision of operations and provision of public services	Directors	Holding company management services and advising operating companies with regards to business operations and management	Management of sales and tele-shopping contact centre	Human resources management	Local communities	Business activities have a direct impact on the local community (e.g. waste waters, emissions into the air, collaboration with the community etc.)
	Independent experts, professional associations and academia (business advisors, auditors, professional associations, chambers of commerce, certification companies, universities, institutes etc.)	Support in business activities	Employees					
	Non-government organisations and media (organisations for animal welfare, environment protection, human rights support, media etc.)	Activities of organisations, media and interested public	Workers' council and trade unions	Group real estate management	Management of technology innovations and digital strategies	Management of corporate and information security		

Double Materiality

2. Identification and assessment of impacts, risks and opportunities and stakeholder engagement

The process of identifying and assessing impacts, risks and opportunities within Fortenova Group started by recognising the topics that potentially or significantly affect the Group's operations. As a first step, a substantial list of sustainability-related topics was made, based on ESRS standards, business-specific topics, previous sustainability reports and potentially significant topics for the future. The list comprised 99 topics, which were then assessed according to their relevance and significance for each business division.

Following the assessment, a shorter list with 69 (67 percent) significant topics was made, for which the related impacts, risks and/or opportunities were defined, both within the companies' own activities and within the value chain.

Given that this process was implemented for the first time, the materiality assessment was made on a broader basis. The

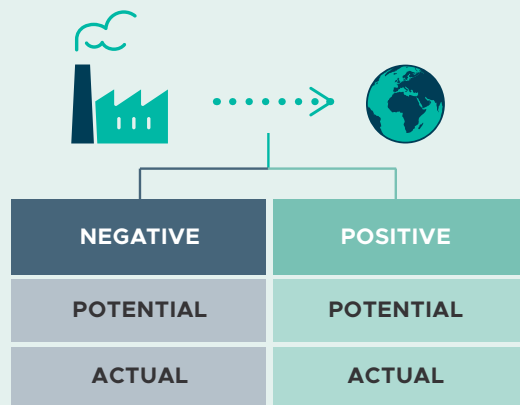
process is planned to be repeated in the forthcoming period, with a sharper focus on the most significant topics and stricter criteria for materiality assessment, intended to additionally improve the relevance and effectiveness of the approach.

In order for a topic to be considered potentially material, it has to result in at least one impact on the environment and the society, and/or a risk and opportunity identified through the financial aspect of the environment's and the society's impact on the company. In the process of defining the impacts, risks and opportunities, a total of 95 impacts were identified, whereof 57 positive and 38 negative ones. Furthermore, 37 risks and 14 opportunities were identified, too.

In order to determine which topics are material and significant for sustainability reporting in accordance with CSRD regulations, a detailed assessment of the impacts, risks and opportunities was carried out by applying the methodology described below.

Impact materiality

Impact of the company on the environment and the society



Financial materiality

Impact of the environment and the society on the company



Double Materiality

2.1. Impact assessment (impacts of the organisation on the environment and the society)

The criteria taken into account when assessing impacts are as follows:

Likelihood of occurrence X severity of occurrence

Mean value of 3 additional criteria:

- Scale (severity of effects);
- Scope (spread of effects);
- Irremediability (only applicable to negative effects)

Impact assessment was based on the available specific data. In cases where data were not available, expert know-how was used based on the experience of internal resources and currently available knowledge.

In the assessment process a scoring system was used with the values of 1,3 and 5 points, where 1 was the lowest and 5 the highest score. Additionally, a risk matrix was used which made it possible to clearly identify the topics according to their materiality

– high, medium and low materiality - taking into account the assigned likelihood and severity of impacts:

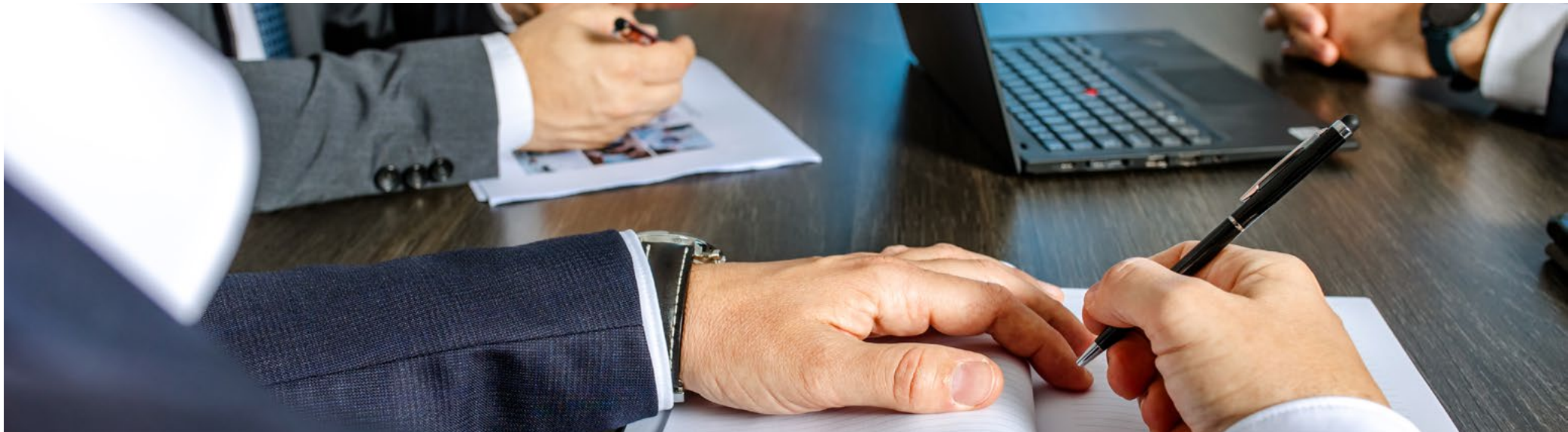
5	Not included in the disclosures, tracked	Included in the disclosures	Included in the disclosures
3	Neither included in the disclosures nor tracked	Not included in the disclosures, tracked	Included in the disclosures
1	Neither included in the disclosures nor tracked	Neither included in the disclosures nor tracked	Not included in the disclosures, tracked
	1	3	5

The same scoring system and risk mapping was applied to assess risks and opportunities.

Based on the above methodology, the following topics were identified as material:

Climate change; Pollution; Funds inflow, including the use of resources; Waste; Working conditions; Value chain: Working conditions; Value chain – equal treatment and opportunities for all; Value chain – Other work-related rights; Economic, social and cultural rights of communities; Civil and political rights of communities; Impacts related to information for consumers and/or end users; Personal safety of consumers and/or end users; Social inclusion of consumers and/or end users; Political engagement and lobbying; Supplier relations management, including payments.

In order to define a final list of topics identified as material, it is necessary to also include, in addition to the internal assessment made by Fortenova Group, the opinions of stakeholders that may help to recognize additional risks and opportunities for the company. This was made by means of a stakeholder survey process.



Double Materiality

2.1.1. Stakeholder engagement

The Fortenova Group stakeholder survey process was carried out with a view to assessing the impacts of the Group’s business activities and value chain on key internal and external stakeholders and identifying areas where stakeholders believe that the Group has a significant positive or negative impact on the environment and the society. The questionnaire was sent to all stakeholders identified in the stakeholder mapping process, and additionally to all Fortenova Group employees.

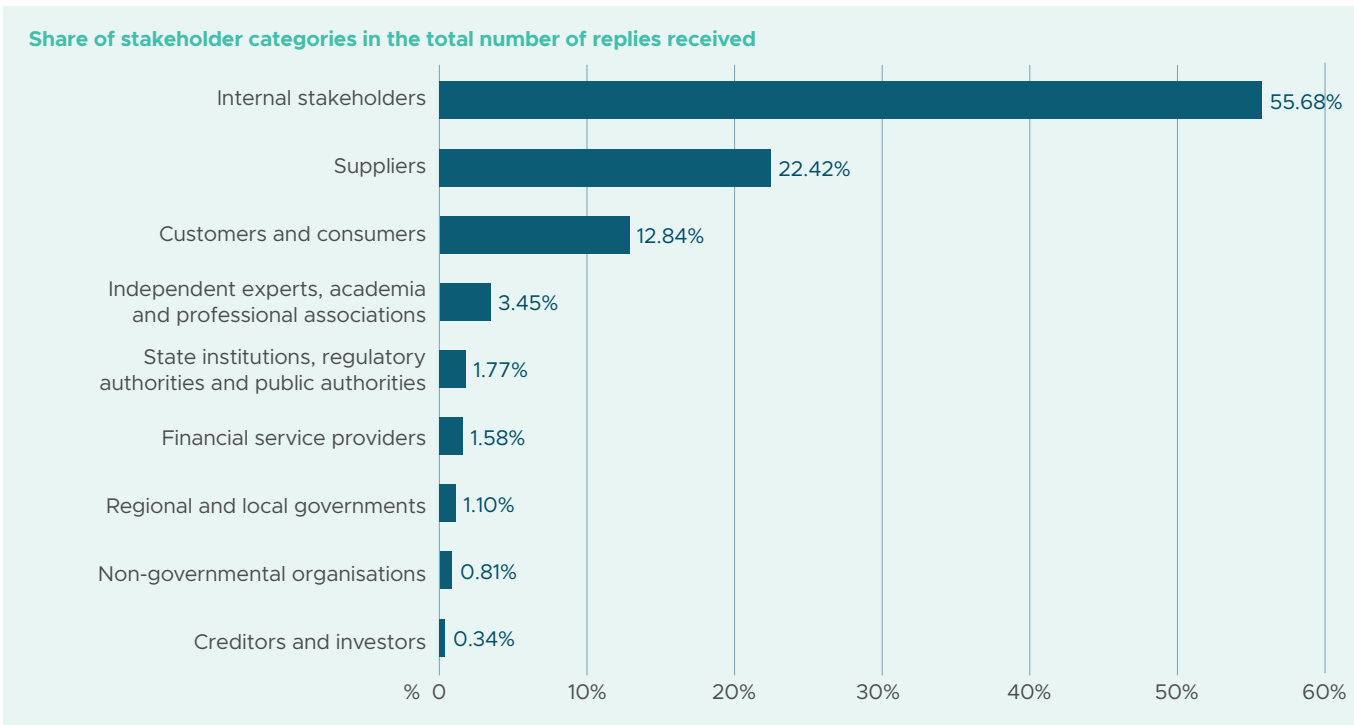
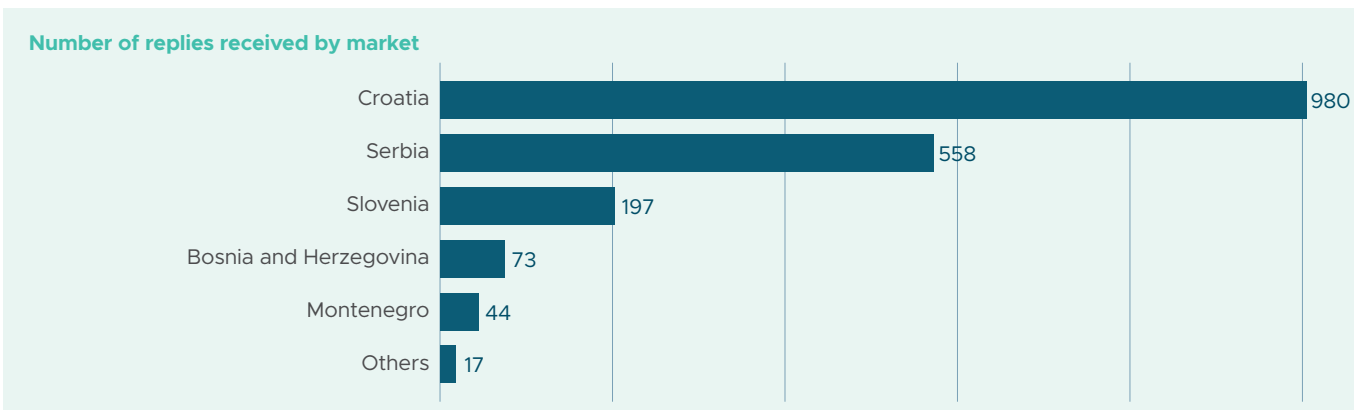
The questionnaire consisted of 15 questions and additional sub-questions related to topics identified in the process of assessing the companies’ impacts as material (more details in section [2.1. Impact Assessment](#)). The stakeholders evaluated Fortenova Group’s impact on the listed topics on a scale from 1 to 5, where 1 was the lowest and 5 the highest score. Additionally, they selected five topics that they hold to be the most important compared to others.

The total number of replies collected was **1,869**.

An analysis of the replies received revealed that the greatest number of replies came from the Croatian market, as well as from internal stakeholders.

The final evaluation of topic materiality in accordance with the assessment made by stakeholders includes the importance of stakeholder categories as determined in the process of their mapping, as well as topics identified by the stakeholders as the most significant. In order to come up with a final list of topics relevant in the context of impact materiality, the results of the internal assessment made by Fortenova Group (more details in section [2.1. Impact Assessment](#)) and the results of the stakeholder survey were combined.

Topics that are considered to be **significant based on the materiality of impacts** are:
 Climate change; Pollution; Resource outflows related to products and services; Waste; Secure employment; Social dialogue; Freedom of association; Collective bargaining; Working conditions for workers in the value chain; Equal treatment and opportunities for all workers in the value chain; Other rights of workers in the value chain; Economic, social and cultural rights of communities; Civil and political rights of communities; Consumer privacy; Consumers’ personal safety; Social inclusion of consumers; Distortion of competition; Supplier relations management.



Double Materiality

2.2. Assessment of risks and opportunities (impacts from the environment and the society on the organisation)

The criteria taken into account when assessing risks and opportunities are:

Likelihood of occurrence X scale of financial consequences.

In assessing the scale of financial consequences the following thresholds were applied:

- Low scale < EUR 1,000,000
- Medium scale EUR 1,000,000 – 5,000,000
- High scale > EUR 5,000,000

The assessment of the scope of financial consequences was based on the analysis of historical data and/or prescribed statutory penalties. Based on such methodology, the topics identified as **financially material** are:

Climate change; Energy; Pollution; Outflow of resources related to products and services; Waste; Working conditions; Value chain: Working conditions; Value chain: Other work-related rights; Economic, social and cultural rights of communities; Social inclusion of consumers and/or end users; Management of supplier relations, including payments; Digitalisation and information security.

3. Material topics

The final list of material topics was established by aligning the results of impacts and risks and opportunities assessment. The topics that proved to be material for Fortenova Group and that will be reported pursuant to CSRD regulations are as follows:

Overview of sustainability topic priorities



E

- Climate change
- Energy
- Pollution
- Resource outflows related to products and services
- Waste

S

- Working conditions (Secure employment; Social dialogue; Freedom of association; Collective bargaining)
- Value chain: Equal treatment and opportunities for all workers
- Value chain: Working conditions
- Value chain: Other work-related rights
- Economic, social and cultural rights of communities
- Civil and political rights of communities
- Consumer privacy
- Personal safety of consumers
- Social inclusion of consumers

G

- Distortion of competition
- Supplier relations management
- Digitalisation and information security

Risk Management

Risk management is a systematic and continuous process of identifying, analysing, assessing and controlling potential events and situations that may adversely affect the company’s operations. Namely, risks may result in financial loss, reduced operational efficiency and reputational damage, hence a strategic approach to managing them increases the transparency of potential threats, thus enabling timely decision-making, providing strong support to business and strategic planning and eventually reducing the possibility of incurrence of financial and other damages.

In the Group, risk management is structured through the Internal Audit Department, where key risks are recorded and assessed by way of a Risk Map. All identified risks are discussed at least once a year at the Board of Directors’ sessions, while the Risk Map is updated not less than once a year, based on information collected from all markets and affiliated companies.

In the Risk Map, the risks are classified into key categories:

- Strategic risks – risks arising from long-term business decisions and the direction of the company’s development, taking into account market changes, competitors and regulatory challenges.
- Information technology risks – risks related to the use of IT, including data security, stability of the IT system and potential cyber-threats to security.

- Operational risks – risks arising from internal processes, human error, technological breakdowns or external factors.
- Legal and regulatory risks – risks related to legal and regulatory requirements, including incompliance with regulations, changes in legislation and potential legal disputes that may result in financial and reputational consequences.
- Financial risks – risks that may jeopardize the company’s financial stability, including liquidity risks, market volatility, changes in interest rates, foreign exchange risks and credit risks.
- Risks of hazards – risks arising from unforeseeable physical events or accidents, such as natural disasters, industrial incidents, security threats and health risks, which may jeopardize people, assets and the environment.

The Group’s Risk Map currently includes more than 80 identified risks, but it is important to note that not all those risks are relevant to all business divisions nor are the likelihoods of their occurrence equal for all divisions. Having in mind that risk is defined as a combination of the likelihood of occurrence of a specific event and its consequences, each identified risk has undergone a thorough assessment of those parameters at the operating companies of the Retail and Food Divisions. Given that the risk assessment pertains to the forthcoming period, the Agriculture Division did not take part in the assessment for the year 2025.

Level of risks by business division in 2025*

	Total number of risks identified	Low	Medium	High
Retail and Wholesale Division	72	41	25	6
Food Division	75	29	33	13

* Calculation based on the average value of the number of identified risks of different levels at the operating companies within the respective business divisions



The largest number of high materiality risks were identified in the Food Division. Key challenges are related to the significant increase in input costs, resulting from the instability of prices of raw-materials, energy (gas, electricity) and other input parameters necessary for the production. Additionally, market trends indicate potential shortages in supply, which can lead to distortion in production processes, reduced operational efficiencies and increased procurement costs.

In addition to the above, recognized as significant in the Food Division were also transitioning risks that result from global economic and social changes directed towards a more sustainable, low-carbon economy. Those risks include regulatory requirements, adjustment of business models and the need for innovation in production processes in order to comply with the new environmental standards and market requirements.

The most significant risk identified in the Retail Division is the risk of insufficient investments in capital projects, which may affect competitiveness, operational efficiency and sustainability of the business in the long term.

Once the risks have been identified and assessed, it is key to define concrete strategies, i.e. appropriate actions to respond to the identified risks. Operating companies may try to mitigate the risks in one of the following four ways:

- Avoidance of risk (elimination, withdrawal or non-interference), which implies that the risk is removed entirely.
- Reduction of risk (optimization, mitigation) includes activities designed to reduce the likelihood of risk occurrence and/or its impact in case it occurs. This includes rendering business decisions on a daily basis, such as implementation of controls, preparation of plans to track indicators signalling the risk and the development of action plans that can be quickly activated once the risk occurs.
- Distribution of risk (transfer, sharing, outsourcing or insurance) includes the transfer of risk by means of buying insurance or using outsourced services.
- Acceptance of risk implies inactivity in response to potential risks. The current level of risk is accepted instead of spending resources on any of the alternative strategies of responding to risks.

In the Risk Map, the reduction of risk is the most frequently implemented measure of risk mitigation. Possible measures include the establishment of processes and process steps, the defining of procedures, application of IT solutions and establishment of surveillance etc.

As part of the Risk Map, the following ESG-related risks have been identified as well:

1. Transitional climate risks – In the Food Division the materiality of this risk has been assessed as high, while in the Retail Division its materiality has been assessed as medium.
2. Physical (acute and chronic) climate risks – Acute and chronic climate risks have been assessed as medium and highly material in the Food Division, while in the context of Retail they were assessed as low.

It is important to note that transitional and physical climate risks are additionally elaborated by means of detailed analysis, assessing their financial impact, exploring potential adjustment measures and assessing their costs and identifying opportunities that may arise from those changes. More details are available in the section [Climate Risks](#).

3. Risks related to sustainable packaging requirements – In the Food Division the materiality of this risk has been assessed as medium, which was expected given the need for adjustment of packaging in order to meet the requirements of the forthcoming regulations. On the other hand, in the Retail Division its materiality has been assessed as low.
4. Risks related to supplier assessment – Their materiality has been assessed as low both for the Food Division and for the Retail Division. The adjustment measures, which include the implementation of the *Fortenova Group Code of Business Conduct for Suppliers* as well as a supplier assessment according to prescribed standards and ESG criteria, are described in detail in the section [Supply Chain](#).

Risks Related to Social Aspects

As part of the operational and strategic risks in the Map, challenges related to human resources are particularly highlighted, as they have a direct impact on the stability and efficiency of operations. Among the identified risks, one of the most significant ones at Fortenova Group is labour shortage and a high rate of employee turnover. Its causes may be multiple – from demographic factors, such as the reduced number of working-age population due to migration abroad from certain regions, to changes in labour market trends, including the lack of interest for some professions. The consequences of those challenges can manifest themselves in reduced productivity, compromised operational efficiencies and increased workload for the remaining employees.

Particularly standing out among the risks related to human resources is the risk related to the shortage of specialized personnel, i.e. highly qualified employees that are key in the high-quality implementation of operational processes within the company, whose shortage or departure may reduce the quality of products and services. Additionally identified in the Risk Map was also the challenge of employee retention, closely related to the problem of employee turnover.

Taking into account all of the above factors, efficient human resources management imposes itself as one of Fortenova Group's key priorities. Through the implementation of proactive measures in attracting, developing and retaining employees, such as minimum wage increases over the course of 2024, and the continued investments in the improvement of knowledge and skills of its employees, Fortenova Group has strived to reduce the negative effects of those risks and provide for the long-term operational and strategic sustainability of the company.

Risks Related to Governance Aspects

Governance risks, including conflict of interests, corruption, bribery, money laundering and similar irregularities, have been assessed in the Risk Map as low. Despite the low assessment, efficient management of those risks remains the priority in order to secure a high level of business ethics, transparency and compliance with regulatory requirements. In order to minimize the above risks, measures are taken that include the adoption and implementation of group policies and procedures in the operating companies.



3.

ENVIRONMENTAL INFORMATION

2024 SUSTAINABILITY REPORT

Energy and Emissions

Responsible and sustainable energy management is the key element of the green transition and one of the Group’s priorities. Hence the year 2024 saw the continuation of a number of projects focused on the reduction of overall energy consumption and an increase in the share of renewable sources in the overall energy consumption.

Operating company investments in renewable energy sources

PIK Vinkovci was among the first Fortenova Group companies to put a photovoltaic power plant in full operation – first the one in Lipovac, followed by the power plant in Vinkovci. For both projects, initiated in early 2020, applications were made for the Measure 4.1.3. – “Use of Renewable Energy Sources”, and thus one third of their total value was financed from EU funds. For the locations in Lipovac and Vinkovci PIK Vinkovci received financial support in the amount of EUR 579 thousand.

According to assessments, at annual level that project will save 43 percent of the annual electricity consumption at the location of Lipovac, while in Vinkovci savings are expected to amount to 63 percent of the annual electricity consumption. At company level, through the production of electricity in the photovoltaic power plants in Lipovac and Vinkovci, PIK Vinkovci will use 35 percent of electricity from own renewable sources.

At seven pig breeding farms, three dairy cattle farms and a crop farming facility, Belje installed eleven integrated solar power plants with a total power of almost 1,800 kW, expected to produce 2.9 GWh of electricity per year for own needs. This is the largest investment in sustainable energy sources in the company, signed up through the Rural Development Programme for the Measure 4.1.3. Use of Renewable Energy Sources.

The focus of the photovoltaic power plant project is on pig breeding farms, and the largest power plant was installed on the roofs of the nucleus farm Brod Pustara 1, which constitutes the base of



pig breeding production at Belje. With a total of 888 modules, that solar power plant has a power of 320 kW and will produce almost half of the required electricity, which is mostly used for the ventilation of stables and for lighting.

The electricity generated on each of the eleven locations is used solely for own needs and covers more than 40 percent of the electricity needs at each of the farms.

Along with the pig breeding farms, solar power plants were also installed at the dairy cattle farms, which daily provide fresh milk for the two Belje dairy product factories, i.e. for the production of ABC fresh cream cheeses, as well as milk and dairy products under the brand *Kravnica Kraljica*. Thus the solar power plant at the Mitrovac farm, with a total capacity of 1,700 cows, will secure the electricity supply for the large 60-unit rotary milking parlour, as well as the modern ventilation system in the stables.

Jamnica HR signed a contract for EUR 1.2 million of subsidies from the European Modernisation Fund for the installation of solar power plants on the roofs of the production facilities of Jamnica in Pisarovina and Jana in Gorica Svetojanska. Thanks to the photovoltaic plants, the Jamnica facility will autonomously produce around 22 percent of the total electricity required for the operation of the facility, and Jana around 8 percent. This will directly contribute to the reduction of GHG emissions by 355 tonnes of CO₂. For this investment Jamnica HR will secure an additional amount of around EUR 2 million to repair and prepare the roof for the installation of panels and to cover the remaining part of the solar panel value. The realisation of those large investments is planned over the course of 2025.

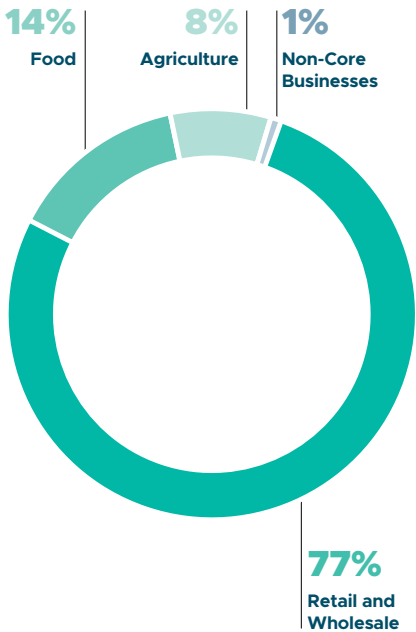
At Roto dinamic, the year 2024 saw the integrated solar power plant with a capacity of 20 kW becoming operational, and the installation of photovoltaic plants at six facilities of Mercator SRB is under way, thus additionally increasing the energy self-reliance of the Group.

Energy Consumption

In order to establish a more precise system of monitoring the consumption of different energy products in accordance with ESRS standards, we have accounted for energy consumption in 2024 in two categories: consumption of electricity and energy for heating and consumption of fuels from renewable and non-renewable sources.

In the overall electricity consumption we have measured electricity purchased from external distributors and electricity generated on location, which is also consumed within the company. The total electricity consumption is the sum of electricity consumed from renewable and non-renewable sources, and at Group level it amounted to 2,893,684 GJ in 2024, which is an increase of two percent against 2023.

Purchased energy by business division 2024 (GJ)



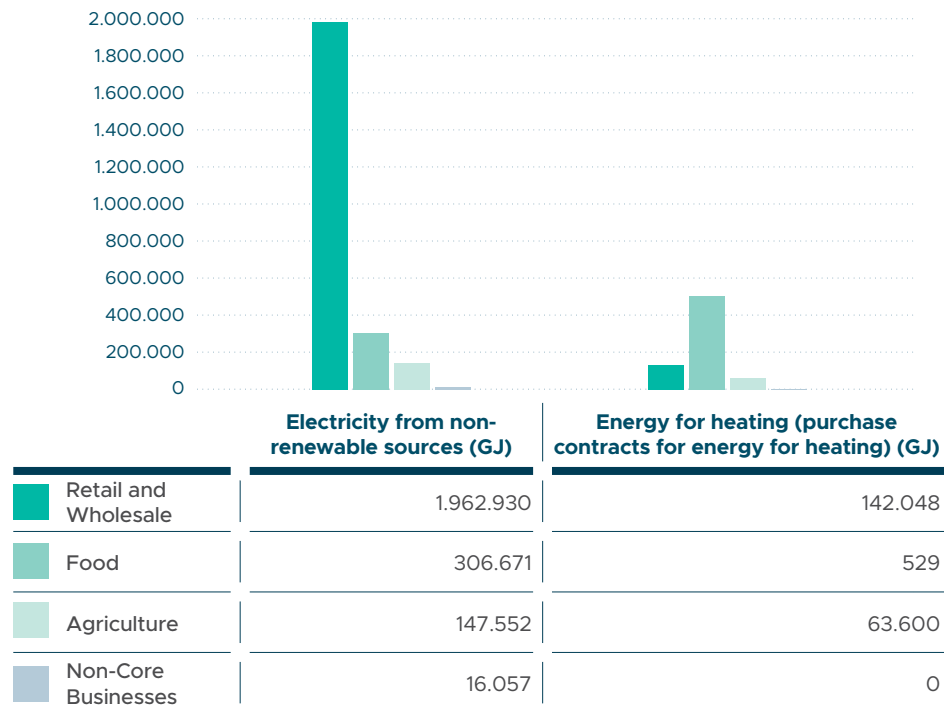
Due to the increase in the share of energy consumption from renewable sources, in 2024 the Group’s consumption of electricity from non-renewable sources was reduced by 14 percent and amounted to 2,433,210 GJ in total. The share of energy from renewable sources is primarily growing due to the purchase of guarantees on the markets of Serbia and Bosnia and Herzegovina (more about this in the section *Greenhouse Gas Emissions* below). Thus the share of energy from renewable sources in the total consumption of electricity in the reporting period grew to 16 percent, which included both the purchased energy with guarantees and the energy generated at own location, primarily due to the completed solar power plant installation projects in the Agriculture Division.

The business division with the highest share in the Group’s consumption of electricity is the Retail Division, accounting for more than 70 percent of the total consumption.

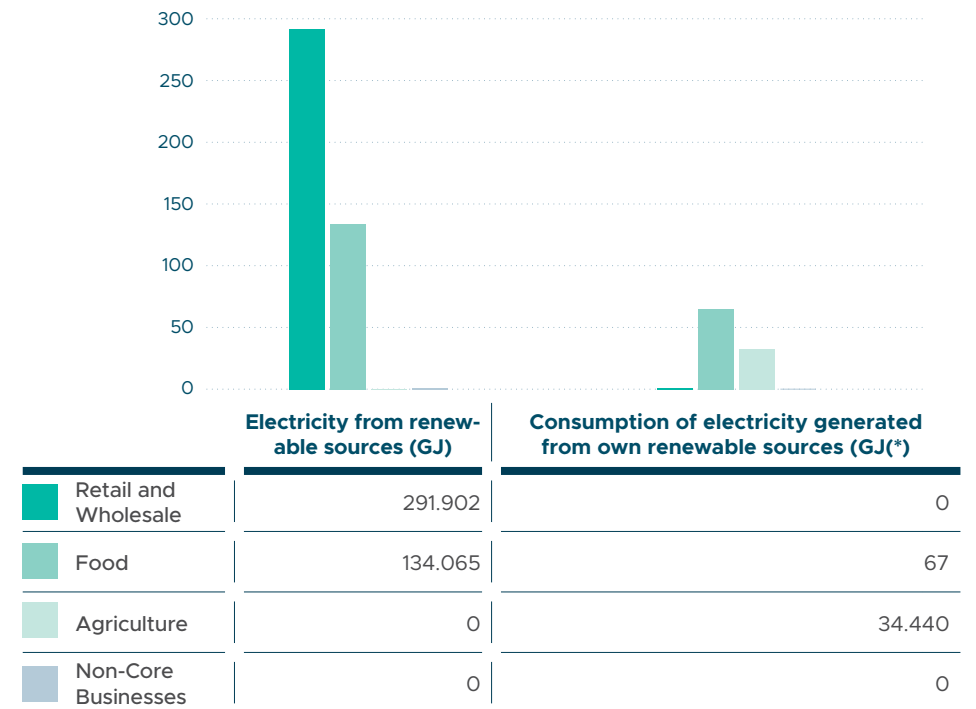
The consumption of energy for heating in 2024 amounted to 206,177 GJ, which is an increase of 35 percent compared to 2023, while the total electricity and energy for heating sold in 2024 amounted to 325,104 GJ, which is an increase of five percent compared to 2023. As in earlier years, the Group’s total energy sold is also the total energy sold by Energija Gradec.

Energy and Emissions

Consumption of electricity and energy for heating 2024



Consumption of electricity from renewable sources 2024



Unrenewable fuels include diesel, petrol, fuel oil, liquefied natural gas (LNG), compressed natural gas (CNG), blue-dyed diesel and similar fuels. Renewable fuels include biomass and biogas.

In 2024 the Group recorded an increase in the total quantity of petrol and diesel used, as well as of natural gas, while the quantities of fuel oil and other petroleum products were reduced. In aggregate, at Group level the consumption of fuels (petrol, diesel, fuel oil and other fuels made from crude oil) grew by 2.5 percent, and of LNG and gas by 10 percent.

Thereof, 42 percent of the total fuel quantity was consumed in the Retail Division, 30 percent in the Agriculture Division and 26 percent in the Food Division, while the rest was consumed in Non-Core Businesses and the holding company.

The greatest impact on the increase in consumption came from the enlarged vehicle fleet at the operating companies of the Retail and Food Divisions, which mostly purchased new vehicles that use petrol. In addition, on the Montenegrin market the acquisition of Franca markets was completed, which increased both

the number of stores and the number of deliveries to them.

On the other hand, the consumption of fuel from renewable sources grew as well and in 2024 amounted to almost 300.000.000 GJ – which is an increase of 5 percent compared to 2023. The greatest share in that growth is held by the Food Division (98 percent), i.e. the company Dijamant, where a new biomass (sunflower hulls) boiler with a larger capacity was built, whereby the use of renewable energy sources was increased.

Energy and Emissions

Overall consumption of energy products and energy at Fortenova Group in 2024

		2024					2023					% 2024 vs 2023
		Retail and Wholesale	Food	Agriculture	Non-Core Operations	TOTAL	Retail and Wholesale	Food	Agriculture	Non-Core Operations	TOTAL	
Electricity from non-renewable sources	Purchased energy (GJ)	1.962.930	306.671	147.552	16.057	2.433.210	2.245.720	415.880	154.964	6.328	2.822.892	-14%
	Sold energy (GJ)	0	0	204	0	204	0	0	0	0	0	-
Electricity from renewable sources	Purchased energy (GJ)	291.902	134.065	0	0	425.967	15	3.785	0	0	3.800	> 100%
	Sold energy (GJ)	0	0	274.435	0	274.435	0	0	262.718	0	262.718	4%
Consumption of electricity generated from own renewable sources	Purchased energy (GJ)	0	67	34.440	0	34.507	0	0	514	0	514	> 100%
Energy for heating (heat procurement contracts)	Purchased energy (GJ)	142.048	529	63.600	0	206.177	134.143	1.096	17.983	0	153.222	35%
	Sold energy (GJ)	0	0	50.465	0	50.465	0	0	46.734	0	46.734	8%
TOTAL energy purchased	Purchased energy (GJ)	2.396.880	441.332	245.592	16.057	3.099.861	2.379.878	420.761	173.461	6.328	2.980.428	4%
TOTAL energy sold	Sold energy (GJ)	0	0	325.104	0	325.104	0	0	309.452	0	309.452	5%
TOTAL energy from renewable sources	Purchased energy (GJ)	291.902	134.132	34.440	0	460.474	15	3.785	514	0	4.314	> 100%
Share of energy from renewable sources	%	12%	30%	14%	0%	15%	0,0%	0,9%	0,3%	0,0%	0,1%	-
CONSUMPTION OF FUEL FROM NON-RENEWABLE SOURCES	Petrol (L)	1.043.345	1.015.699	36.296	77.008	2.172.348	619.843	778.373	39.883	86.958	1.525.057	42%
	Diesel (L)	8.911.470	4.943.361	5.651.516	85.857	19.592.204	8.596.006	5.030.606	5.273.689	52.760	18.953.061	3%
	Fuel oil (L)	536.677	3.214.466	71.904	0	3.823.047	1.247.111	3.091.316	48.497	0	4.386.924	-13%
	Consumption of other fuels from crude oil and petroleum products (L)	36.048	12.635	12.636	12.637	73.956	141.282	0	2.760	0	144.042	-49%
	LNG (MJ)	10.141.949	8.512.651	13.073.689	0	31.728.289	23.572.992	12.540.720	13.006.538	0	49.120.249	-35%
	Natural gas (MJ)	262.560.686	160.017.168	186.359.248	8.041.978	616.979.080	110.739.543	278.081.070	148.801.971	773.717	538.396.300	15%
CONSUMPTION OF FUEL FROM RENEWABLE ENERGY SOURCES	Consumption of fuel from renewable sources including biomass (which includes industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources etc.)	4.064.165	293.077.000	1.118.200	0	298.259.365	1.845.653	280.978.000	1.029.926	0	283.853.579	5%

Energy reduction initiatives

Fortenova Group systematically implements strategies intended to reduce the consumption of energy in all business divisions. Below is an overview of the key activities and measures implemented with a view to increasing energy efficiency.

At the larger retail companies¹⁸ energy efficiency has become a constituent part of sustainable operations. The “Energy House Rules” are a basic document that defines the guidelines for efficient energy consumption management. Among the implemented measures, the following stand out:

- Optimum temperature regulation in retail premises;
- Rational use of lighting, including switching off indoor and outdoor lighting outside operating hours;
- Optimization of refrigeration systems – including the closing of display cabinets and the replacement of obsolete equipment;
- Installation of LED lighting and reduced number of lighting fittings;
- Integration of solar power plants in the energy systems of facilities.

All the above measures contribute to the reduction of energy costs, while at the same time reducing the carbon footprint of the retail companies.

As of 2024 Mercator SRB bears the ISO 50001 certification, the international energy management standard. This introduction of a structured approach to energy efficiency provides for greater responsibility, reliability and compliance with environmental standards. The certification confirms the long-term commitment of Mercator SRB and Fortenova Group to a more efficient use of energy and the reduction of negative environmental impacts.

At the Food companies¹⁹ energy efficiency is an important foundation for the increase in sustainability. The Energy House Rules apply in this segment as well, with a focus on temperature and lighting optimization at the production facilities.

PIK Vrbovec implemented two significant initiatives – the increase in the capacity of plate heat exchangers in the chiller, thus reducing the consumption of electricity per produced unit by 1 percent, as well as the replacement of the existing lighting



in the production premises with new lighting of improved energy efficiency, which resulted in an additional reduction of electricity consumption of 0.5 percent per product unit.

Besides that, PIK Vrbovec HR has continuously been investing in the modernisation of logistics, with the most recent step in that direction being the investment in 12 new trucks that will improve operating capacities and provide for a better delivery chain for PIK products, with a reduced environmental impact.

The PIK vehicle fleet has been improved with nine Isuzu trucks of the model M55 F, with cold storage and lifting platforms, as well as three Mercedes Sprinters 315 CDI with cold storage. All trucks are powered by Euro 6 engines, which reduce the emissions of harmful gases and thus contribute to the reduction of the carbon footprint on the environment.

The companies from the Beverages Group have started the transition to electric fork-lift trucks, intended to reduce the consumption of gas in logistics and warehousing.

With a view to improving energy efficiency, the Agriculture Division²⁰ introduced Energy House Rules in order to standardise the energy efficiency practices. The following measures are under way:

- Optimization of temperature and lighting in production and storage facilities;
- Modernization of vehicles and boiler rooms;
- Installation of reactive power compensation devices;
- Transition to LED lighting.

18 Konzum HR, Konzum BiH, Mercator SLO, Mercator SRB, Idea CG, Tisak.

19 Zvijezda HR, Dijamant, PIK Vrbovec HR, Jamnica HR, Sarajevski kiseljag, Agrolaguna, Mg Mivela, Roto dinamic.

20 Belje, Vupik, PIK Vinkovci, Vinka, Energija Gradec.

Greenhouse gas emissions

The achievement of energy efficiency is one of Fortenova Group’s priorities, which has intensively been worked on since 2022, when the process of determining all emission sources in own business processes and the entire supply chain commenced.

Following the completion of the carbon footprint accounting in collaboration with the Hrvoje Požar Institute (EIHP) for all es-
tablished sources at 40 companies on five markets, engaging in different operations, from retail and wholesale, food and drinks production to agriculture and IT services, studies were prepared on the carbon footprint reduction. Namely, the collaboration project with EIHP, initiated in 2022 by signing a contract on the preparation of the carbon footprint accounting study for Fortenova grupa d.d. and its operating companies, consisted of several phases:

- Greenhouse gas emissions accounting in accordance with the GHG protocol and the ISO 14064-1 standard;
- Presentation of results according to international standards;
- Preparation of action plan to reduce emissions;
- Analysis of the conditions required to achieve carbon neutrality.

As the base year for the aforementioned studies the year 2022 was defined. Each company has received its own study and a base for the implementation of measures to reduce its carbon footprint, with the implementation of all measures planned in the period from 2025 to 2030, over the course of which the progress of the implementation of all measures will be tracked and new measures proposed at need.

Some of the projects were initiated in 2023 already, with a view to increasing the share of renewable energy sources in total consumption, defining the summer and winter temperatures in the stores, reducing lighting outside of working hours to the security minimum, installing LED lighting and closing the refrigerated display units in the stores, installing higher capacity compressors and economizers on the boilers at some of the companies as well as modernising vehicles, so that the aforementioned plans to reduce the carbon footprint have already started to be implemented at Group level, with savings made in the overall energy consumption of five percent.



Energy and Emissions

Due to all the implemented initiatives, in mid-2024 Fortenova Group received the annual “Hrvoje Požar” award in the category of realized rational energy management projects, awarded for the 29th time by the “Hrvoje Požar” Foundation of the Croatian Energy Society.

One of the most significant initiatives when it comes to reducing the carbon footprint last year was the purchase of guarantees for energy from renewable sources for some of the operating companies.

At this point three Fortenova Group companies in Serbia – Mercator SRB, Dijamant and Mg Mivela, and two in Bosnia and Herzegovina – Sarajevski kiseljak and Konzum BiH – have a guarantee that the entire or part of the electricity they use was generated from renewable sources.

This also results in their direct contribution to the reduction of Fortenova Group’s emissions from the consumption of electricity (Scope 2), where it is estimated that the reduction at Group level will on an annual basis amount to 38 percent on average. This is largely due to the reduction of emissions in Serbia, which amounts to as much as 75 percent, while the reduction of Scope 2 emissions in Bosnia and Herzegovina amounts to nine percent.

In Serbia, Dijamant and Mg Mivela have a guarantee of origin for all electricity, while at Mercator SRB the origin is guaranteed for around 70 percent of the company’s overall consumption.

Given that in Bosnia and Herzegovina electricity is purchased from several electricity suppliers, whereof one provides a guarantee of origin, Sarajevski kiseljak and Konzum BiH have received guarantees for the measuring points at that supplier’s medium voltage. Thus, for example, Konzum BiH, which operates across the entire territory of the country and collaborates with several suppliers, has guarantees that electricity comes from renewable sources for approximately four percent of the company’s overall electricity consumption.

On the other hand, Sarajevski kiseljak, which mainly collaborates with one supplier, has guarantees of origin for 88 percent of the electricity used.

The transition to renewable sources of energy is part of

GHG emission quantities in Scopes 1, 2 and 3 in tonnes of CO₂ equivalent

	2024	2023	Change vs. 2023
Scope 1	469,067.03	483,027.98	-2.9%
Scope 2	247,525.95	275,054.13	-10.0%
Scope 3	4,870,513.48	4.588,014.82	6.2%
Total tCO ₂	5,587,106.46	5,346,096.93	4.5%

Fortenova Group’s long-term transition towards low-carbon operations, and the calculation of reduced emissions based on the guarantees of origin for the electricity is part of its collaboration with the Hrvoje Požar Energy Institute. This collaboration also helped to significantly improve the system of tracking emission sources and data quality, with action plans prepared for the carbon footprint reduction at the levels of each company and the Group.

Over the course of the reporting period the collaboration with EIHP continued, with additional training workshops held that focused on GHG emission accounting, improvements of the data collection and tracking system and the identification of all relevant sources of emissions.

One of the most important areas of progress made in 2024 was the detection of weaknesses in the existing data tracking system and the commencement of establishing a structured Scope 3 emissions tracking system. Special focus has been placed on the collection of data on inbound and outbound transportation, capital goods, product disposal and recording of emissions related to leased premises. As the data in the above categories are still largely based on assessments, a continuation of the process is planned for the year 2025, with a view to a achieving a more reliable and complete emissions accounting system across the value chain.

The greatest increase in the category of fugitive emissions was recorded in Scope 1 categories, both due to the increase in the

number of points of sale of some companies and due to the more precise recording at some locations, while on the other hand a reduction was recorded in the LULUCF category, primarily in the Agriculture segment. In total, a reduction of almost three percent was recorded in overall Scope 1 emissions.

In Scope 2 categories total emissions were reduced primarily due to all of the aforementioned measures, and emissions in this category have decreased by 10 percent. It is important to note that this presentation includes a calculation according to the locational approach, while the presentation according to the market approach for 2024 is reported separately.

Within Scope 3, the greatest increase was recorded in the category of Purchased Materials and Services, Capital Goods and Product Disposal. Data recording in the capital goods category was significantly improved in some companies, while others had significantly larger quantities of newly purchased equipment, with the emissions in this category having significantly grown because of that. In the Product Use category a drop has been recorded in the quantity of emissions, primarily due to the lower quantity of household appliances sold.

Given that as of this year more precise factors are available for the Waste category, emissions in that category are significantly higher than those reported in 2023. Hence all quantities were restated, taking into account the new factors in order to have comparable data.

Energy and Emissions

Types of GHG emissions

Categories	Subcategories	2024	2023	%
Scope 1	Direct emissions from immovable energy sources	57,831.70	60,736.13	-4.8%
	Direct emissions from movable energy sources	60,238.06	58,385.61	3.2%
	Direct fugitive emissions	235,069.37	215,434.46	9.1%
	Emissions from agriculture, land use, land-use change and forestry	115,927.89	148,471.77	-21.9%
	Total Scope 1	469,067.03	483,027.98	-2.9%
Scope 2	Indirect emissions from use of electricity	237,794.88	261,673.37	-9.1%
	Indirect emissions from use of energy for heating	9,731.07	13,380.76	-27.3%
	Total Scope 2	247,525.95	275,054.13	-10.0%
Scope 3	Indirect emissions due to input flows	72,530.80	67,136.14	8.0%
	Indirect emissions due to purchase of goods and services	4,371,010.20	4,193,747.38	4.2%
	Indirect emissions due to purchase of capital goods	105,160.67	26,799.70	292.4%
	Indirect emissions due to upstream goods transport	34,699.40	26,922.60	28.9%
	Indirect emissions due to waste creation	195,761.94	193,587.79	1.1%
	Indirect emissions due to business travel	412.25	345.10	19.5%
	Indirect emissions due to employee commuting	32,812.75	38,301.90	-14.3%
	Indirect emissions due to asset leases	23.43	-	0.0%
	Indirect emissions due to downstream goods transport	9,764.44	11,516.40	-15.2%
	Indirect emissions due to product processing	-	-	0.0%
	Indirect emissions due to product use	9,098.42	18,534.57	-50.9%
	Indirect emissions due to product disposal	28,261.23	1,426.14	1881.7%
	Indirect emissions due to letting out assets	10,977.95	9,396.00	16.8%
	Indirect emissions due to franchises	-	301.70	-100.0%
	Total Scope 3	4,870,513.48	4,588,015.41	6.2%
GRAND TOTAL		5,587,106.46	5,346,097.52	4.5%

Distribution of GHG emissions by business division in 2024

Category	Retail	Food	Agri-culture	Non-Core Businesses	TOTAL
Scope 1	280,266	47,091	141,223	487	469,067
Scope 2	202,751	37,126	7,272	376	247,526
Scope 3	3,269,239	1,088,776	509,430	3,069	4,870,513
Total tCO ²	3,752,255	1,172,993	657,926	3,933	5,587,106
Share in overall emissions	67.2%	21.0%	11.8%	0.1%	

In 2024, the greatest increase was recorded in the Retail Division, primarily due to the increase in the number of retail stores, greater quantities of goods purchased, higher consumption of fuel and coolants, while the Food and Agriculture Divisions have recorded a drop in overall emissions against 2023, the Food Division primarily in purchased materials and services and the Agriculture Division in energy consumption.

Next steps to reduce GHG emissions

The year 2025 will certainly see a continuation of trainings for teams, exchange of experiences in establishing data tracking processes and preparations for reporting in accordance with the CSRD requirements.

We shall strive to collect as precise data as possible in the categories of inbound and outbound transportation, finalize the financial assessments for the implementation of the carbon footprint reduction measures and establish a tracking system for the implementation of measures and the achievement of expected goals.

Energy and Emissions

Scope 2 Indirect emissions

Indirect emissions from electricity consumption
247,525.95 t

Scope 1 Direct emissions

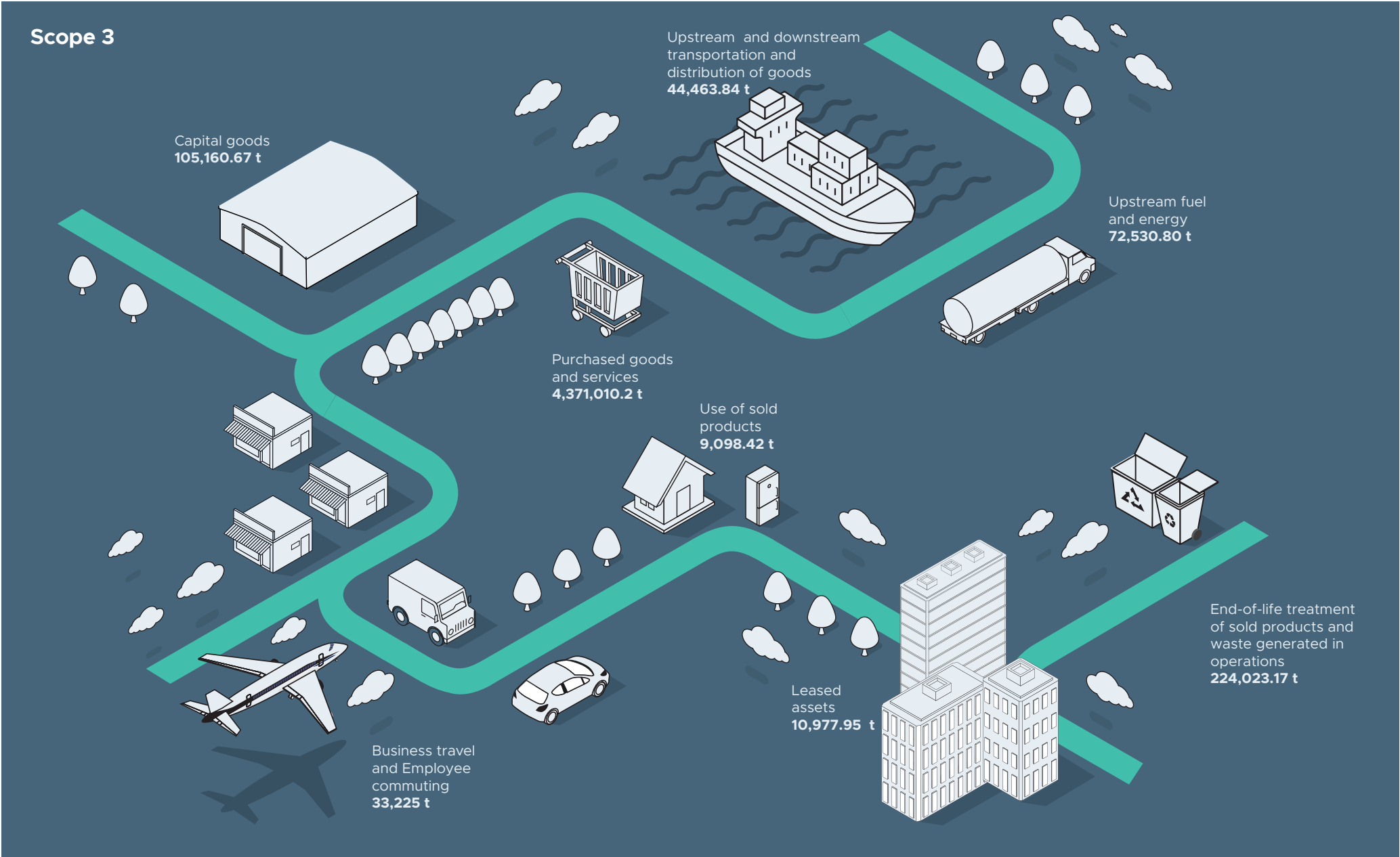
Direct emissions from mobile combustion sources
60,238.06 t

Direct fugitive emissions
235,069.37 t

Direct emissions from stationary combustion sources
57,832.5 t

Direct emissions/removals from LULUCF
115,927.89 t

Energy and Emissions



Climate Risks

Climate change refers to long-term changes in the average weather conditions on Earth, including the increase in temperature, changes in precipitation patterns, frequency of extreme weather events and other changes in the atmosphere. The dominant cause of global warming is human activity, including fossil fuel combustion, deforestation, industrial production and agriculture, urbanization and so on. Apart from the direct impact on the environment, climate change has far-reaching consequences on the economy, health and security of resource supply. Therefore Fortenova Group has supported EU initiatives related to the European Green Deal as well as the Paris Agreement and its goal to limit global warming up to 1.5°C against pre-industrial levels.

Over the course of 2023 the Group developed a climate risk assessment system in accordance with the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD). The climate risk analysis was carried out in 36 operating companies from the Group's four key divisions – Retail and Wholesale, Food, Agriculture and Non-Core Businesses.

The analysis enabled the identification of physical and transitional climate risks, a

detailed assessment of their financial effects and the defining of adjustment measures with pertaining costs, in accordance with two IPCC²¹ scenarios:

- RCP²²4.5 (2 – 3 °C until 2100)
- RCP 8.5 (> 4 °C until 2100).

The analysis was made by applying the CRVA (Climate Risk Vulnerability Analysis) methodology, which provided for a detailed assessment of the sensitivity, exposure, risk materiality and overall vulnerability of the operating companies.

The financial effects of climate risks were analysed through quantitative indicators, including the costs in case the risks should materialize, as well as the costs of implemented and planned adjustment measures. Following the materiality assessment, which is based on the financial consequences and the likelihood of the risk occurring, the companies were classified in four categories: low, medium, high and extreme materiality.

Given that the climate risk assessment is made on an annual basis, the analysis was repeated in 2024.



21 The IPCC (Intergovernmental Panel on Climate Change) has developed different scenarios to examine possible future events related to climate change, such as the GHG Concentration Scenario or the Representative Concentration Pathways (RCPs).
22 RCP – GHG concentration in W/m2 compared to pre-industrial values.

Climate Risks

Risks related to environmental aspects – physical climate risks

Risks identified within the group of physical climate risks include acute physical climate risks²³ and chronic physical climate risks²⁴.

Over the course of 2024 Fortenova Group only recorded natural disasters and damage related to acute physical risks, while no consequences were recorded of chronic physical climate risks.

As opposed to the year before, when acute climate risks had the greatest impact on the Agriculture Division, in 2024 the largest financial effect of climate risks was reported in the Food Division. This increase is the result of disastrous floods that hit Bosnia and Herzegovina in October 2024, affecting the factories of Sarajevski kiseljak. Effects of physical climate risks were also reported in the Retail and Wholesale Division and the Agriculture Division, while Non-Core Businesses were not affected. The greatest financial

impacts on the business divisions were caused by risks related to food and water shortages and drought.

23 Acute physical climate risks – drought, frost, flood, windstorm, hail, heavy precipitation, forest fire, heat wave, landslide.

24 Chronic physical climate risks – rising sea levels, saltwater intrusion, increase in average air temperature, wind changes, water shortage, changes in the type and frequency of precipitation, soil erosion, ocean acidification, food shortage.

Impacts of climate risks on Fortenova Group operations (RCP 4.5. and 8.5.)

	RCP 4.5			RCP 8.5		
	Agriculture division	Food division	Retail division	Agriculture division	Food division	Retail division
1.1. Drought	● EXTREME	● EXTREME	● LOW	● EXTREME	● EXTREME	● MEDIUM
1.2. Frost	● EXTREME	● MEDIUM	● LOW	● EXTREME	● HIGH	● LOW
1.3. Flood	● EXTREME	● EXTREME	● LOW	● EXTREME	● EXTREME	● HIGH
1.4. Windstorm	● HIGH	● HIGH	● LOW	● EXTREME	● HIGH	● LOW
1.5. Hail	● HIGH	● HIGH	● LOW	● EXTREME	● EXTREME	● LOW
1.6. Strong precipitation (rain, snow, ice)	● EXTREME	● EXTREME	● LOW	● EXTREME	● EXTREME	● MEDIUM
1.7. Forest fire	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME
1.8 Heat wave	● EXTREME	● EXTREME	● LOW	● EXTREME	● EXTREME	● LOW
1.9 Landslide	● LOW	● LOW	● LOW	● LOW	● LOW	● LOW
2.1. Rising sea levels	● LOW	● LOW	● LOW	● LOW	● LOW	● LOW
2.2. Saltwater intrusion	● LOW	● MEDIUM	● LOW	● LOW	● MEDIUM	● LOW
2.3. Increase in average air temperature	● EXTREME	● EXTREME	● LOW	● EXTREME	● EXTREME	● LOW
2.4. Wind changes	● HIGH	● MEDIUM	● LOW	● EXTREME	● MEDIUM	● LOW
2.5. Water shortage	● EXTREME	● EXTREME	● LOW	● EXTREME	● EXTREME	● MEDIUM
2.6. Changes in type and frequency of precipitation	● EXTREME	● EXTREME	● MEDIUM	● EXTREME	● EXTREME	● MEDIUM
2.7. Soil erosion	● LOW	● EXTREME	● LOW	● LOW	● EXTREME	● LOW
2.8. Ocean acidification	● LOW	● LOW	● LOW	● LOW	● LOW	● LOW
2.9. Food shortage	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME

Climate Risks

One of the key measures of adjustment to climate risks is **property insurance**, as it provides financial protection from damage caused by extreme weather conditions.

Over the course of 2024, 11 Fortenova Group operating companies were faced with severe weather conditions. In total, 107 harmful events were reported on property, vehicles, crops and plantations, which is a significant drop against the previous year, when 385 harmful events occurred.

This drop in reported harmful events is primarily attributed to more favourable weather conditions, with longer dry and stable periods and a reduced frequency and intensity of weather extremes such as storms, hail and spring frosts. Although some regions were hit by extreme weather events, such as the aforementioned floods in Bosnia and Herzegovina, the overall climate situation in 2024 was more favourable, resulting in a lower number of harmful events. Among the reported weather extremes there were storms, hail, spring frost, fires and floods. Out of the total of 107 reported events, the majority was related to property damage – as many as 79 in total, while 19 reports were related to vehicles and the remaining nine to damage caused to crops and plantations.

In early October 2024, following heavy precipitation, Bosnia and Herzegovina was hit by devastating floods and landslides, with the

municipality of Kiseljak among the most severely affected areas. Due to the damage caused, the factory of Sarajevski kiseljak temporarily discontinued its operations, while two Konzum BiH stores were also temporarily closed.

Due to storms, Konzum HR incurred damage on 16 facilities, while Mercator SRB reported damage on three, and Mercator SLO on seven retail stores. In addition to that, companies from the agriculture segment – Belje, PIK Vinkovci and Vupik – suffered damage on crops and plantations caused by hail and drought.

Opportunities related to environmental aspects – physical climate risks

By analysing climate risks, the operating companies have not only identified challenges, but also recognized numerous opportunities arising from them. Hence, standing out among the key strategic initiatives there are the transition to renewable energy sources, the implementation of water recovery and rainwater collection techniques aimed at optimising the consumption of water resources. The year 2024 saw the realisation of a significant stride in sustainable energy projects, identified as opportunities a year before, in 2023. A total of eleven integrated solar power plants were installed on seven pig breeding farms, three dairy cattle farms and one crop growing facility of the company Belje. Their total power of 1,800 kW will enable the annual production of 2.9

GWh of electricity, intended solely for own needs, thus additionally contributing to energy efficiency and operational sustainability.

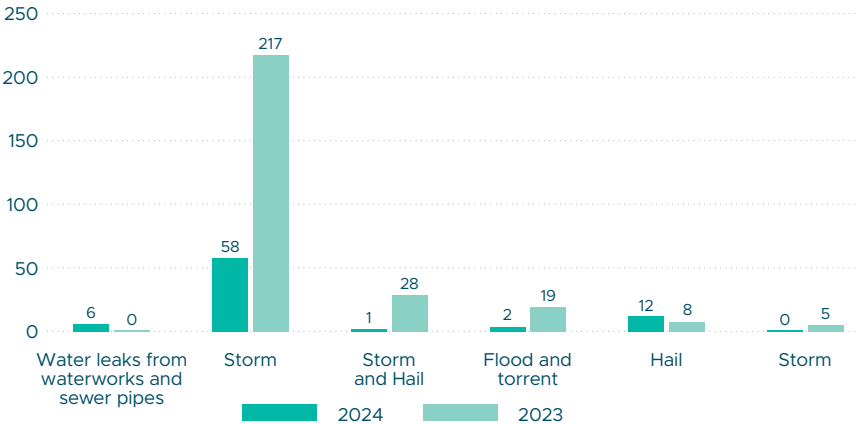
Besides environmental advantages, the companies have also noticed a significant potential for improving their market position through sustainable business practices. The ever more conspicuous demand for environmentally friendly products and services has additionally driven the development of sustainable business models. The year 2024 saw the launch of a wide range of products from the *Better for you* category, designed with a focus on sustainable development and functional food. These innovative products were developed with a view to improving consumer health, while using raw materials from sustainable sources, and more details about this can be found in the section [Product Quality, Safety and Sustainability](#).

Risks related to environmental aspects – transitional climate risks

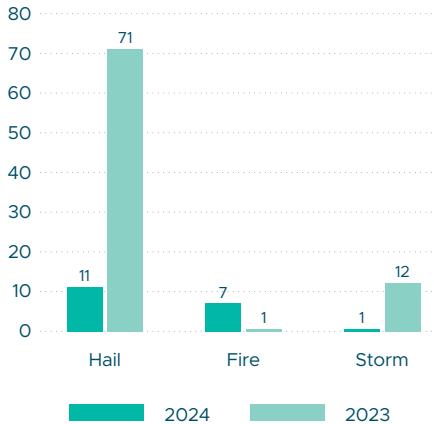
As part of the transitional climate risk analysis, key challenges were identified that may affect business operations and that are related to various aspects of the business environment:

- Politics and legislation
- Technology
- Market
- Reputation.

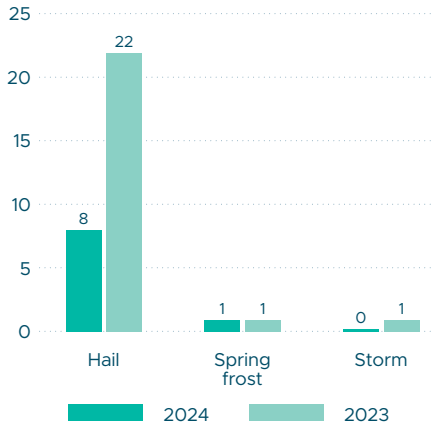
Number of harmful events on property



Number of harmful events on vehicles



Number of harmful events on crops and plantations



Climate Risks

In comparison to the previous year, the greatest differences were recorded in the materiality assessment of transitional risks related to the forthcoming regulatory changes to follow from the adoption of national regulations that clearly define financial fines for failing to report on sustainability. Despite the above changes, the key transitional risks remain similar to those defined in the previous year. Standing out among them are:

- Replacement of existing products and services with lower emission alternatives – this risk is particularly conspicuous in the Retail Division, where consumers increasingly prefer environmentally friendly products.
- Forthcoming regulatory changes – many forthcoming sustainability regulations define the amounts of financial penalties with respect to the annual turnover of organisations, which in case of incompliance constitutes a significant financial burden.

Additionally, the process of implementation itself requires significant investments to be made by organisations. This risk has been recorded in the Agriculture, Retail and Food Divisions.

- Changes in customer behaviour – consumers increasingly prefer environmentally acceptable products produced with a reduced use of resources and with a lower carbon footprint, which drives companies to adjust their assortments, improve production processes and communicate their sustainability initiatives more transparently. This risk is particularly pronounced in the Retail and Food Divisions.

Companies with activities outside of the Group's core business have not recognized any significant impact of transitional risks. On the other hand, the holding company is faced with challenges related to reporting requirements on various sustainability aspects, as well as with adjustments to the forthcoming regulatory changes.

The materiality of the transitional climate risks with regard to the business divisions is shown below.

Opportunities related to environmental aspects – transitional climate risks

The identified opportunities that arise from transitional risks comprise the implementation of more efficient processes in production and distribution, investments into energy efficient technologies such as renewable energy sources and the implementation of energy management systems. Besides that, it has been noticed that the reduction of GHG emissions may lead to a reduction in the costs related to legally defined fees, while innovations in the development of products based on alternative and/or plant-based sources result in increased revenue through the growing demand for sustainable products. prikazani su niže.

Impact of transitional climate risks on Fortenova Group operations (RCP 4.5. and 8.5.)

	RCP 4.5			RCP 8.5		
	Agriculture division	Food division	Retail division	Agriculture division	Food division	Retail division
1.1. Increase in GHG emission pricing	● EXTREME	● LOW	● EXTREME	● EXTREME	● LOW	● EXTREME
1.2. Increased emission reporting requirements	● LOW	● LOW	● LOW	● MEDIUM	● LOW	● LOW
1.3. Legal regulation of existing products and services	● MEDIUM	● EXTREME	● HIGH	● HIGH	● EXTREME	● EXTREME
1.4. Exposure to litigation, inspections, fines	● LOW	● LOW	● LOW	● MEDIUM	● LOW	● LOW
1.5. Forthcoming regulatory changes	● HIGH	● LOW	● EXTREME	● HIGH	● LOW	● EXTREME
2.1. Replacement of existing products and services with lower emission options	● EXTREME	● MEDIUM	● EXTREME	● EXTREME	● MEDIUM	● EXTREME
2.2. Failing investment in new technologies	● EXTREME	● LOW	● LOW	● EXTREME	● LOW	● LOW
2.3. Costs of transitioning to lower emission technologies	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME
3.1. Changes in customer behaviour	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME
3.2. Uncertainty of market signals	● EXTREME	● LOW	● LOW	● EXTREME	● LOW	● LOW
3.3. Increased raw material costs	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME
4.1. Sector stigmatisation	● EXTREME	● EXTREME	● LOW	● EXTREME	● EXTREME	● LOW
4.2. Negative feedback from stakeholders	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME	● EXTREME
4.3. Employee relations	● LOW	● LOW	● LOW	● LOW	● LOW	● LOW

Water

Water is one of the most valuable natural resources. Although the region where Fortenova Group operates abounds in potable water, it is the responsibility of all our companies to manage it in a rational and sustainable manner. This means that particular attention is paid to the conservation of potable water supplies and the protection of aquatic ecosystems that we are connected with.

Water management at Fortenova Group rests on the principles of sustainable use in all production processes, taking into account environmental and social sustainable development goals – on local, national and global levels. Of all the Group’s business segments, the Retail Division has the highest consumption of water due to the large number of facilities, where it is primarily used to maintain the hygiene of equipment, utensils and surfaces, for drinking and for sanitary purposes, and at Group level goals have been defined in order to reduce water consumption.

Management of water resources in accordance with regulatory requirements

The sustainable management of water, particularly drinking water, has a broad social and national importance. In that context, adherence to national and local regulations, as well as collaboration with local communities are key for the conservation and responsible use of this valuable resource.

All Fortenova Group companies use water in accordance with national regulations. Fortenova Group’s agricultural companies use water for irrigation based on valid water rights permits, while mineral water is withdrawn based on obtained concessions, with all the legal stipulations being applied. In Slovenia, three Mercator SLO locations have permits to withdraw water for facility cooling purposes – one of them from a watercourse (river), and the other two from underground waters.

Furthermore, all companies that use water under concessions are subject to strict supervision with respect to the withdrawal quantities and water quality. In the food companies, water is withdrawn



and incorporated into finished products. The most frequently used water source in the Retail Division is tap water, while the Food and Agriculture Divisions mostly use underground water.

Water in Retail

Retail facilities of greater capacity are equipped with separators for waste water treatment, mostly for fat and oils. The separators are regularly cleaned and maintained, and the quality of wastewater discharged into the public municipal sewage system undergoes periodical controls pursuant to the internal annual sampling and analysis plan.

Any damage possibly detected on the separators is repaired without delay, and the competent environment protection inspection performs regular controls to verify the compliance with applicable legislation in the area of water protection.

For example, over the course of 2024, at Mercator SRB over 200 samplings and quality testings of waste water from the separators were carried out. In cases where deviations were found from the prescribed threshold limit values, additional separator cleaning was performed immediately, followed by a subsequent sampling to verify the effectiveness of the measure.

In Slovenia there is no legal obligation to take water samples from the internal plumbing system if the facility is connected to the public waterworks, as water from the public network is considered to be potable. Although all Mercator SLO stores are connected to the public waterworks, in accordance with the principle of precaution and in order to provide for food safety, the water from the internal plumbing system is tested by taking samples.

In 2024, 176 water samples were taken from the water supply system at 71 locations, whereof only seven samples were unsafe. Measures were taken immediately to remedy the defect. Following the implementation of measures, the sampling was repeated and the samples proved to be safe.

Konzum HR consumes the largest water quantities at the fresh departments (butchery, fishery, bakery, delicatessen and gastro department), where it is key to secure wholesome water for safety and service quality reasons. In accordance with the statutory regulations, in 2024 Konzum HR conducted over 1200 drinking

water analyses, and only eight samples (0.6 percent) were non-compliant. For each non-compliant sample corrective measures were taken immediately, whereafter the repeated samples were fully compliant with the prescribed standards.

In 2024 Konzum HR reduced the total water consumption by seven percent against the previous year, which corroborates the success of the measures implemented to improve the efficiency of water resource management.

Among other things, as water is key for the maintenance of appropriate sanitary and hygienic conditions at the retail premises, the purchase of state-of-the-art floor washing machines that enable an optimized water consumption has been continued. Also, plumbing installations undergo regular maintenance, with the water consumption systematically monitored in order to timely react to any deviations in the consumption.

Water in Food and Agriculture

Water is particularly important in the Agriculture and Food Divisions, where specific management practices are applied in accordance with the type of operations and legal requirements.

Water is used for different purposes: for livestock watering, preparing plant protection products, for facility, equipment and packaging cleaning and for sanitary facilities hygiene.

In the Beverages Group, water has a key role as raw material. Water management in that segment is focused on efficient consumption and preservation of water quality. Systematic quality controls take place, including regular source analyses and monitoring the consumption and the ways in which water is used. Furthermore, wastewaters that are discharged into the environment are continuously being monitored and analysed as part of the sustainable water resource management in this part of the Group.

In the Oil and Meat Groups, water resource management is focused on the optimization of production processes in order to reduce water consumption per unit of product. Also, permanent effluent controls are performed in order to protect the receiving waters and ecosystems to which they are discharged.

WATER MANAGEMENT IN FOOD AND AGRICULTURE COMPANIES INCLUDES:

- Conservation of water resources by means of water withdrawal controls
- Supervision of discharged water quality
- Rational and efficient use of water in business processes
- Sustainable water management with particular focus on the ecosystems affected by the use of water in the operations
- Appreciating the priorities of stakeholders in managing water as a common resource

Wastewater treatment

In most wastewater treatment facilities no exceedance of the legally prescribed limit values was recorded nor were there any water pollution incidents. Deviations were reported at two companies – at Belje, due to frequent controls, 24 deviations were recorded over the course of the year. Following corrective actions, the analysed water quality was compliant with the applicable legal requirements. At Zvijezda HR, four analyses found minor deviations in parameters such as pH value, chemical oxygen demand (COD), biochemical oxygen demand in five days (BOD₅) and sulphide concentration. Despite those findings, the competent regulatory authorities have not issued any rulings to Zvijezda HR over the course of the reporting period which would have assessed the discharged water quality as unsatisfactory.

It is important to note that wastewater analyses take place continuously, 24/7, providing for a systematic and reliable monitoring of water quality parameters.

Previously treated wastewaters are discharged into receiving surface waters – the Begej and Pajsak rivers in Serbia, the Lepenica river in Bosnia and Herzegovina and, indirectly, the Kupa, Lonja and Sava rivers in Croatia – by 11²⁵ Group companies.

There are a total of 34 wastewater treatment facilities in eight Fortenova Group companies.²⁶ The retail sector additionally operates 169 smaller treatment units, including fat separators at the food preparation (gastro) departments.

The quality of wastewaters is controlled regularly before discharge into the environment, while smaller systems are also supervised from time to time in order to secure compliance with the regulations and preserve the quality of the receiving waters.

Fourteen²⁷ of the Group's operating companies pursue water management practices in accordance with the ISO 14001 standards, which includes regular assessments of water and

wastewater impacts and the verification of compliance with applicable legal requirements.

Three companies²⁸ have developed their own internal water management standards. This includes rules for wastewater treatment, pollution prevention and planning the work of water infrastructure.

The Group's water storing capacity amounts to 4.4 million litres of water. Water is stored at five Group companies²⁹, in the Agriculture and Food Divisions, and at the end of 2024, 3.8 million litres of water were stored.

25 Energija Gradec, PIK Vrbovec HR, Jamnica HR, Dijamant, Sarajevski kiseljak, Belje, PIK Vinkovci, Mg Mivela, Zvijezda HR, Vupik, Vinka.
26 PIK Vrbovec HR, Jamnica HR, Dijamant, Agrolaguna, Zvijezda HR, Mercator EMBA, Belje, Vupik.
27 Agrolaguna, Belje, Dijamant, Energija Gradec, Jamnica HR, Konzum HR, Mercator SRB, Mg Mivela, PIK Vinkovci, PIK Vrbovec HR, Mercator SLO, Sarajevski Kiseljak, Vupik, Zvijezda HR.
28 Jamnica HR, Dijamant, Zvijezda HR.
29 Belje, PIK Vrbovec HR, PIK Vinkovci, Agrolaguna and Vinka.



Water

Water consumption

The total quantity of water withdrawn in 2024 amounted to 8,111 million litres, which is five percent more than in the previous reporting period. The majority of that water is withdrawn at the retail (38 percent) and agriculture companies (37.5 percent), while the food companies account for 24.2 percent of the water withdrawal. The agricultural companies PIK Vinkovci, Eko Biograd and Vinka featured an increased water consumption compared to the previous reporting period, where for example the consumption at PIK Vinkovci was higher due to the inclusion of a new water source for irrigation purposes. In 2024 the agricultural areas were

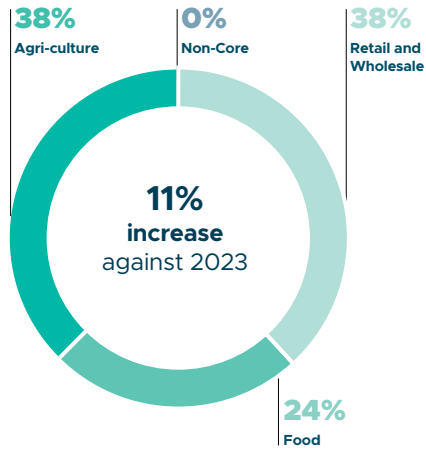
irrigated, besides from surface waters and wells, also from the public irrigation system. A rise in the consumption was also reported on the pig breeding farms, due to increased preventive and biosecurity measures implemented for the sake of protection from the African swine fever. The company Eko Biograd received a water rights permit for a well and channel, so that water for irrigation purposes was additionally withdrawn from those sources.

At Vinka there was a water leakage on one of the locations and due to that malfunction the quantity of water consumed at this company grew by 10 percent.

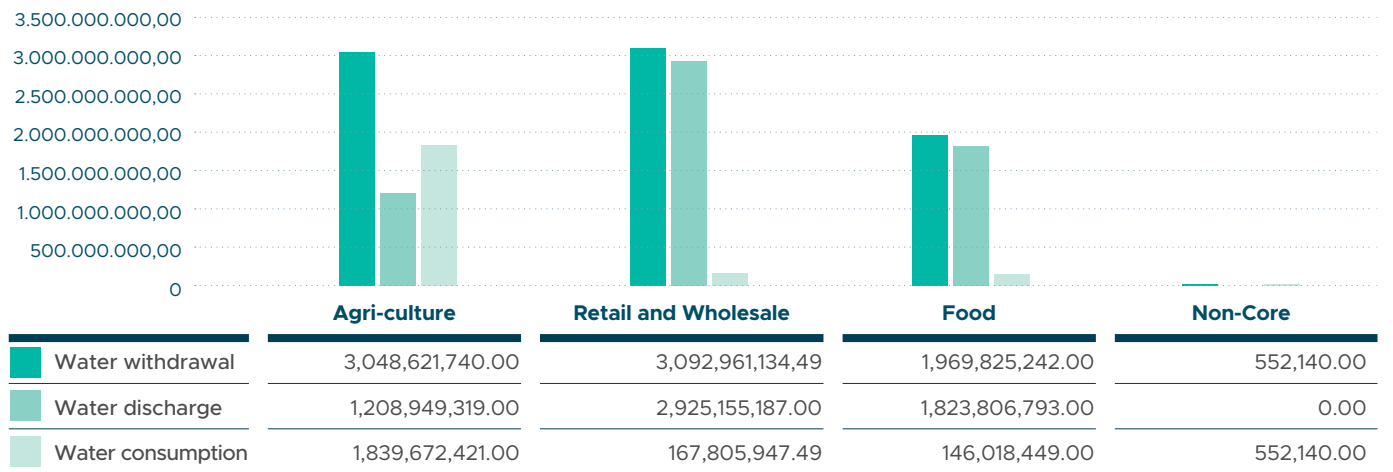
In the Retail Division the highest growth was recorded at the company Idea CG due to the increased number of facilities within the network following the acquisition of Franca markets.

The quantity of discharged water amounted to almost 6,000 million litres. The total consumption of 2,154 million litres was calculated by subtracting the quantity of discharged water from the total quantity of withdrawn water, as prescribed by the Global Reporting Initiative methodology.

Share of water withdrawals by business division 2024



Distribution of water consumption by business division 2024



Withdrawn, discharged and consumed water in 2024 (in 000 l)

	TOTAL 2024	TOTAL 2023	%	Retail and Wholesale 2024	Retail and Wholesale 2023	%	Agri-culture 2024	Agri-culture 2023	%	Food 2024	Food 2023	%	Non-Core 2024	Non-Core 2023	%
Water withdrawal	8,111,960.3	7,735,944.2	5%	3,092,961.1	2,981,191.0	4%	3,048,621.7	2,771,253.8	10%	1,969,825.2	1,982,691.5	-1%	552.1	799.9	-31%
Water discharge	5,958,463.4	5,679,385.0	5%	2,925,155.2	2,850,411.2	3%	1,208,949.3	1,025,699.9	18%	1,823,806.8	1,802,465.8	1%	552.1	799.9	-31%
Water consumption	2,153,496.8	2,056,559.3	5%	167,805.9	130,779.8	28%	1,839,672.4	1,745,553.9	5%	146,018.4	180,225.6	-19%	0.0	0.0	-

Water

Sustainable water stewardship

In terms of expertise and implementation of advanced solutions in the area of water stewardship, the companies Jamnica HR, Mercator EMBA and PIK Vrbovec HR lead the way.

Jamnica systematically develops technological and operational approaches that provide for the maximum utilisation of water resources in all operational phases – from source management through production processes to water discharge.

As part of the comprehensive sustainable water stewardship strategy, Jamnica HR has continuously been implementing a number of initiatives intended to reduce environmental impacts and preserve water resources. Activities of cleaning and maintaining the source area and wastewater amelioration canals are conducted on a regular basis. The conservation of the natural balance of the source is additionally secured by monitoring water levels and annually cleaning the well by means of the airlifting technique.

Rational water consumption is additionally achieved by reusing

already used water from the process of washing glass packaging in the process of washing crates, thus reducing the consumption of fresh water. Also, the introduction of dry lubrication on the PET lines has contributed to additionally reducing the consumption of water and chemicals.

The wastewater treatment plant uses the permeate from the wastewater filtration for washing the equipment, thus closing the circle of internal recycling and raising the level of efficiency.

Jamnica HR actively optimizes production processes in order to additionally reduce the environmental footprint, which includes the introduction of new technologies, such as the aseptic line which is in operation since 2022. This technologically advanced line enables the bottling of preservative-free products that require strict hygienic conditions. The line consumes less water, electricity and chemical, thus significantly contributing to environmental efficiency. Its capacity of 36,000 bottles of 0.5 l and 28,000 bottles of 1.5 l per hour provides for high productivity, particularly at times of increased demand. The process is under permanent supervision,

including temperature, duration and microbiological safety of all surfaces, with regular process validation.

These measures corroborate Jamnica’s long-term commitment to environment protection and sustainable use of natural resources.

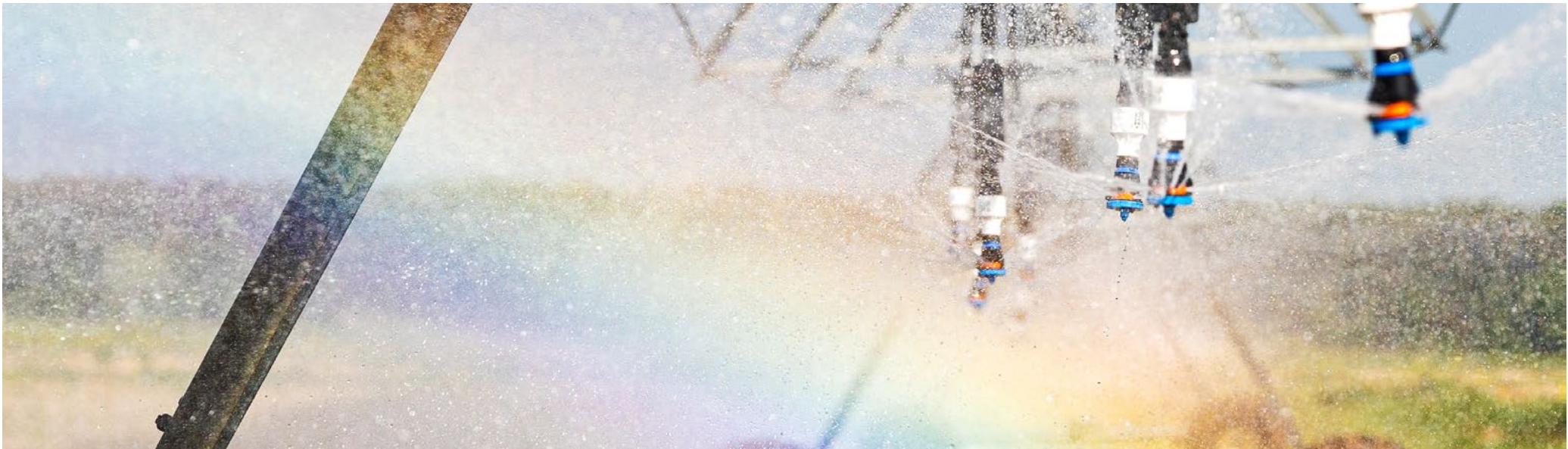
With its integrated and cross-functional approach to water stewardship **PIK Vrbovec HR** has set itself apart from the other production companies of the Group, because its water quantity and quality management is based on the collaboration among several departments – including maintenance, environment protection and the energy management team.

In this context, water is viewed as a key resource and its stewardship takes place in accordance with the requirements of the international ISO 50001:2018 standard, which is related to energy efficiency. Such approach provides for the strategic management of water resources in compliance with the goals of reduced energy consumption and environmental protection.

SUSTAINABLE WATER STEWARDSHIP PRACTICES IMPLEMENTED IN 2024:

- Dry lubrication of conveyors on PET lines (Jamnica HR, Sarajevski kiseljak, Mg Mivela)
 - Recirculation of water in the production process (PIK Vrbovec HR, Mercator EMBA, Jamnica HR, Vinka)
 - Reuse of water where the quality requirements are lower, e.g. for irrigation (Belje greenhouse)
- Reduction and optimization of number of cleanings in place (CIP) (Sarajevski kiseljak, Mercator EMBA, Belje)
 - Installation of water and steam flow meters and water-saving taps (PIK Vinkovci, Jamnica HR, Belje)
 - Optimization of water consumption with increased supervision and production planning (Vinka, Mercator EMBA)
- Optimization of wastewater treatment (Vinka, PIK Vrbovec HR)
 - Collection and reuse of rainwater (Mercator EMBA)
 - Regular maintenance of water-using equipment, trainings for employees and installation of water-saving equipment (Konzum HR, Konzum BiH, PIK Vinkovci Mercator SLO, Konzum BiH i Zvijezda HR).

Water



Water recycling and conservation of water resources in the Group

In 2024, Fortenova Group companies recycled and reused more than 25 million litres of water, and the company Mercator EMBA additionally used nine million litres of rainwater. Four companies³⁰ actively apply water recycling systems, using recycled water for various functional purposes. In the food sector, for example, water is reused for washing the production facilities and for equipment cooling, thus significantly reducing the overall consumption of fresh water.

PIK Vrbovec HR has implemented water recycling systems at three key locations within the production facility, where recycled water is used in the machine cooling process. This approach is an important step forward in the rational use of resources and the environmental footprint reduction.

A significant contribution also comes from Mercator EMBA, producer of instant products and cocoa dessert toppings, with a factory spreading across 16,000 square metres in Logatec, Slovenia.

The company uses a combination of water from the public water supply system and rainwater, thus actively contributing to the reduction of pressure on the local water resources. The system of collecting and using precipitation water was already developed in the construction phase of the facility in 2009, and comprises a tank with a capacity of 1,200 m³, where tap water is recycled on a daily basis, while up to 30 percent of the total consumption in the technological process is accounted for by treated rainwater.

Rainwater is treated in several stages – by filtration, disinfection, softening and reverse osmosis – whereafter it is used as raw-material for the production of steam, for the replenishment of refrigeration systems and for cooling down of boilers and condensers. It is also used in CIP (Cleaning in Place) systems for the thorough automatic washing of technology equipment without having to manually dismantle it, which additionally contributes to the rationalisation of water consumption and the reduced use of chemicals. Water is also used for premises sanitation in order to secure high hygienic standards in the production.

Additionally, Mercator EMBA has optimized its water consumption by way of planned combined production of related products, thus reducing the washing frequency for the equipment as well as operating costs. The company has also implemented a new system for treating industrial wastewater, which significantly improved the treatment efficiency and reduced negative impacts on the environment.

The prewashing of crates for products filled in returnable glass packaging at the Jamnica production plant is carried out with used water from the process of washing returnable glass bottles.

Also, the year 2024 saw the completion of the multiannual project of introducing dry lubrication on all PET lines in the Jamnica and Jana production plants. Treated waste water (permeate) is used for washing in all technological processes on the wastewater treatment plant and for washing the outdoor areas of the wastewater treatment facility.

| 30 Vinka, Jamnica HR, Mercator EMBA, Sarajevski kiseljak and PIK Vrbovec HR

Waste

Given the continuous global increase in consumption and production, and thus also the ever increasing quantity of generated waste, its management has become one of the world's key challenges of sustainable development. With the growing waste quantity, there is also a growing need for efficient, responsible and sustainable approaches to its treatment, which go beyond the traditional disposal models.

Thus sustainable development does not see waste solely as a loss anymore, but increasingly as a valuable resource that can be reused. As opposed to the linear economic model based on the “take – use – discard” principle, circular economy strives to establish closed circuits of material flows, where the value of products and raw materials is retained for as long as possible.

In such an approach waste becomes the source of innovation, new business models and economic progress. Recycling, reusing and optimizing the use of resources make it possible to increase efficiency and reduce negative environmental impacts at the same time.

At Fortenova Group waste is generated across the supply chain – from primary production through processing, storing and distribution to retailing.



Waste

In 2024, Fortenova Group generated **91,985.48** tonnes of waste.

The wide range of generated waste included plastic, paper, cardboard, wood, glass, metals, textiles, biomass, sludge, waste of animal origin, waste oils and fat from separators, foil, electric and office waste, IT equipment, fluorescent tubes, pharmaceutical waste and other.

Therefore, different procedures were used for waste treatment, depending on the type and characteristics of the waste, including recycling, composting, energy recovery, landfilling etc.

With regard to the characteristics, the waste generated at Fortenova Group companies is divided into hazardous and non-hazardous waste.

Given that hazardous waste has one or more hazardous features (for example inflammability, toxicity, explosivity, infectivity, ecotoxicity etc.) and that it may constitute a risk to the human health and/or the environment, great attention is paid to the safe disposal of such waste. This primarily includes the separation of such waste at its source and its collection separately from non-hazardous waste in order to prevent cross-contamination. Additional measures are taken in order to prevent the discharge of hazardous waste into the environment, such as the permanent surveillance of waste storages, the use of impermeable flooring

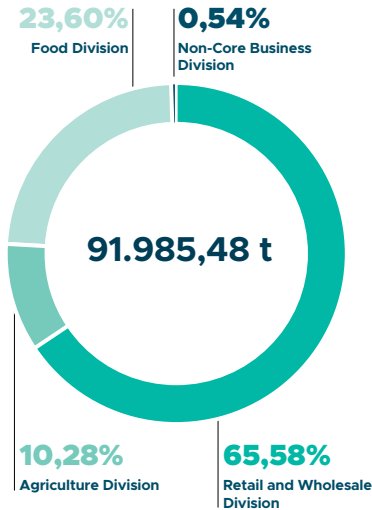
and secondary spill containments (special vessels) when handling liquid hazardous waste.

Non-hazardous waste is any waste that has no hazardous features as described for hazardous waste. Such waste is separately collected at source, in accordance with its type and the pertaining code assigned to the waste. Special attention is paid to plastic waste, which is additionally classified by subclass – such as PE foil, hard plastic and so on. The separately collected waste is disposed of in clearly designated containers placed at permanent and easily accessible locations.

As one of the waste quantity management measures, some Group companies have implemented and certified the environment protection management system in accordance with the ISO 14001³¹ standard, which defines numerous waste sorting and treatment procedures.

The table corroborates Fortenova Group’s dedication to responsible waste management and to meeting the legal requirements. The general increase in total waste quantities of 13 percent and the increase in non-hazardous waste quantities can be attributed to the increase in production activities, the expansion of the retail network and the increasing awareness among employees of the importance of recycling and appropriate waste sorting. Hence the quantity of recycled waste at Group level has grown by nine percent. The quantity of waste intended for incineration was reduced

Share of waste by business division in 2024



31 Agrolaguna, Belje, Dijamant, Energija Gradec, Jamnica, Konzum HR, Mercator SRB, Mercator SLO, Mg Mivela, PIK Vinkovci, PIK Vrbovec HR, Sarajevski Kiseljak, Vupik, Zvijezda HR

32 Data on waste quantities generated in 2023 have been corrected in this Report. The above corrections are the result of the improved data tracking system in 2024. More details are available in the section Methodology and Corrected Disclosures.

Waste quantities (t) by treatment method and waste type in 2023 and 2024³²

Waste treatment	Weight of hazardous waste (t) 2024	Weight of hazardous waste (t) 2023	Weight of non-hazardous waste (t) 2024	Weight of non-hazardous waste (t) 2023	Total 2024	Total 2023	% of change
Recycling and composting	320.67	241.35	57,453.72	52,689.02	57,774.39	52,930.37	9%
Incineration	127.48	1,035.59	1,258.76	1,061.52	1,386.24	2,097.11	-34%
Energy recovery	149.96	80.09	13,955.27	10,768.73	14,105.23	10,848.82	30%
Landfilling	70.91	705.69	18,648.71	15,034.28	18,719.62	15,739.97	19%
Total	669.02	2,062.72	91,316.46	79,553.55	91,985.48	81,616.26	13%
% of change	-68%		15%				

Waste

by 34 percent, while at the same time incineration with energy recovery recorded a growth of 30 percent.

The drop in quantities of generated hazardous waste in 2024 is understandable, as in the previous year the storages of unusable IT equipment were emptied and obsolete refrigerating and other equipment from Mercator SRB stores was written off, which at that time significantly increased the overall quantity of disposed waste.

In line with the results from the previous year, the largest quantity of waste, as much as 65.58 percent, is generated by the Retail and Wholesale Division, where one of the major challenges for those companies is secondary and tertiary packaging, which is mostly managed by merchandise suppliers. In addition to the waste from packaging, waste is also generated within their own production processes as well as due to shelf life expiration, particularly with perishable and seasonal products.

The food and agriculture companies follow a similar pattern like those in retail, with particularly significant waste generation in depackaging. Besides packaging waste, among the most common types of waste to be treated are the sludge from the wastewater treatment process, biowaste and byproducts of animal origin. The practices applied by the companies to reduce waste generation are described in more detail in the section [Sustainable Waste Management and Circular Economy](#).

An overview of the waste quantities by business divisions is provided in the table below³³.



33 Data on waste quantities generated in 2023 have been corrected in this Report. The above corrections are the result of the improved data tracking system in 2024. More details are available in the section [Methodology and Corrected Disclosures](#).

Waste quantities (t) by business divisions in 2023 and 2024

Weight of waste (tonnes)	Agriculture 2024	Agriculture 2023	Food 2024	Food 2023	Retail and Wholesale 2024	Retail and Wholesale 2023	Non-Core Businesses 2024	Non-Core Businesses 2023	Total 2024	Total 2023	% of change
Non-Hazardous Waste	9,211.80	10,263.72	21,477.96	14,322.99	60,130.10	54,562.14	496.60	404.69	91,316.46	79,553.54	15%
Hazardous Waste	246.12	1,145.35	228.08	177.30	194.82	740.07	0.00	0.00	669.02	2,062.72	-68%
Total	9,457.92	11,409.07	21,706.04	14,500.30	60,324.92	55,302.21	496.60	404.69	91,985.48	81,616.26	13%
Percentage	10.28%	13.98%	23.60%	17.77%	65.58%	67.76%	0.54%	0.50%			

Sustainable Waste Management and Circular Economy

The ever greater challenges related to environmental matters have prompted numerous companies to develop and implement sustainable waste management measures. An analysis of best practice examples has shown diversified approaches – from technical solutions to employee training:

- With a view to transitioning to renewable energy sources, Agrolaguna has focused on the maximum utilisation of by-products from production, such as pomace, whey and pruning residues. The focus is on the production of energy for heating and compost for own agricultural production needs.
- Belje has successfully reduced the overall quantity of collected municipal waste for several years already, with emphasis on the efficient separation of other types of waste. This goal has been accomplished through continuous employee training, clearly defined internal procedures and regular waste analyses, with a view to reducing negative environmental impacts.
- Dijamant uses organic residues from production, such as sunflower hulls, to produce technological steam which is then used in the production process.
- Energija Gradec successfully implements circular economy

principles through its five biogas facilities located next to their agricultural facilities (Belje, Vupik, Vinka). Standing out among them is the Mitrovac complex, integrating livestock, vegetable and energy production – biogas is produced from byproducts of the cattle farm and the generated heat is used in the greenhouse for hydroponic tomato production. A similar model is applied in Gradec and Ovčara, where the biogas facilities located next to the pig breeding farms produce electricity and energy for heating, thus closing the circular process. The byproduct of the biogas facilities, digestate, is further used in agriculture. The model provides stability in energy supply and independence from energy prices on the market.

- Jamnica HR, in addition to meeting all legal requirements, has underlined the reduction in mixed municipal waste quantities as one of its priorities. This has been materialised through the project *Zero Waste to Landfill* in their production, storage and office premises. Standing out among other key measures are the Eco Corner initiative, the use of rPET packaging, the repair of pallets, the production in returnable glass packaging and the use of plastic packaging within the deposit refund scheme.
- Mercator SLO has implemented a number of measures focusing on waste quantity reduction, with the most conspicuous among

them being the reduction of food waste by reducing the prices of products before their expiry date, appropriate storage and donations of food; digitalisation of business with a view to reducing paper consumption; optimisation of waste management systems by adjusting the number and volume of containers and the frequency of collection and by placing containers for waste separation in retail and office premises.

- Mercator SRB uses reusable plastic crates (RPC) for fruit and vegetable transportation, thus additionally reducing the quantity of disposable packagings. Organic waste from the retail facilities, primarily fruit and vegetables, is composted and the compost is then sold. Over the course of 2024, 107,265 tonnes of organic waste were composted, with 15 tonnes of compost produced.
- PIK Vrbovec has continued to pursue its long-standing practice of sustainable waste management, which includes opting for recyclable input materials, the use of returnable plastic for the distribution of part of the assortment, the use of byproducts as raw materials in the biogas facility and the systematic separation of waste from production and the reduction of mixed municipal waste quantities. Those activities have resulted in a reduction of mixed municipal waste quantities of 2.9 percent against the year 2023.



Waste

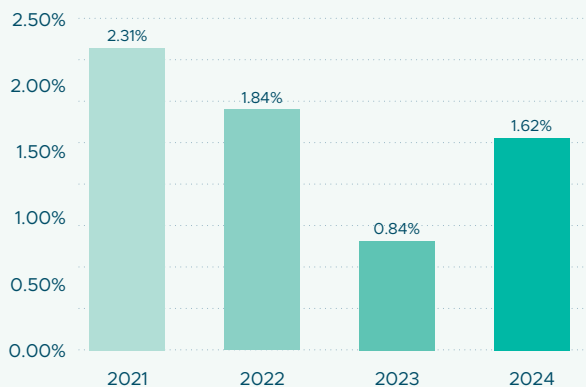
Jamnica and the Zero Waste concept: one step closer to sustainability

In accordance with the Zero Waste concept, which implies the reduction of waste to a minimum, Jamnica has been pursuing environmental conservation initiatives in its production and logistics processes for years already. The concept was implemented in 2021, and in 2023 the approach was extended to office premises as well – individual waste baskets were removed and eco-corners introduced in the corridors with containers for selective waste separation.

Although the year 2024 saw a slight increase in the share of municipal waste, primarily due to the significant increase in production at both Jamnica facilities, there is still a clearly visible positive trend of reducing overall municipal waste quantities since the beginning of the Zero Waste project implementation.

It should be noted that prior to introducing the new system at the office premises a survey was conducted among the employees, which has shown a high level of environmental awareness: over 90 percent of employees consider themselves to be environmentally responsible, more than 80 percent of them already separate waste at home, while more than 70 percent expressed their interest in additional training regarding proper waste sorting.

Zero Waste project - share of municipal waste



In response to that interest, workshops were organised where employees were given answers to specific questions related to waste sorting, such as disposing of food packagings, food scraps and coffee grounds. Thus office employees got actively involved in separating paper, plastic, biowaste and municipal waste and joined their colleagues from production and logistics.

Each eco-corner is equipped with a visual featuring a QR code that provides clear instructions for proper sorting, whereby Jamnica has additionally encouraged sustainable behaviour in the workplace.



Waste

Food Waste

Food waste includes edible food intended for human consumption that, instead of being consumed, ends up as waste – mostly because of shelf life expiry or due to being discarded. Such waste can be generated in various phases of the supply chain, including preparation, storage, distribution, sales and serving. This category of waste includes unconsumed food, unwholesome products and parts of food that could have been used.

The environmental impacts of food waste are multiple and significant. Its decomposition in the landfills generates methane, a greenhouse gas with an effect on global warming which is 21 times stronger than that of carbon dioxide. Besides that, throwing away food implies wasting natural resources – water, energy, soil and work invested in its production. Excessive food production often results in deforestation, soil degradation and excessive use of agricultural surfaces, with consequences such as loss of habitat and decline in biodiversity.

In addition to all that, food waste also constitutes a lost opportunity for circular economy. Instead of being disposed of, unconsumed food can be used for the production of compost or of biogas or can be donated to those in need, thus restoring the value of resources and reducing pressure on the environment.

Being part of a Group whose overall operations are related to food, whether it be its production or sales, the companies keep

developing projects to educate the public of all age groups on the importance of proper nutrition, and even more of moderate and responsible food purchases in order to reduce the quantities of discarded food as much as possible and thus prevent waste quantities. An overview of food waste by business divisions is provided in the table below³⁴.

The reported increase in generated food waste quantities of 14 percent against the previous period is a result of a number of factors, in particular the increase in production volumes at the food companies, as well as increased disposals of incompliant products, among other things, due to the floods that hit the territory of Bosnia and Herzegovina in October 2024, including the production facilities of Sarajevski kiseljak.

Additionally, the reported total food waste quantity in the Retail and Wholesale Division was also affected by the increase in the number of stores due to the finalised integration of the Franca retail chain in Montenegro. At the same time, the retail companies have improved their waste sorting system, which resulted in reduced quantities of mixed municipal waste.

Precisely because of the above factors and Fortenova Group's various business operations, in 2025 the targeted food waste reduction will be additionally elaborated. Accounting for food waste quantities per unit of production (tonnes of manufactured

products) and/or units of sales (number of points of sale) will make it possible to analyse and properly compare the current and the previous situation.

Upon initiative of the Ministry of Agriculture, in 2023 four companies – Fortenova grupa, Konzum HR, Zvijezda HR and PIK Vrbovec HR – signed a voluntary agreement on preventing and reducing food waste generation: "Together Against Food Waste". Over the course of 2024, the involved companies actively worked on meeting the goals of the Agreement, focused on the reduction of food waste quantities. Particular emphasis was put on sharing best practices, methods, processes and strategies among Group members, as well as on raising awareness and improving knowledge within the community. As part of those activities, educative articles featuring best practices in food waste prevention and reduction were published on the portals Food is not Waste, I Love Meat and Konzum Recyclopedia, as well as in the companies' social media. Besides internal trainings that took place at the companies, in collaboration with an external certification company Fortenova Group organised a workshop on efficient food waste management for all companies that generate that type of waste.

Besides food waste, the companies also produce byproducts. Any matter or item resulting from a production process where the primary goal is not the production of that matter or item can be considered to not be waste but a byproduct, however only if the following conditions are met:

- (a) Further use of such matter or item is secured;
- (b) The matter or item can be used directly, without additional processing other than in common industrial procedures;
- (c) The matter or item is created as a constituent part of the production process;
- (d) Further use of the matter or item is in compliance with regulations, i.e. the matter or item meets all relevant requirements with regard to the product, environment protection and health protection for that specific use and will not result in overall harmful effects to the environment or human health.

An overview of byproduct quantities by business division is provided in the table below.³⁵

Food waste quantities (t) by business division in 2023 and 2024

Food waste (in tonnes)	Food	Agriculture	Retail and Wholesale	Total
2024	4,900.29	5,647.51	20,229.45	30,777.25
2023	2,732.79	8,337.60	15,994.01	27,064.40
% of change	79%	-32%	26%	14%

Byproduct quantities (t) by business divisions in 2023 and 2024

Food waste (in tonnes)	Food	Agriculture	Retail and Wholesale	Total
2024	3,285.13	9,683.83	62.15	13,031.11
2023	2,473.85	9,298.72	188.10	11,960.67
% of change	33%	4%	-67%	9%

34 Data on food waste generated in 2023 have been corrected in this Report. The above corrections are a result of the improved data tracking system in 2024. More details are available in the section [Methodology and Corrected Disclosures](#).

35 Data on byproduct quantities for 2023 have been corrected in this report. Namely, this category previously included materials that, pursuant to the legal definition, do not meet the conditions for the status of food byproducts and were never intended to be used as food. More details are available in the section [Methodology and Corrected Disclosures](#).

Materials and Raw Materials

Packaging materials and raw materials are key in the process of product manufacturing and distribution and their management directly affects the environment through the aspects of natural resource conservation, waste generation and carbon dioxide emissions.

Materials and raw materials are part of each segment of Fortenova Group’s operations. In the Food and Agriculture Divisions they include raw materials of animal and plant origin, placed on the market

in processed or original form. On the other hand, in the Retail and Wholesale Division particular attention is paid to packaging materials for private label products and products in the delicatessen department, as well as for product transportation.

In 2024, the Group used a total of **1,412,028.26** tonnes of packaging materials, raw materials and auxiliary materials, and due to the more efficient use, in 2024 three percent less raw materials and materials were used.

Material quantities (t) 2023 and 2024

By purpose	2024 (t)	2023 (t)	% of change
Raw materials	1,278,580.48	1,321,443.74	-3%
Packaging materials	81,332.96	77,572.80	5%
Additives and auxiliary materials	52,114.81	50,739.45	3%
Total	1,412,028.26	1,449,755.99	-3%



Materials and Raw Materials

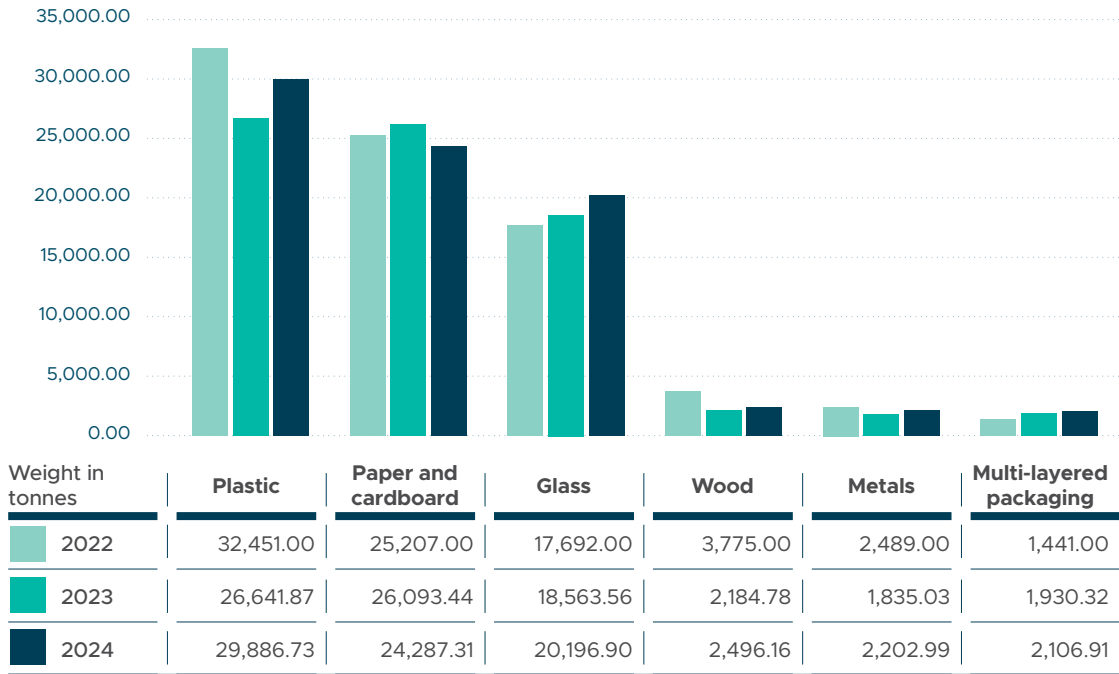
Packaging materials

Packaging materials include all types of materials used for the protection, preservation and transport of products from the production site to the end user. As part of the process of tracking the consumption of packaging materials at Fortenova Group, materials are divided into six different categories: paper and cardboard, wood, metals, glass, plastic and multi-layered packaging.

The key categories in the overall consumption of packaging materials include plastic, paper and cardboard. Although the total consumption of packaging materials in 2024 grew by five percent against the previous year, there is a positive trend compared to 2022.

The largest share in the consumption of materials occurs in the Food Division, which is in line with expectations given that in the processes of production and distribution to the retail chains

Consumption of packaging materials 2022 - 2024

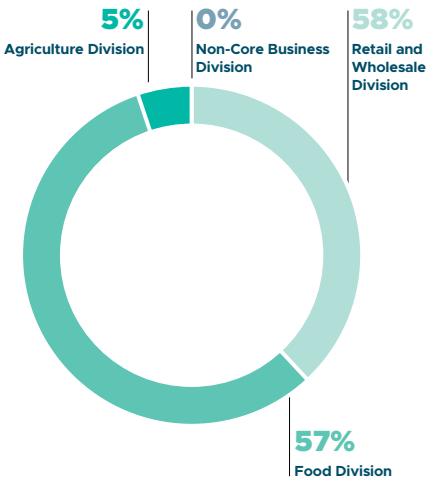


primary, secondary and tertiary packagings are used. The Retail and Wholesale Division, which is second in the share of consumption, uses materials to package own private label products, for product transportation and as packaging materials in the delicatessen department. On the other hand, many agricultural products, such as fresh fruit and vegetables, have to be packaged for transportation purposes to the points of sale, while individual packagings are used to a lesser extent.

The sources of packaging materials can be renewable, such as cardboard, paper and wood, or non-renewable, such as plastic, glass, metal or similar materials. Fortenova Group annually uses more than 30 percent of renewable packaging materials, and the percentage varies depending on the annual production of food products that can only be packaged in non-renewable materials, such as fresh and processed meat, drinks, edible oil, sauces and the like.

In the forthcoming period until 2030, the Group's focus will be on increasing the share of recyclate in packagings, depending on the availability of raw materials on the market and the adjustment of existing packagings in order for as high a share of packagings as possible to be 100 percent recyclable and, consequently, for as high a share as possible of materials from non-renewable sources to be reused.

Share of consumption materials by business divisions in 2024



Packaging material quantities (t) in 2023 and 2024

Packaging materials (t)	2024	2023	% of change
Renewable	26,837.96	28,507.70	-6%
Non-renewable	54,495.01	49,065.10	11%
Total	81,332.96	77,572.80	5%
Share of renewable materials in total quantity (%)	33%	37%	

Materials and Raw Materials

Recycled and Reclaimed Materials

Fortenova Group’s retail companies³⁶ work together with E-Log as partner in the use of reusable RPC packaging in the categories of fruit and vegetables, eggs, as well as fresh and processed meat. In 2024, 14,334,941 pieces of reusable RPC packagings³⁷ were used. In comparison to the use of disposable packaging, the retail companies on the markets of Slovenia, Croatia and BH recorded:

- 80 percent lower impact on CO₂ emissions, or savings of 7,196 MT CO₂;
- 66 lower water consumption, or savings of 1,975,601 m³ of water;

- 60 percent lower energy consumption, or savings of 60,286 GJ of energy;

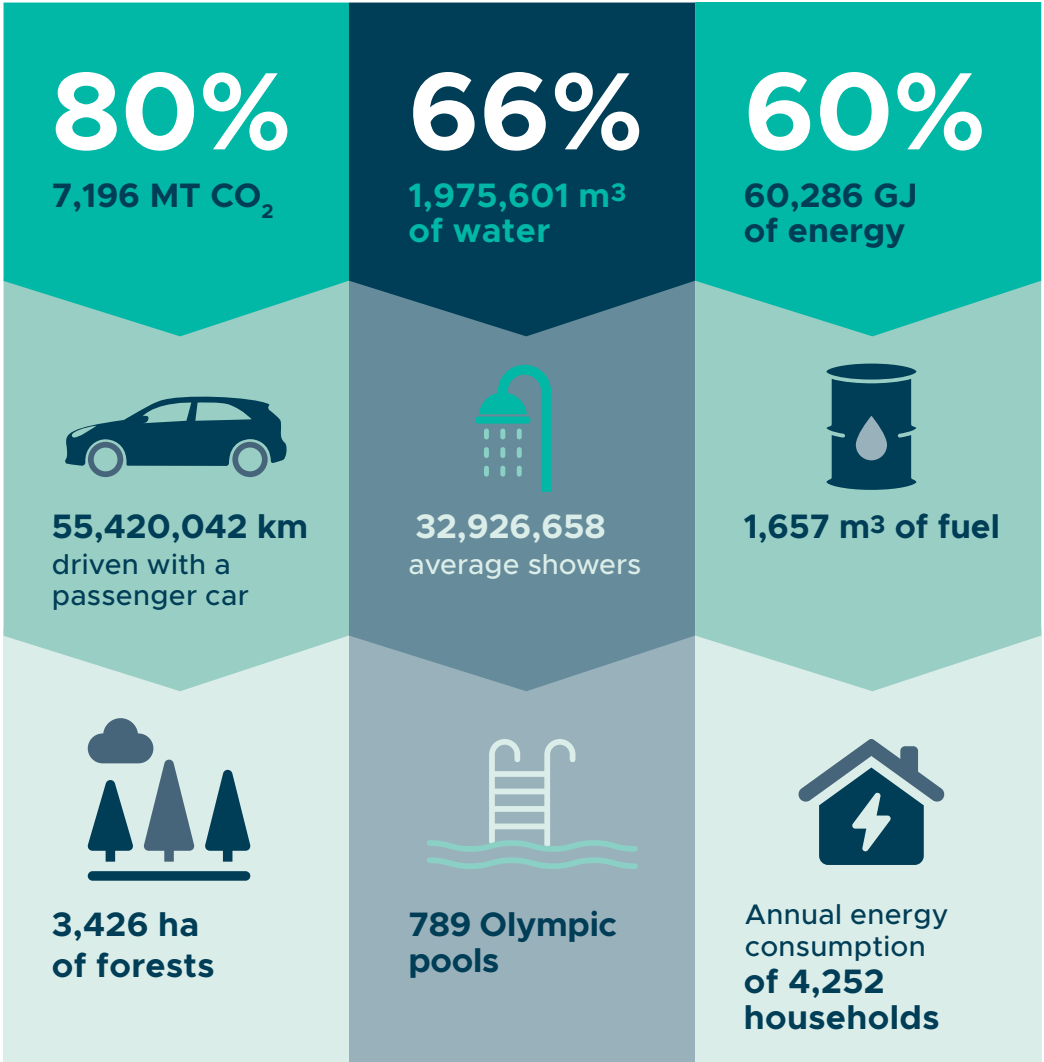
In 2024, **37,103.06 t** of recycled packaging material were used (46 percent of the total quantity of packaging materials).

This is a significant increase in the share of recycled materials in the total packaging material quantity compared to 2023, when the share amounted to 26 percent. The largest share of recycled materials was accounted for by paper and cardboard as well as glass.

Recycled packaging material quantities (t) in 2024

Recycled packaging material	Weight (t)	% of share
Paper and cardboard	24,478.51	66%
Wood Packaging	319.16	1%
Metals	36.74	0%
Glass	10,323.07	28%
Plastic	1,361.40	4%
Multi-layered composite packaging	577.75	2%
Other – renewable	6.43	0%
Other – non-renewable	0.00	0%
Total	37,103.06	

Savings achieved by using reusable packaging in 2024 according to E-log data



36 Konzum HR, Mercator Slo, Konzum BiH, Mercator SRB
37 Data provided by the company E-Log. The analysis of RPC packaging obtained by courtesy of Ecolmpact-COMPASS of the company Trayak. Ecolmpact is certified for lifecycle assessment (LCA) in accordance with the ISO 14040/14044 standard.

Materials and Raw Materials

Packaging and Packaging Waste Regulation (PPWR)

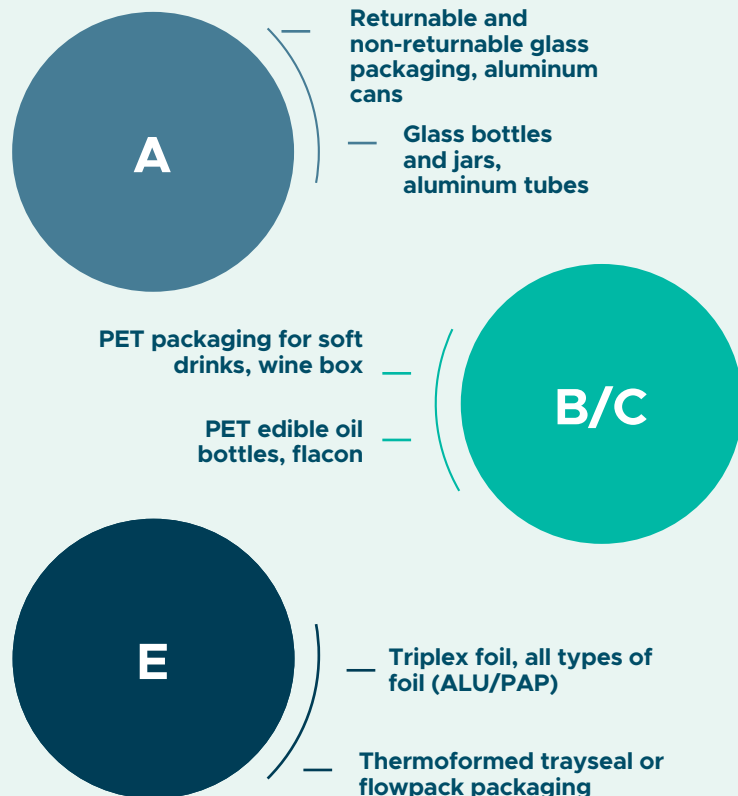
The European Union has made a significant step towards circular economy by adopting the Packaging and Packaging Waste Regulation (PPWR), replacing the former Packaging and Packaging Waste Directive (PPWD). The Regulation has introduced a new legal framework for packaging and packaging waste management with a view to reducing waste, increasing recyclability and driving the circular economy.

The key PPWR goals include the increase in the share of recycled material in packaging, stricter packaging design requirements in order to facilitate recycling and the reduction of unnecessary packaging.

The Regulation will be implemented in several stages, and by 2030 the majority of the goals set shall become binding, including the prohibition of placing on the market specific types of packaging. In view of that, the Group has already started to get prepared for its implementation. In the forthcoming period the focus will be placed on the detailed analysis of existing packagings, exploring alternative solutions and testing different options, always with the product safety in mind.

In that regard the project has started with workshops organised for Fortenova Group companies to get familiarised with the key requirements of the Regulation, followed by a recyclability assessment of the currently used packagings in all categories.

According to current assessments, the currently used packagings were preliminarily graded as follows:



In the forthcoming period, when the adoption of delegated acts and assessment criteria is expected, we will continue to collaborate with the current suppliers on the testing of available alternative solutions for the current assortment.

The basic guidelines and instructions for the companies as to what criteria they should be guided by in developing new products or redesigning existing packagings have been developed as well, in order for them to be aligned with the guidelines of the Regulation.

At Jamnica, the results of the JamINNO+ project were summarized over the course of 2024, as part of which a low-energy drink with a natural vitamin C source, bioactive plant ingredients and natural sweeteners was developed in an environmentally sustainable packaging. It was implemented in collaboration with the Ruder Bošković Institute, the Institute for Medical Research and Occupational Health and the Faculty of Pharmacy and Biochemistry of the University of Zagreb.

This project has additionally strengthened Jamnica's capacities for the development of increasingly sustainable solutions in the production, while also confirming the importance of integrating innovation and sustainability in all product development phases – from ingredients to packaging.

As part of the project Jamnica also tested and examined a number of parameters, and two laboratories in the company were modernised as well.

- The possibility of replacing the share of original materials in PET bottles with recycled materials was examined. The testing included bottles with 30, 70 and 100 percent shares of recycled PET, with a 100 percent recycled PET bottle implemented for the Jana water of 0.5 l.
- On the production line, the tethered caps were tested, where the parameters important for capping were analysed. The quality of capping and opening upon application and based on the results, the optimum cap model was selected which is convenient for use. Thus the tethered cap was introduced even before the legal obligation, reducing the potential for small plastic waste generation.
- The possibility of using no-label bottles was explored, and the options for eliminating heat-shrinking foil with specific products were analysed. Both activities took place with a view to further reducing plastic and plastic waste and increasing the recycling rate. Those options are still being considered and explored for future implementation.
- At the Jana facility a new, very important pilot laboratory facility was installed, which enables the development and testing of new formulas and packaging solutions without putting pressure on the main production lines.

Materials and Raw Materials

Raw Materials

Raw materials are the basic materials used in the production processes to create finished products. At Fortenova Group, 26 raw material categories are being tracked, including fertiliser, seed, animal feed, fruit and vegetables, milk and dairy products, meat etc. Additionally, attention is paid to monitoring the use of materials in providing services, such as office paper and plastic. Particularly standing out is also the monitoring of raw materials such as livestock, cocoa, palm oil, soya and wood, due to their specific nature and the related risks, such as for instance deforestation.

In 2024 the Group used three percent lower raw material quantities, with the greatest reductions reported in categories that account for a significant part of the total consumption, such as farm and game animal feed and fertilisers. The greatest contribution to that reduction came from the company Energija Gradec. It is particularly important to note that the renewable raw material sources account for as much as 99 percent of total quantities of raw material used.

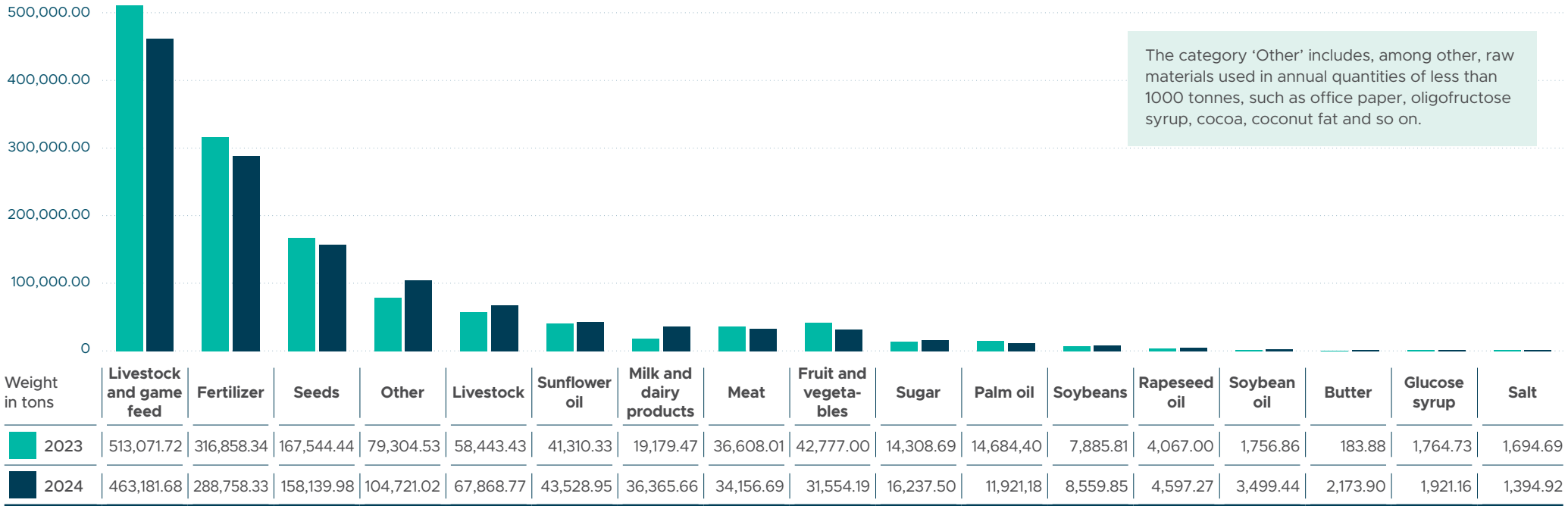
The total raw material consumption for the years 2023 and 2024 is shown below.

Raw material quantities (t) in 2023 and 2024

Raw materials (t)	2024	2023	% of change
Renewable	1,269,626.91	1,320,261.63	-4%
Non-renewable	8,953.56	1,182.11	657% ³⁸
Total	1,278,580.48	1,321,443.74	-3%
Share of renewable raw materials in total quantities	99.30%	99.91%	

38 The increase in the category of non-renewable raw materials was recorded at the company M-Energija, because in the year 2023 petroleum products, which the company buys from suppliers and sells to end users, were not included in the overall raw material data.

Raw material consumption 2023 - 2024



Sustainable Agricultural Practices

The agriculture companies, which exited Fortenova Group³⁹ in early 2025, engage in cereal, oil and forage crop growing, pig production, cattle and dairy cow breeding, production of milk and dairy products, production of animal feed, viticulture and wine production, fruit and vegetable growing and production of electricity from biogas and in photovoltaic power plants.

The implementation of operative and sustainable agricultural practices creates sustainable circular agriculture operations with maximum raw material utilisation, which also create agricultural byproducts. An agricultural company development strategy

that is based on sustainable agricultural practices is dedicated to increasing the use of renewable sources of energy in production, irrigating key arable areas, following innovations in the segment of agricultural production which also includes investments in machinery and new technologies and the continued optimisation in the use of pesticides, fertilisers and crop types, in accordance with the European Green Deal.

Holistic approach to reducing the use of pesticides through training, safe storage, maintenance and investments in modern equipment



Five biogas facilities located next to the largest farms produce electricity from manure and bio-raw materials for the national network. The byproducts are energy for heating the greenhouses and digestate as organic fertiliser, while slurry and manure are used on arable areas.

The agricultural companies implement crop rotation, reduce soil tilling and use green and organic fertilisation for a healthy plant growth. They apply precision farming and state-of-the-art machinery, including sowing machines for up to 24 rows with GPS systems for an even sprouting of crops. The sowing and fertilisation are carried out simultaneously to optimise work, save time and reduce fuel consumption.

The year 2024 saw the modern olive grove irrigation system at Agrolaguna become operational on an area of as much as 106 hectares.

Over the last ten years the agricultural companies have carried out soil analyses for the precise use of mineral fertilisers, focusing on phosphorus (P₂O₅), potassium (K₂O) and nitrogen (N).

³⁹ With the exception of the companies Eko Biograd, Vinka and Agrolaguna, which remained part of Fortenova Group at the time of the divestment.

Sustainable Agricultural Practices

Mineral fertiliser and pesticide reduction initiatives and natural way of farming

Sustainable agriculture is increasingly based on the reduced use of mineral fertilisers and pesticides and on applying the “*natural way of farming*” principle, thus providing for long-term soil fertility, reducing negative impact on the environment and increasing crop resilience.

In determining the fertiliser quantity for specific cultures, different parameters are taken into account, such as:

- Planned yield and yield of previous culture (indicating the nutrients depleted from the soil);
- Analysis of existing nutrient supply in the soil;
- pH value of the soil and soil classification based on the content of nitrogen, phosphorus and potassium;
- Nutritive composition of organic fertilisers (if used).

Besides adhering to the legal framework, the fertilisation method that has been developed and perfected over the years is based on precision farming: land scanning, soil sampling, analysing and

balancing the nutrients and, eventually, introducing innovations in machinery for the application of mineral and organic fertilisers (manure, slurry and digestate). Thus over the course of 12 years, since 2012 when precision farming methods started to be applied in fertilisation, including the year 2024, the consumption of mineral fertilisers has be reduced by almost 37 percent. Additionally, along with precision farming, the agricultural companies are planning to reduce the use of mineral fertilisers to **39.05 percent** compared to the starting point by means of a total of **four initiatives**:

1. Between-row fertilisation during sowing;
2. Purchase of advanced technology machinery for the distribution of mineral fertilisers;
3. Introduction of innovation in precision farming;
4. Increase in irrigated areas.

Along with reducing the use of mineral fertilisers by means of precision farming, the agri-companies have over the years also increased the share of areas with organic fertilisation, which resulted in the fact that over the same period – from 2012 to 2024 – the

total area under organic fertilisation has grown by as much as 277 percent.

As conscientious production holdings, the agricultural companies adhere to the statutory framework that defines the sustainable use of pesticides through the implemented management systems⁴⁰, trainings and control instruments, innovative machinery and alternative methods of plant protection product application. Therefore the application of pesticides has over the last years continuously been reduced, in accordance with the needs of the plants. In line with the Agriculture Strategy until 2030 and the Regulation of the European Parliament and of the Council on the sustainable use of plant protection products, agricultural companies are still subject to the imperative reduction of total pesticide quantities, which they intend to achieve by means of the following initiatives:

1. Introduction of new pesticide application machinery;
2. Application of the *see&spray* and spot spraying concept;
3. Application of alternative methods.
4. primjena alternativnih metoda



40 HACCP, IFS Food, Kosher, GRASP, Global Gap, Donau Soja, ISO 9001, ISO 14001, ISO 50001, ISO 45001, FSSC, ISCC, Halal

Sustainable sheep breeding and innovative practices in viticulture and olive growing

Agrolaguna is one of the leading cheese producers in Istria, with a tradition of many years in the production of high-quality dairy products. A special place in that production is held by sheep milk, coming from the Istrian sheep, an indigenous breed known for their milk rich in proteins and milk fats which provide the cheese with its characteristic texture and flavour.

In order to secure the continuity of milk supply and the conservation of the breed, in 2024 Agrolaguna included 56 Istrian sheep in the basic herd, which they acquired from the Istrian Agency for Rural Development. Currently there are 859 sheep on the farm, whereof 437 produce milk, providing for a stable production of sheep milk and contributing to the preservation of this valuable tradition. This initiative builds on the previous year, when a genetic center for the breeding and reproduction of the Istrian sheep was established in collaboration with the County of Istria and the competent institutions, with a view to revitalising the herd and providing for the long-term sustainability of milk and cheese production on the territory of the region.

In order to additionally protect and highlight its production, Agrolaguna is currently in the process of obtaining the status of a protected indigenous product for the Istrian sheep cheese. Such protection secures the acknowledgement and preservation of the traditional way of production, emphasizing the connection with the local environment and the specific features of Istrian sheep.

Having put into operation the modern olive grove irrigation system on an area of as much as 106 hectares in 2024, Agrolaguna also made a significant step forward in modernising its olive production.

The applied system delivers water and nutrients by means of subsurface irrigation directly to the roots zone, where the plant needs them most. This precise approach not only enables the control of yield quantities, but also has a significant impact on the quality of olive fruits, and consequently also the final product – premium olive oil. The irrigation is carried out based on the permanent monitoring of evapotranspiration, i.e. the plant’s actual need for water. The system is not operated based on a “gut feeling”, but the decisions are rather based on the analysis of data from the field, thus optimising any intervention in the plantation.



The key advantage of subsurface irrigation is that the water does not linger on the soil surface, where it could evaporate, but remains concentrated around the root of the plant. This results in significant water savings, making the system both environmentally and economically sustainable. Besides securing stable and high-quality yields, the system also contributes to the resilience of the olive groves to the ever more frequent climate extremes.

Agrolaguna also applies contemporary precision farming techniques in viticulture and wine production in order to secure the high quality and sustainability of its plantations. One of the key technologies used by Agrolaguna in the vineyards is the Normalized Difference Vegetation Index (NDVI), a method of analysing vegetation by means of drone shots. The technique makes it possible to monitor the health and density of grapevines, early detect potential problems and optimise irrigation and fertilisation.

Besides NDVI technology, Agrolaguna also uses advanced weather stations and vine disease forecasting systems. Those tools provide for continuous real-time weather monitoring, which is key for quickly responding to changes that may affect the health of vineyards and grape quality. Predicting the risk of disease development, such as grey mould, downy mildew and powdery mildew, makes it possible to take precautions in a timely manner, thus reducing the use of fungicides and providing for a long-term grapevine protection.

An additional contribution to sustainable agriculture is provided by applying cover crops on 30 percent of the land plots. Their role is manifold – they protect the soil from erosion, suppress weed growth, drive biodiversity and improve the structure and fertility of the soil.

Farm Animal Welfare

Farm animal welfare is one of the fundamental principles of contemporary and responsible agricultural production and includes the animals' physical and mental state, i.e. the degree to which their basic needs have been satisfied over their entire lifecycle.

Systems that care about their welfare provide the farm animals with access to quality feed and water, appropriate housing, healthcare, the possibility to behave naturally and protection from stress, pain and discomfort.

In accordance with the internationally accepted guidelines, the Group supports the five animal rights (freedoms), which include:

1. **Freedom from thirst and hunger;**
2. **Freedom from discomfort;**
3. **Freedom from pain, injury and disease;**
4. **Freedom to express natural behaviour;**
5. **Freedom from fear and distress.**

Fortenova Group has developed strategically important activities in the areas of dairy production, livestock breeding – dairy cattle and finishers, as well as meat processing in primary production facilities (slaughterhouse).



AGRICULTURE DIVISION	FOOD DIVISION
<ul style="list-style-type: none">• 37 own farms• 435 million litres of milk per year• 1.2 million pieces of cattle• 4.1 million finishers	<ul style="list-style-type: none">• Slaughterhouse processing of 375,610 pieces of livestock• 354,549 pigs (94.4 percent)• 21,016 pieces of cattle (5.6 percent)

High standards in livestock production include the systematic care of farm animal welfare, which is implemented according to clearly defined procedures and guidelines. The overall care is based on four main pillars:

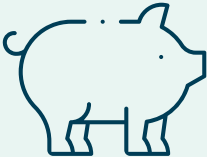
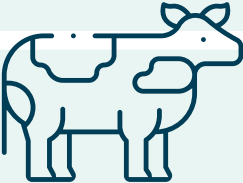
- Use of own raw materials and primary ingredients for animal feed production;
- Permanent veterinary care;
- Implementation of nutritional know-how;
- Employee expertise and commitment.

Such integrated approach allows for end-to-end value chain management “from farm to fork”, with focus on product traceability, uniformity and high quality.

For its new slaughterhouse facility PIK Vrbovec in 2024 issued a new standard operating procedure for farm animal welfare and revised its standard operating procedure for the welfare of cattle and pigs for the auxiliary depot, thus having additionally increased animal treatment standards. The primary pig processing facility has been in full operation since January 2024, and its design provides shorter paths for moving the animals from unloading to processing, with automated processes that additionally reduce the possibility of human error in handling the animals.

Although an Animal Welfare Policy was prepared at Group level in 2023, due to structural changes at Fortenova Group the document is currently in the process of being updated.

Farm Animal Welfare

	Freedom 1	Freedom 2	Freedom 3	Freedom 4	Freedom 5
	The animal is free from hunger, thirst and malnutrition	Freedom from physical and thermal discomfort and access to shelter and a comfortable place to rest	The animal is free from pain, injury and diseases	The animal is able to express most of its usual behaviour patterns	The animal does not experience fear or distress
 	<p>Pigs instinctively search for feed and water, and the feed has to meet their nutritive requirements depending on the stage of life. They can be fed in rations or at will and the water has to be clean, without smell and permanently available.</p>	<p>The animals need 16 hours of light and 8 hours of dark. Temperature, humidity, airflow, dust particles and harmful gases are monitored at the farms. The size of room provided exceeds the minimum legal standard, providing optimum conditions for natural behaviour patterns.</p>	<p>Daily rounds provide timely veterinary care, prevention of injury and fast treatment. Surgical and obstetrical interventions are carried out with the obligatory use of anaesthetics and painkillers. A veterinarian is present at each unloading of pigs at PIK Vrbovec to check whether there have been any injuries during transportation. Injured animals stay in separate sanitary pens and additional care is taken of them.</p>	<p>The pigs are kept in groups, while sensitive categories, such as boars, pregnant and lactating sows and injured animals are kept individually. Groups are carefully formed to provide for sufficient room and appropriate company.</p>	<p>Equipment and techniques used in handling pigs make it possible to perform the procedure quickly and efficiently, with as little stress as possible. Educated employees ensure their safety and prevent injuries. Unloading takes place in smaller, compatible groups, with protection against weather conditions and the possibility of showering in the summer. The stalls provide sufficient room, with feed and water available, and the animals are kept in the depot for up to eight hours.</p>
	<p>Cattle have permanent access to feed and water and its quality is planned annually and controlled, including for the presence of mycotoxins, moulds and yeasts.</p>	<p>All cattle are kept free, without being tied, with unlimited movement and room above the legal minimum.</p>	<p>Internal protocols prescribe treatment for each animal category, with the minimum use of antibiotics. Herbal feed additives are used for therapy purposes, too.</p>	<p>Cattle are kept in the company of their species and category to prevent loneliness. They are kept in groups from birth, and dairy cows spend 2-3 hours a day in structured activities such as milking and veterinary treatment, while they spend the rest of the time freely.</p>	<p>Daily rounds are performed, and in treating wounds as well as during surgery anaesthetics, painkillers and anti-inflammatory drugs are used obligatorily. Unloading takes place in smaller, compatible groups, with protection against weather conditions. The stalls provide sufficient room, feed and water, and the animals are kept in the depot for up to 12 hours.</p>
Number of pig welfare control points	13	16	18		34



4. SOCIAL INFORMATION

2024 SUSTAINABILITY REPORT

Fortenova Group's Human Resources

As one of Southeast Europe's largest employers with more than 45 thousand employees, Fortenova Group has since its establishment been focused on building and strengthening the Human Resources (HR) function, which creates policies and provides guidance in order to create a recognisable organisation and work environment in all operating companies and across the Group. This function consolidates the Group's knowledge, experience and best practices and encourages their exchange among operating companies, which again takes place through the continuous collaboration of all HR stakeholders in the Group by way of regular management meetings, thematic workshops and HR pilot projects or by means of day-to-day communication among colleagues.

The Group's Human Resources have retained their fundamental function in 2024, too, hence the reporting period saw the continued further development and improvements of the strategic areas of Human Resources: labour force planning, employee recruitment and retention, providing the framework for their professional and personal development, development of organisational and operational management models, development of salary and

remuneration policies and systems, corporate climate and culture improvements, and the creation of activities related to various HR policies.

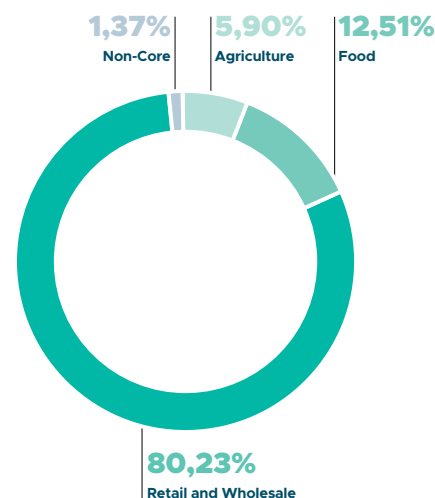
Employee structure and characteristics

The number of Fortenova Group employees as at 31st December 2024 amounted to 43,936, or 45,117 including 1,181 seasonal workers. Given that the 2023 Sustainability Report did not include data on employees with non-guaranteed working hours⁴¹, the total number of Group employees in 2024, including seasonal workers, is by -310 employees lower than in the year before.

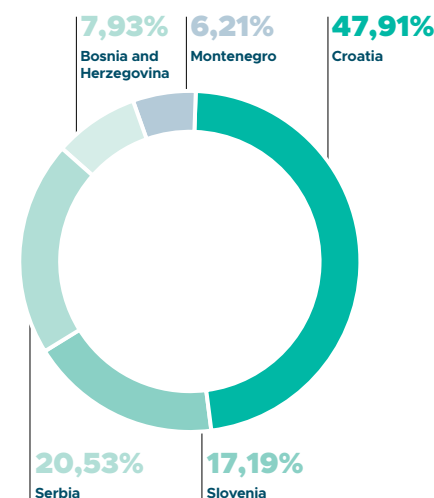
The majority of employees (80.23 percent) worked in the Retail and Wholesale Division, while 12.51 percent were employed in the Food Division, 5.90 percent in the Agriculture Division and 1.37 percent in the Non-Core Companies and Fortenova grupa d.d.

The largest number of employees, or 47.91 percent, worked in Croatia, 20.53 percent of them in Serbia, 17.19 percent in Slovenia, 7.93 percent in Bosnia and Herzegovina and 6.21 percent in Montenegro.

Employee structure by business divisions in 2024



Employee structure by state in 2024



Share of seasonal workers by business division

Seasonal workers	Agriculture	Food	Retail and Wholesale	Non-Core
Male	41	461	202	0
Female	89	69	319	0
Total	130	530	521	0
Seasonal workers in %	Agriculture	Food	Retail and Wholesale	Non-Core
Male	31.54%	86.98%	38.77%	-
Female	68.46%	13.02%	61.23%	-
Total	11.01%	44.88%	44.12%	100.00%

⁴¹ Employees with non-guaranteed working hours are included this year in the total number of employees by contract type. Those are employees in the Republic of Serbia that work with the employer as a complementary employment, with the employer listed as second employer. Such employees may work for up to 1/3 of regular working hours and have a special type of contract.

Fortenova Group's Human Resources

Number of employees by age and gender in 2024

Over the course of 2024, four new female members rounded the number of women in the Group's senior management off to 100, while compared to the previous reporting period this management

category includes 11 new men. At the same time, there were fewer women and men in total in the middle management, while the year 2024 saw an additional 50 men enter the line management and two women leave.

Employees by age and gender in 2024

2024	<30	<30 M	<30 F	30 - 50	30 - 50 M	30 - 50 F	>50	>50 M	>50 F	Male	Female	Share of women in management	Aggregated share of women in management
Senior management	3	2	1	200	124	76	75	52	23	178	100	36%	60%
Middle management	7	3	4	387	220	167	129	70	59	293	230	44%	
Line management	230	82	148	2,354	823	1,531	1,048	407	641	1,312	2.320	64%	
Other employees	6,655	2,882	3,773	19,700	6,863	12,837	13,148	4,254	8,894	13,999	25.504		
Total	6,895	2,969	3,926	22,641	8,030	14,611	14,400	4,783	9,617	15,782	28.154		
										43,936			

Employees by age and gender in 2023

2023	<30	<30 M	<30 F	30 - 50	30 - 50 M	30 - 50 F	>50	>50 M	>50 F	Muški	Ženski	Share of women in management	Aggregated share of women in management
Senior management	1	1	0	186	114	72	76	52	24	167	96	37%	60%
Middle management	7	3	4	416	245	171	134	74	60	322	235	42%	
Line management	238	82	156	2,402	843	1,559	943	336	607	1,261	2.322	65%	
Other employees	6.478	2.686	3,836	20,378	6,871	13,507	13,021	4,239	8,782	13,796	26.125		
Total	6.724	2.757	3,967	23,382	8,073	15,309	14,174	4,701	9,473	15,546	28.778		
										44,324			

Fortenova Group's Human Resources

In order to additionally secure the stability of work processes and employee well-being, Fortenova Group permanently employs by means of employment contracts, while fixed-term contracts are only used in cases of objective needs that are present

for limited time periods or due to increased workload. Therefore the vast majority of contracts, or 85.36 percent, are permanent contracts and 97.12 percent of employees work full-time.

Other persons that worked with the employer

In all other forms of work that are not based on employment contracts, 15,511 persons or 35 percent of the total number of employees worked for the Group in 2024, and the companies hired high-school

and university students through practices and under student contracts in a somewhat higher number than in the year before.

Data on the number of persons that worked with the employer by type of employment contract are provided in the table below:

Number of employees by type of contract in 2024 and 2023

	2024		2023	
Contract type	Male	Female	Male	Female
Permanent contract	12,805	24,610	13,160	24,950
Fixed term contract	2,939	3,480	2,368	3,802
With non-guaranteed working hours	38	64	15	29
Full-time employees	15,609	27,159	15,420	27,796
Part-time employees	173	995	106	956
Total number of employees	43,936		44,324	
Total number of employees + seasonal workers	45,117		45,427	

Number of persons that worked under other types of contract in 2023 and 2024

	2024		2023		
Other types of contract	Total number of employees	%	Total number of employees	%	Difference 2023 – 2024 (total number of employees)
High-school student work	1,872	4%	1,362	3%	510
High-school student practice	1,364	3%	1,186	3%	178
University student practice	175	0%	85	0%	90
Student service	10,173	23%	9,216	21%	957
Agency workers	533	1%	518	1%	15
Volunteers	0	0%	0	0%	0
Other	1,394	3%	1,902	4%	-508
Total	15,511	35%	14,269	32%	1,242

Share of employees by age groups in 2024

The reporting period saw the continuation of the trend where the highest share (52 percent) in the Group's labour force is accounted for by employees aged 30 to 50 years, while one third of all employees is accounted for by the age group 50+. The fewest (16 percent) employees are younger than 30 years, but it is important to note that this year there are 171 employees more from that age group than in the year before. The number of employees in the eldest group has grown, too, while the number of employees in the most productive age group is unfortunately significantly lower.

Share of employees by age in 2023 and 2024

Employees by age	2024		2023		Difference 2023 – 2024 (by age at Group level)
	By age at Group level	% of age group at Group level	By age at Group level	% of age group at Group level	
<30	6,895	16%	6,724	15%	171
30 - 50	22,641	52%	23,382	53%	-741
>50	14,400	33%	14,174	32%	226

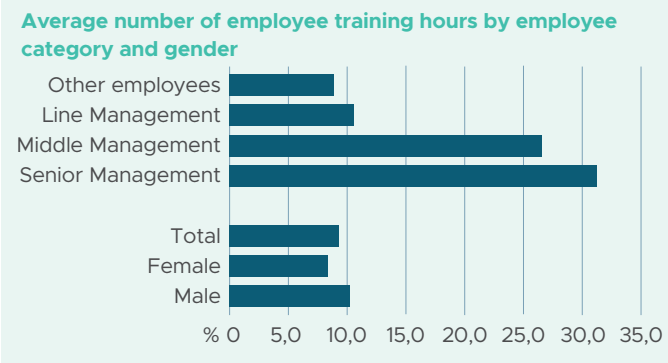


Employee Development, Advancement and Training

In the market environment, employee training and education are important backbones of the companies' competitiveness, hence additional training courses are an indispensable part of the working engagement. At Fortenova Group all employees have the opportunity for professional training and development, depending on their own and on business needs. In 2024, the total number of training hours at Group level amounted to 402,392.32 hours, while the average number of training hours per employee was 9.3 hours, or 25.58 percent more than in the previous reporting period.

Average number of employee training hours

Male	10.3
Female	8.4
Total	9.3



Share of companies with available training and assistance programmes in 2023 and 2024

Training programmes		2024	2023
Internal training courses		70 %	74 %
Financial support for external training or education		75 %	79 %
Provision of study periods (sabbatical) with guaranteed return to the job		23 %	26 %
Assistance programmes			
Retirement planning for persons intending to retire		45 %	46 %
Retraining/reskilling for employees intending to keep working		34 %	28 %
Severance pay		77 %	79 %
If severance is paid, taking into account the employee's age and years of service		73 %	67 %
Employee placement services		27 %	26 %
Assistance (e.g. training, consultations) related to end of working life		25 %	21 %

Talent Management

As in previous years, the Group's focus is still on tracking the career development of employees with potential to assume more complex jobs or be transferred to other positions within Fortenova Group. Employees recognized as talents can put their career development forward as one of the topics at the annual interview with managers and the employee's interest and potential are documented in the individual development plan.

The identification and recognition of key employees was carried out through the Talent Management process, where for all employees identified as talents an individual development plan, a succession plan, a turnover risk assessment and a plan of key activities required for their retention in the organisation have been made. Besides their participation in key training courses as part of the DRIVE Beyond Excellence programme, career plans are made for talents, which include the assessment of the respective employee's readiness to assume new jobs and responsibilities. There is a defined talent management system in place at the Group: the identification of talents is formalised through the work performance tracking and potential assessment system, the talent management model is aligned with the company strategy and at organisation level calibrations/talent review programmes are implemented as part of the talent assessment. All talents have a defined annual individual development plan and a career plan, and stay interviews are conducted with them on an annual basis.

The Talent Management programme includes 1846 Group employees, whereof 996 managers, and in 2024, 74 talents were identified in the Group.

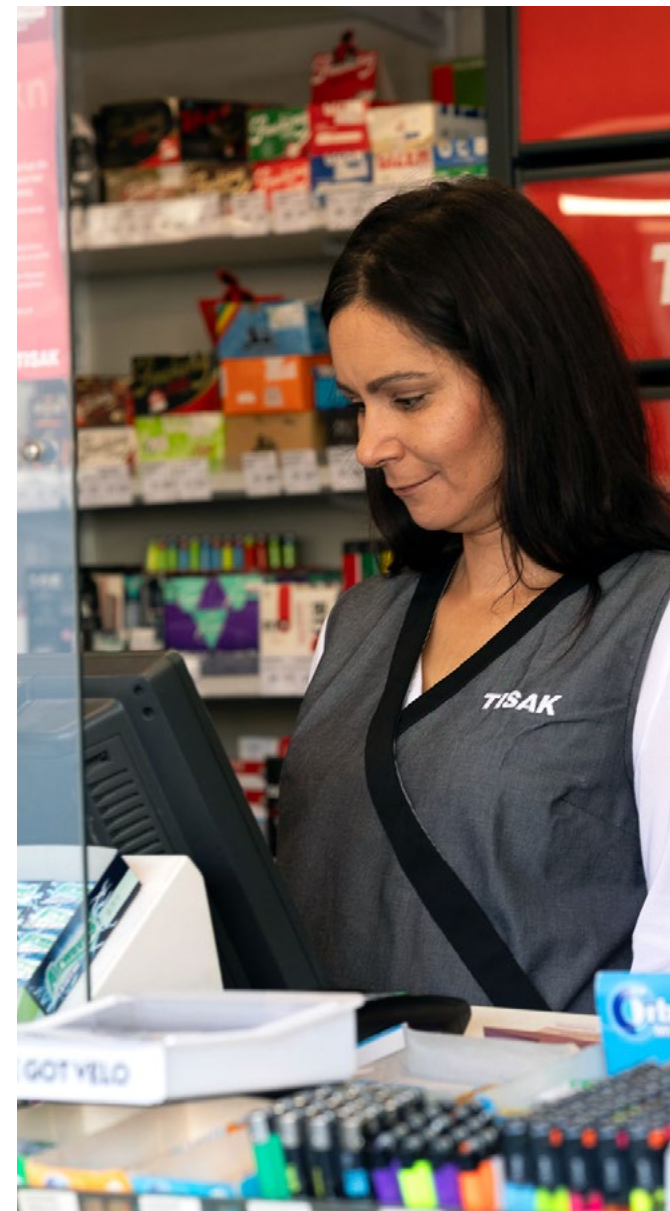
Organised as part of the Talent Management process is the Talent Forum Day, where talents from all business divisions are presented and the assessments are calibrated with the key management team (presidents of the OpCo management boards, Fortenova Group's executive directors, human resources of all companies). This way talents are also recognized outside the organisation where they are currently employed, with their development and promotion made possible at Group level.

The year 2024 also saw the continuation of process improvements within the performance and talent management information system, comprising 18 Group companies.

The projects of expert knowledge exchange among Group companies were continued as well. Standing out among them are the **Oil Twist** project pursued by the two Oil Group companies – Zvijezda HR and Dijamant, and the **Insight Day** conference, organised by Konzum HR, while the Beverages Group pursues the **Ment2Be mentorship programme** and the **WoW! Academy (Well of Wisdom)**, based on the concept of internal training, where 23 internal WoW! coaches (employees from various sectors of the Beverages Group) share their knowledge and experience regarding professional expertise, business processes and personal development in various topics with their colleagues.

Dijamant started internal trainings back in 2017 and has for a full seven years organised and successfully implemented **internal workshops** intended to share knowledge. Over the course of 2024, three such workshops were held: "Selection Interview", "Final Production and Key Processes" and "Diversity, Equity and Inclusion as the New Business Imperative". A series of workshops was also held under the title "Eat healthy, think healthy". The workshops were held at the company restaurant, and under the topics "Healthy Diet at Work" and "GMO – in favour or against", tastings of vegan products were organised as well as consultations with a nutritionist. Employees have evaluated such transfer of knowledge as very useful, hence that practice will be continued going forward, with further improvements in its format and structure.

Fortenova Group takes particular pride in its own internal long-term knowledge and skill improvement programme for its employees, **DRIVE Beyond Excellence**, initiated in 2021 and consisting of three different group training programmes – Discover, Accelerate and Navigate – organised in modules, with a view to further strengthening Fortenova Group's human resources and contributing to the creation of an encouraging work atmosphere and a winning mentality, which strongly propels the entire Fortenova Group forward and continues to be held with the fourth generation of students.



Employee Development, Advancement and Training

DRIVE Beyond Excellence

Through the three DRIVE Beyond Excellence programmes, initiated in 2021, the students gain insight in the areas of finance, supply chains, sales, building customer relations or comprehensive project management, with particular emphasis placed on strengthening team leadership skills, recognizing the specific traits of team members and encouraging their creativity, resourcefulness and inclination to thinking outside the box. In 2023, a new module – Digital Transformation – was successfully implemented in all three programmes.

In late 2024 the training started for another, the fourth generation of students in the Discover and Accelerate programmes. There are 85 students in the Discover programme – 51 women and 34 men, and 56 in the Accelerate programme – 20 women and 36 men.

So far, through three generations the programmes were successfully completed by 757 students. Out of those, 78 students were promoted or changed their job through internal mobility, whereof 34 are women (43.5 percent).



NAVIGATE Senior

Programme intended for the senior management with a view to them assuming more complex positions within very short time



ACCELERATE Middle

Programme intended for the middle management with a view to them assuming more complex positions within the next year or two



DISCOVER Junior

Programme intended for new and future managers recognized for the first time as potentially capable of assuming leadership positions



DIGITAL TRANSFORMATION

Programme intended for students of Navigate, Discover and Accelerate programmes, with other employees to be included according to proposals from the companies

	Navigate	Accelerate	Discover	Total per year
Number of students 2021* first generation	35	98	140	271
Advancements from first generation	6	9	19	34
Percentage of women in advancements	1,6 %	44 %	47 %	14
Number of students – second generation 2022	22	71	91	181
Advancements from second generation		4	16	20
Percentage of women in advancements from second generation		60 %	46 %	9
Number of students – third generation 2023		68	96	164
Advancements from third generation		6	18	24
Percentage of women in advancements from third generation		33 %	50 %	11
Number of students – fourth generation 2024, ongoing		56	85	141

Employee Development, Advancement and Training

Employee recruitment and retention strategy

In order for the candidate selection process to be improved and to become more efficient, all with a view to finding the optimum response to the challenge of labour shortage that affects almost all companies across the region, in 2023 the Group completed the preparation and in 2024 started with the implementation of the **Share & Recruit Centre (SRC)** project. The project includes Fortenova grupa d.d. and seven Group companies operating in Croatia – Konzum HR, Jamnica HR, Zvijezda HR, Tisak, Roto dinamic, PIK Vrbovec HR and mStart HR. In H1/2024, 90 job vacancies were advertised with 4698 candidates having applied. Thereof 535 candidates were shortlisted and 71 were employed, and all participating companies gained insight in the demand and supply of candidates.

The practice that job seekers can directly apply for jobs even when there are no vacancies is still being applied, and the resumes

received that way are treated with care, with candidates being contacted at need. The selection and recruitment process is digitalised.

The project of the company Zvijezda HR from 2024, focusing on employee retention, has been singled out and described below.

The Group implements a number of activities dedicated to its employees and to strengthening their mutual relationships, as well as their connection with the company.

At Konzum HR, this is an activity titled “To me you’re THE (best) (*Ti si meni NAJ*)”, and awards are presented to individuals and teams.

At the Beverages Group, which includes Jamnica, Sarajevski kiseljak and Mg Mivela, the programme of recognising and rewarding

employees called JaKiMi – selection of the best colleagues that drives cross-functional and cross-company rotations and advancements – is still active.

Idea CG has a similar project in place called “THE (best) employee(s) (*Naj zaposleni*)”, Mercator SLO’s project is called “It is nice to be THE (best) (*Lepo je biti naj*)”, and PIK Vrbovec HR’s is titled “THE (best) PIK employee (*Naj PIK-ovac*)”.

Thanks to its dedication to high work standards and the continuous improvement of working conditions for employees, Sarajevski kiseljak has continued its tradition and in 2024 again won the recognition “The most desirable employer in 2024”. In the regular survey conducted by the MojPosao.ba portal, Sarajevski kiseljak ranked a high No. 2 in the food sector in Bosnia and Herzegovina.

ZVIJEZDA HR

The company Zvijezda HR (*‘Zvijezda’ being the Croatian word for ‘star’, note of the translator*) initiated the project called “**We are all stars**” – from personal commitment to exceeding plans. The project was initiated in the area of remuneration and motivation for the company’s success and was listed among the top 3 HR practices in the category of large companies in the selection of the best regional HR practices.

An important goal of the project was to show that all employees jointly contribute to the financial result. When the initiation of the project was communicated, all employees were familiarised with the financial objectives that had to be realised and educated about the financial terminology – EBITDA and so on. They were explained what EBITDA stands for, presented with the quarterly/annual objectives broken down by month to the EBITDA level, which is also the foundation for the disbursement of remunerations to employees. They were all made aware that all jobs are equally valuable, and participated in the project under precisely defined conditions and criteria. Employees had a sharper focus on the company’s results and thus their individual interests were linked to the team results and to company interests.

Vision and goals	Results	Implementation of activities
<ul style="list-style-type: none">• Involvement of employees in understanding business strategies and goals by means of transparent, timely and continuous communication, inclusion of financial literacy in the communication with workers• Increase in employee motivation and engagement for the accomplishment of the company’s common goals• Strengthening of teamwork and inclusion	<ul style="list-style-type: none">• Employee productivity, measured before and after implementation, was improved• Greater employee engagement and motivation, measured through the Group’s focus and the climate and culture survey• Strengthening of teamwork and collaboration between different parts of the organisation• Disbursement of a common reward as a result of the increase in revenue and profits in the context of employee contribution	<ul style="list-style-type: none">• A Rulebook on the conditions of and criteria for being eligible for a financial reward was prepared• All employees were included, the communication was transparent, clearly stating what financial goals the company had to meet• The communication took place directly through the supervisors, via email and through the intranet portal• The operating results were tracked and disclosed quarterly

Employee wellbeing

One of the important functions of Human Resources is to create activities related to different HR policies. Following the adoption of the Diversity, Equity and Inclusion (DEI) Policy in 2023, in 2024 a training course was held for key employees about its implementation and concrete activities. The priority was to educate and sensitise senior and middle management to recognise situations, stereotypes and prejudices in order to better manage processes and employees.

The Policy focuses on three pillars: gender equality, persons with disabilities and employee wellbeing, and hence, in accordance with those pillars, the training covered the following key topics: intercultural differences, accessibility and inclusion of persons with disabilities, age differences, cognitive differences. The training was held in 11 Group companies⁴², and was completed by 149 attendees.

Additionally, in 2024 a corporate volunteering manual was prepared, with the coordination and approval process currently under way.



Freedom of association

In Group companies with trade union activities, their freedom of action and union organisations are guaranteed, and collective agreements cover 94.53 percent of Group employees in total. In order to secure the application of social standards and social dialogue in all operating companies, each year at Fortenova Group level a negotiation team is formed, which runs the collective bargaining process for several companies. As in previous periods, 19 collective agreements⁴³ were closed and extended in the year 2024.

Collective agreement	2024	2023
Total	42,650	42,732
Percentage	94.53%	94.16%

The good practice of holding regular Townhall (TH) meetings with employees was continued in 2024, attended besides the company managements also by the Group management, where the business and its challenges were openly discussed and plans and goals for future periods were presented. Thus in 2024, in collaboration between the Group's Corporate Communications and the operating companies, 11 TH meetings were held in the companies: Fortenova grupa d.d., Vinka (two meetings), Mg Mivela, mStart HR (two meetings), Mercator SRB, Zvijezda HR, Belje and Konzum HR.

42 Konzum HR, Konzum BiH, Roto dYNAMIC, JAMNICA, Sarajevski kiseljak, Mg Mivela, mStart HR, Tisak, Zvijezda HR, Fortenova grupa, Idea CG

43 Agrolaguna, Belje, Eko Biograd, PIK Vinkovci, Vinka, Vupik, Konzum HR, Konzum BiH, Mercator SLO, Mercator SRB, Mercator EMBA, PIK Vrbovec HR, Zvijezda HR, JAMNICA HR, Tisak, Sarajevski kiseljak, Dijamant, Mg Mivela, Mercator IP.

Employee Development, Advancement and Training

Salary and remuneration policy

As already mentioned, the year 2024 saw the closing of 19 collective agreements in the regular procedure, with the basic salaries and other employee benefits agreed in the renewed collective agreements, in coordination with the social partners.

The **classification and remuneration structuring method**, initiated in 2019, continued in 2024 with the main goal being to achieve the same range of salaries and remunerations for the same job positions.

Analyses were made and salaries compared by region, by market, within Group companies and among competitors in 2024, too, and all companies received the data for comparison purposes, in order to follow developments and promptly react to changes.

Any company that has the need to implement any change in the structure of jobs, salaries, remunerations and so on, is obligated to first make an analytical comparison of the current position against the changes planned, according to the rules of the above method.

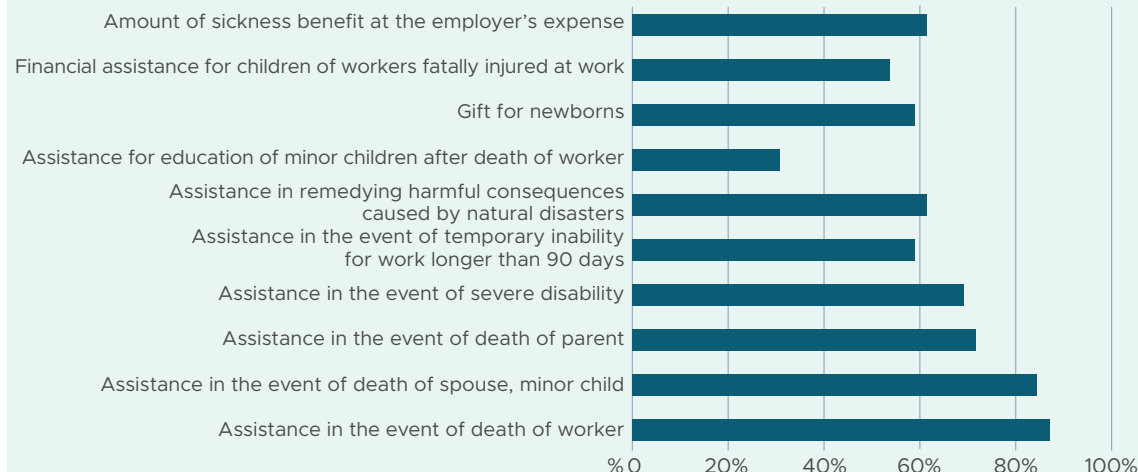
Equality in granting benefits

Benefits offered to employees may vary depending on the business division and national practices, and for the larger companies they are defined by collective agreements or, in the case of smaller companies, work regulations, where in granting benefits they are guided by the practice of those Group companies with a closed collective agreement in place.

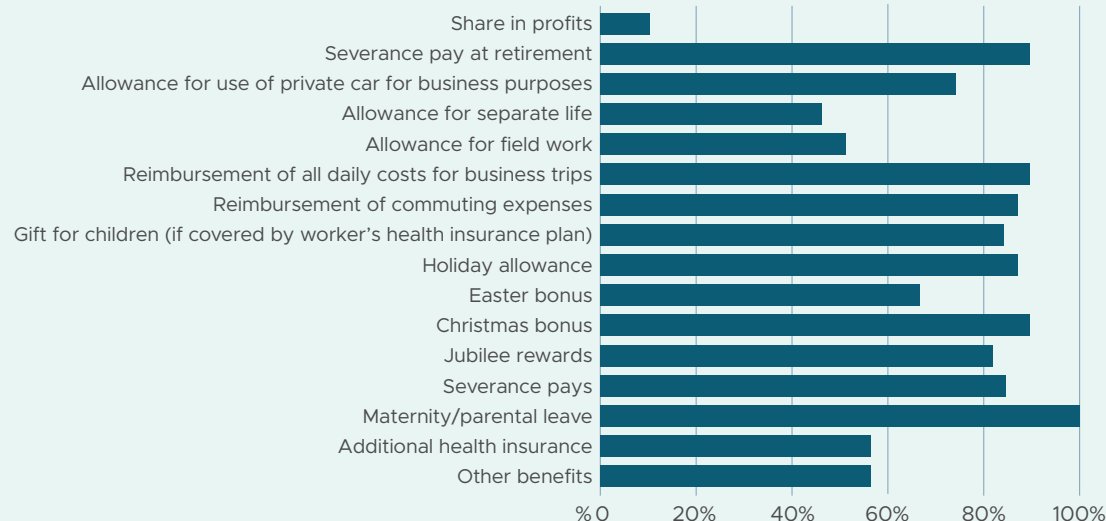
When it comes to tangible rewards, most companies offer a spectrum ranging from severance pay that exceeds the legally prescribed one in case of retirement or business-conditioned employment contract termination to the reimbursement of commuting expenses, rewards to mark special occasions, gifts for children, Christmas allowances, performance bonuses, Easter allowances, holiday allowances and solidarity aid, while standing out among intangible rewards there are paid leaves of absence in case of moving house or an additional day off for blood donations, days off for childbirth, for taking care of a close family member in case of illness, when getting married etc.

In 2024 there were no significant differences in granting benefits other than, exceptionally, the difference in granting additional health insurance policies arising from insurance company rules that the policy can only be closed for a period of one year, hence for workers with fixed term employment contracts for shorter periods no policies are closed. Also, the number and type of benefits granted were not changed in comparison to 2023.

Share of companies providing assistance in 2024



Share of companies providing the benefits stated 2024



Gender Equality

At Fortenova Group women account for 64 percent of the total employee number, while their share in the senior management is 36 percent. According to the organisational structure, at Fortenova Group level there are 44 percent of women in the middle management, while their share in the line management is higher and amounts to 64 percent. Overall, in all three management categories at Fortenova Group women account for 60 percent.

Standard and quality of living improvement (living wage)

Fortenova Group has undertaken to positively affect the quality and standard of living of its employees and the communities in which it operates. In 2023 an assessment of costs of living on the respective markets was initiated in order to gain better insight into the current position and to plan activities for the improvement of the standard of living. Accordingly, in order to improve the quality and standard of living, the company has set goals that it wants to achieve and is primarily focused on raising wages.

Additionally, the differences between wages paid to women and men in the same job positions and markets were analysed in all three divisions, with measures implemented immediately to equalize them.

At the level of the entire Group, which has a headcount of around 45 thousand employees, women earn 94 percent of the wage paid to men. This value is calculated

36 % of women in senior management

as the average of two indicators: the ratio of the median wage of women and men and the ratio of their average wages.

Results by business divisions:

- Retail Division – women earn 95 percent of the wage paid to men;
- Food Division – women earn 102 percent of the wage paid to men, which means that their wages are on average higher than men's.

Results by states:

- Croatia: 96 percent;
- Serbia: 96.5 percent;
- Slovenia: 100 percent (there is no difference in wages);
- Montenegro: 98 percent.



Social Inclusion

Persons with disabilities	
	Ukupno
2023	1,360
2024	1,342
2023 → 2024	-18
2023 → 2024	-1.32%

As at 31st December 2024, the Group employed 1342 persons with disabilities, slightly less (1.32 percent) than in the year before. Also, on those markets where this is legally permitted, the operating companies concluded goods and services procurement agreements with associations that predominantly employ persons with disabilities.

The largest number of persons with disabilities in the Group are employed with Mercator IP – as much as 52.64 percent. Mercator SLO, PIK Vrbovec HR and Dijamant have a sufficient number of persons with disabilities integrated in their collectives to comply with the legal requirements, while Zvijezda HR has continued to foster the tradition of cooperating with the Association for Promoting Inclusion, through which it employs persons with intellectual disabilities. Besides the above concrete and measurable activities, there are continuous efforts to raise employees' awareness of the necessity of including persons with disabilities into collectives.

The company Konzum BiH has continued to work on the World Bank's project of employing women from groups that are difficult to employ for different reasons. As part of the project, women that applied to Konzum BiH undergo a three-months training and can continue to work in the job position for which they successfully completed training.

In early 2024, the Croatian Paralympian Committee presented PIK Vrbovec HR with a Paracertificate to honour the company's active participation in the programme for the detection of prejudices and missed opportunities in (not) employing persons with disabilities and the creation of a better work environment for all. Also, the Municipal Office for Social Security, Health, War Veterans and Persons with Disabilities organised a panel under the title "Experience of employers and organisations employing groups with lower employability", where positive practices and examples were presented that are applied at PIK Vrbovec HR in the recruitment process.

In 2024, for the second consecutive year, Roto dinamic received an acknowledgment for the participation in the project introduced by *Poslovni dnevnik* 'Experience is Worth its Weight in Gold', as part of which throughout the year awareness was raised in the business community and the society as a whole of the issue of employability and the equal social inclusion in the everyday life of young people with disabilities and from a disadvantaged background. The project brings together partner employers and students with disabilities or from disadvantaged backgrounds, all with a view to providing them with the possibility of practical work for the sake of easier employment in the future. Thus a student was given the opportunity to pursue one month of practical training at the company, which, to the mutual satisfaction, lasted even longer. At Roto dinamic they commented that they had learnt to adjust their way of communication and their approach when a person with disabilities works in the team in order for them to perform their practical training in the way it was intended. At the beginning that had been a challenge, but over time everyone got the hang of it, and in 2024 another female student with a disability joined them through the project.

Also, the year 2024 saw the Group complete the training titled "Civic Scout at Work" on diversity and inclusion, which had started in late 2023 and covered topics such as "The culture of failure", "Conflicts" and "Diversity and Inclusion Booster". The training was successfully completed by 14 employees from different Group companies, and two colleagues were given the opportunity to participate in the final event and present the project of diversity and inclusion improvement at the company.

In collaboration with HR PSOR, in 2024 a training was organised with the intention of promoting insights into conscious and unconscious biases and thus supporting the promotion of diversity, non-discrimination and equal opportunities in the workplace. At the final event, female colleagues from four Group companies presented the project under the title "Improvement of gender equality at Fortenova Group". It was emphasized in the project that the key impacts on gender equality become visible in the process of recruitment, in advancement and career development policies, working hours and flexibility policies, creating an inclusive and supportive workplace, providing transparency and equality of wages for women and men.

When it comes to companies that employ foreign workers, Konzum HR, Roto dinamic and Mercator SLO have continued to pursue the practice of helping to integrate the workers in the collective and organising language courses.

At Mercator SRB they have drawn up information about the city's public transportation to help them get from where they live to any given point by using public transportation, as well as about the most visited places in the city.

Mercator IP has organised help to navigate Slovenia (sim card, getting to work, public transport, general information, documents...) for each foreign worker individually.

PIK Vrbovec HR organised a Croatian language course for its foreign workers, where the colleagues once a week have the opportunity to familiarise themselves with the Croatian language and culture through interactive and fun lectures. The initiative is not only intended to train the PIK employees in everyday communication, but has wider goals of inclusion, understanding and connecting through language and culture.

Work-life balance

The Group recognizes that we are living in times where everyone of us is daily faced with different challenges and hence the companies have organised various activities in order to support their employees.

Konzum HR has initiated an assistance programme for employees, designed to provide support and assistance in all aspects of the employees' lives, both private and professional, whenever needed. The psychological counselling programme is available 24/7 to all employees as well as their close family members (partners, children) at a toll-free phone number. Each employee is entitled to five free counselling sessions per problem. Counselling is available in case of:

- Problems at work (e.g. burnout, conflicts at the workplace etc.);
- Problems in private life (conflict with the partner, problems with parenting, divorce, mourning...), mental health problems or emotional problems (anxiety, depression, sleeplessness, problems with controlling emotions...);
- Problems with addiction;
- Crisis events (severe traffic accident, death of a loved one...) or
- Legal problems (one free advice provided by legal advisor with regards to inheritance, purchase/sale/lease of property, divorce, guardianship/custody etc. (Advice related to labour law, criminal law and enforcement law excluded).

The counselling is provided by professional advisors (psychologists, psychotherapists)

who are committed to keeping personal data and confidentiality. In 2024, more than 350 counselling sessions were held.

The company Mg Mivela has implemented a similar programme of employee counselling and assistance via online platform, with the possibility of communicating in person, too.

Konzum BIH initiated an employee counselling programme under the title "Small room for big talks" – open house days for all employees, who are welcome to come at a specified time, one day a week, for one-on-one talks with representatives of the HR department.

PIK Vrbovec HR has organised pop-up workshops related to stress management for mental health protection once a month, organised by HR live and online. Mental health is promoted via internal communication channels – Fortecom and the ČasoPIK magazine, and the initiative "I'm here, I'm listening to you" has been continued as well, with internal experts available via email address and contact phones.

With a view to strengthening resilience in the work environment, Roto dinamic has organised internal trainings on the topics of stress and mental health.

At Group level, the companies were recommended to include remote work in their operating processes, in accordance with the specific circumstances and possibilities, in order to improve the work-life balance.

Right to maternity, parental and paternity leave

All Group employees, regardless of sex and country of operations, are entitled to maternity, parental and paternity leave in accordance with the applicable legal regulations. In all companies fathers have the right to a specified number of days of paid leave of absence due to childbirth.

Right to leave of absence due to childbirth in 2024

	Male	Female	Total
Number of employees entitled to parental leave	15,782	28,154	43,936
Percentage of employees entitled to parental leave	100%	100%	100%
No. of employees who made use of their right to parental leave	350	1,689	2,039
No. of employees who returned from parental leave in previous reporting period	275	652	927
No. of employees to return to work after parental leave	278	810	1,088
No. of employees who have returned to work after completion of parental leave	236	649	885
No. of employees who have returned to work after completion of maternal leave and stayed employed 12 months upon return	274	806	1,080
Rate of returns %	85	80	81
Retention rate %	100	124	117

Improvement of employee experience

In accordance with Group policies initiatives are proposed, with objective applicability in most of the companies, that can increase employee satisfaction. Activities are planned based on information from the corporate climate and culture survey, interviews with job candidates from the previous year, information exchange among the operating companies, following trends on the labour market, information obtained through participation in career days at universities and secondary schools as well as different conferences in the area of human resource management.

Communication is an important factor in improving employee experience, hence the collaboration between the Human Resources and the Corporate Communications functions is the key prerequisite for the employees being timely and accurately informed.

To that end, the companies use meetings (e.g. board meetings, online meetings, video conferences, conference calls, regular employee gatherings, coffee with the CEO and so on), written communication materials (e.g. bulletin boards, printed newsletters, circular letters, brochures, posters and so on), digital communication channels (e.g. company email, access to common folders (through SharePoint and the like), internal social media, internal website (Intranet), Fortecom mobile app, newsletter and so on), employee surveys/opinion polls (e.g. satisfaction surveys, organisational culture and climate surveys, brief follow-up surveys and so on), informal employee get-togethers (e.g. teambuilding activities, virtual coffee, end-of-week gatherings, common lunch premises and so on).

The collaboration between Human Resources and Corporate Communications also means forming and sharing significant information from the HR field, such as information about new employees, notifications of new rulebooks and decisions from the HR field, results of corporate culture and climate surveys, internal trainings, certificates and awards from the HR field etc. Any policies, rulebooks and decisions related to human resources are available on the Intranet platform to which all employees have access and where employee wellbeing information is communicated and employees can actively give feedback, make proposals or comments or evaluate the satisfaction with an activity.

Employees also provide feedback on engagement and inclusion

through the organisational climate / satisfaction and engagement survey, through short opinion polls / questionnaires, by way of systematic collection of suggestions, through the stay interview, the exit interview, interviews with the manager, through focus groups and so on.

The reporting period also saw the continuation of the “**My Idea**” programme, a project where employees have since June 2020 made proposals to improve work processes and working conditions. Over the course of the reporting period, 579 Group employees proposed a total of 508 ideas. Out of those, each company in regular quarterly cycles selected the best ones, with 81 employees awarded at Group level in 2024.

As part of that programme, in 2024 Jamnica HR made an additional step forward through the “Brain Games” project. It is intended to create a culture where innovation is appreciated and implemented and focuses on identifying and retaining the best employees. The project is based on collecting strategic projects that are key for the further expansion and growth of the company and its reputation on the market. In selecting the projects that specified teams will continue to work on, the top management takes into account the company’s stage of development and its readiness to embrace the required changes, the financial and market benefits for the company and its need to follow trends, and sometimes to even set them, as well as the company’s overall operations. The project has several phases: from collecting ideas, selecting the ideas that the teams will work on and selecting team members, to elaborating the ideas, presenting them to the management and selecting the winning idea.

Some of the awarded projects from the My Idea programme so far:

Zvijezda HR awarded the idea of installing a vending machine for consumables needed for personal protection at work (goggles, gloves, earplugs) that would be operated by employee cards and be available 24/7, which would shorten the time for the issuance and administration of personal protection gear at the warehouse, as each worker can obtain the protective gear from the machine by using their employee card.

Konzum BIH awarded the idea “Konzumers train Konzumers”. The goal is to establish a mentorship network through team zoom calls

or in person, where meetings would be held once a month for all employees who want to learn something new that requires the improvement of working skills in their current position. The lecturers would be employees with adequate expertise in the required field, who can apply for holding a lecture that they would get prepared for, together with a colleague as mentor, by attending the *Train the Trainer* programme, where they would learn how to create a presentation, how to present, how to motivate the audience, which questions to ask and how to transfer the adequate knowledge that they possess. The most important topics currently needed are conversational English, Excel (beginner and advanced level), feedback, organisation of work and time.

PIK Vrbovec HR awarded the idea for the plastic card controlling the arrival/departure time of employees to be replaced by a virtual card on the smartphone, subject to the employee’s consent.

Today everyone, or at least most of the workers have a smartphone where the virtual card can be installed. Such card could be sent to each worker electronically if they decide to have a virtual card and not a classic one. This would reduce the number of lost or broken cards that need to be disposed of as waste, and it would be more convenient for the employees, as they would not need to carry the card with them.

Konzum HR awarded the idea to digitalise the cash journal, proposed by the manager of the Konzum store 1235 from Zagreb. Cash register operations in retail include all documents related to the cash registers, which are kept at the store. One of the key documents is the cash journal form, used to reconcile the process of closing the cash register operations. It is used by the responsible person to control cash register operations by verifying the presence of all supporting documents related to closing a shift. At this point the form is still filled out manually, and keeping and storing the cash journal in electronic form would improve the efficiency, transparency and availability of data, with several concrete benefits in day-to-day operations: faster and simpler cash journal keeping, reduced paperwork and administration, improved data visibility/transparency and easier tracking of financial records, while saving time and increasing operational efficiency.

Gender Equality

Feedback and performance evaluation

Feedback is important for a positive employee experience, particularly in the context of expressing clear expectations and goals set. At Group level, 34 percent of employees have received feedback on their performance evaluation, where evaluation feedback was provided to the majority of senior managers (72 percent), and to around two thirds of the middle management employees (67 percent). In line management, feedback was provided to 41 percent of employees, and among other employees feedback was received by one third of them.

Number and share of employees provided with performance evaluation in 2023 and 2024

Number of employees who received performance evaluation	2024		2023		Difference 2023 – 2024
Senior Management	199	72%	211	80%	-12
Middle Management	348	67%	399	72%	-51
Line Management	1,506	41%	1,575	44%	-69
Other employees	13,018	33%	14,182	36%	-1,164
Total	15,071	34%	16,367	37%	-1,296



Occupational health and safety

The occupational health and safety management systems at Fortenova Group are based on the respective national legislation of each of the countries where the Group operates. In view of the legal requirements, **60 percent of Group companies have established their own occupational safety services**, while office operations rely on external providers.⁴⁴ Out of **a total of 59 hired experts** in charge of securing and maintaining the quality of the occupational safety systems at Group companies, 96 percent are academically trained. In addition, five Group companies – Mercator SRB, Dijamant, PIK Vrbovec HR, Belje and PIK Vinkovci – have publicly disclosed their safety and protection policies and certified the occupational safety and health management systems with the ISO 45001 standard.

It is employee training that has been recognized as the main factor in enhancement plans and in the processes of improving occupational safety and health. Depending on the regulations on each of the respective markets, occupational safety and health related trainings at Group companies are held by internal occupational safety experts or qualified external professionals. Over the course of the year 2024, **125,829** hours were spent for employee training, including occupational safety and health training, fire protection training in the workplace and training regarding contingency and emergency procedures, which is an **increase of 11.1 percent against the year before**.

An important element of such trainings is the informing of employees on mechanisms available to them if they believe that they have not been provided with the minimum safety conditions at work, i.e. in case their lives or health should be jeopardized. In such cases employees have the right to refuse to work, and the shortcomings in the workplace can be reported to their immediate supervisor. In addition to the legally required involvement of

employees in the process of risk assessment at the workplace, employees may express their concerns and report potential risks via internal communication channels, including Intranet and email. Participation in the occupational health and safety management system is also possible through the Occupational Safety Committee, established pursuant to regulations in 80 percent of the companies. Over the course of **2024 the committees convened in accordance with the regulations, at least twice**.

For hazard identification, safety reporting as well as incident investigations and analyses, there are defined operational procedures in place, and all companies have established emergency procedures and evacuation plans. The process of identifying and investigating work-related injuries is conducted in accordance with the methodology of the European Statistics on Accidents at Work (ESAW). Companies that have their own occupational safety services and experts regularly conduct internal controls. Risk assessments, internal controls and indication of system deficiencies by defining corrective measures and following up on them are the **backbone of continuous occupational safety system improvements according to the Plan-Do-Check-Act (PDCA) model**.

Based on **1,576** internal controls conducted in the reporting period, **8,050** corrective measures were imposed, with the ratio of controls to corrective measures of 1:5. The realisation in all core business divisions and a comparison to 2023 are shown in the table below.

In the reporting period the Food Division recorded an increase in the number of internal controls that resulted in 36 percent more corrective measures, which certainly indicates a good communication of expectations and a sharper focus on the PDCA model in the companies. The Agriculture and Retail & Wholesale Divisions conducted fewer internal controls, which consequently led to a reduced number of corrective measures.

The key indicators of occupational safety are the Lost time Incident Rate (LTIR) and the Lost Work Day Rate (LWDR) as an indication of productivity loss. Their tracking and comparison indicate to what extent the work environment is safe and how that safety is maintained, i.e. where additional engagement and resources are required in order to achieve the goals set.

Comparison of the number of internal controls and corrective measures in 2024 against 2023

	Internal controls	Change vs. 2023	Corrective measures	Change vs. 2023	Ratio of controls to corrective measures
Agriculture	189	-3%	476	-26%	1:3
Food	343	2%	237	36%	1:0.7
Retail and Wholesale	1,044	-31%	7,337	-28%	1:7
Total	1,576	-23%	8,050	-27%	1:5

⁴⁴ All employees and other workers are covered by an occupational safety system consisting of internal systems and external service providers, specialized and authorised occupational safety companies.

Occupational health and safety

6.4 % more injuries than in the previous year

Main types of injuries

In 2024 at Fortenova Group there were no work injuries that would have resulted in death, while the main types of injuries at work in the Group's core businesses were injuries caused by hand tools, injuries due to falls, and injuries caused by unpredictable animal behaviour. In the non-core businesses no injuries at work were reported.

Over the course of 2024 the Group recorded 978 injuries at the workplace that resulted in lost working time, which is 6.42 percent or 59 injuries more than in the year before. The average duration of sick leave, i.e. the average loss of workdays per injury amounted to 45 days, with a total of 43,569 workdays lost due to injury at work. The increase in the number of injuries is partly explained by the fact that they were exclusively related to retail operations, where the total number of working hours had grown in 2024, too. Additionally, there is a pronounced labour shortage and a large employee turnover in that business, making employers increasingly hire foreign workers, where the language barrier and frequent personnel changes in some jobs are a restrictive factor when it comes to training them in applying safety and protective measures. All rights arising from employment and insurance related to injury at work are exercised through the respective employer.

A comparison of the annual rates of injury at work and lost time incident rates per 100 employed workers, the total annual amounts of hours worked and the lost work day rate are shown in the table and graphs below. With regard to other workers⁴⁵, 28 injuries were reported (92 percent in the Retail and Wholesale Division).

45 Other workers include persons who are not employees, but whose job is controlled by the organisation, including persons under service contracts, agency workers and students performing practical work.

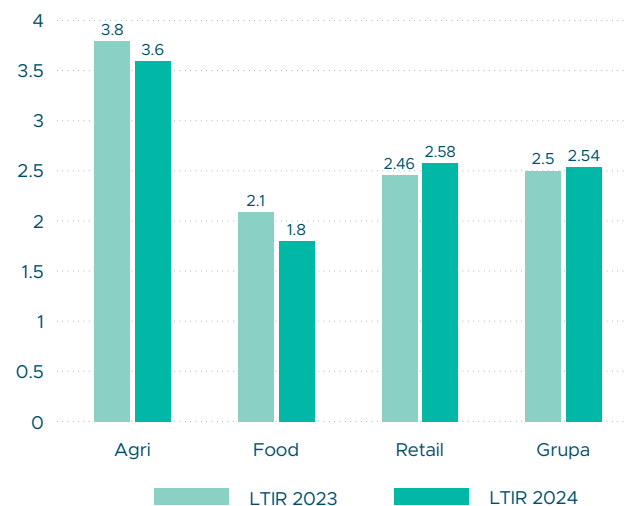
46 According to the GRI 2-8 definition and the scope of companies involved as per disclosures in the section Methodology of Data Collection.

47 Over the course of 2024, no injuries at work were recorded at the Non-Core Companies.

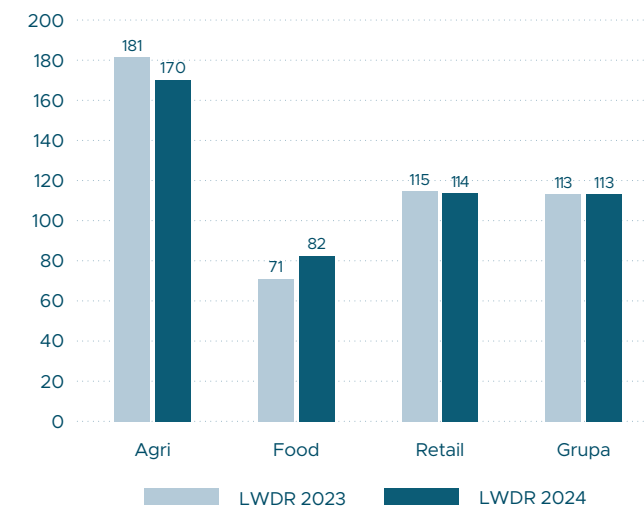
Occupational safety system performance indicators in 2024

	Lost Time Incident Rate (LTIR) per 100 employed workers		Total annual amount of hours worked, including other employees ⁴⁶		Lost Work Day Rate (LWDR) per 100 employed workers		Total Loss of Work Days due to injury at work (LWD)	
	2024	Change vs. 2023	2024	Change vs. 2023	2024	Change vs. 2023	2024	Change vs. 2023
Agriculture	3.6	-5.3%	4,513,383	-2.0%	170	-6.0%	3,841	-8.0%
Food	1.8	-14.3%	10,367,447	6.3%	82	16.0%	4,271	24.0%
Retail and Wholesale	2.6	4.9%	62,211,624	5.0%	114	-1.0%	35,457	4.0%
Total ⁴⁷	2.5	1.6%	77,092,453	4.7%	113	0.0%	43,569	5.0%

Lost Time Incident Rate (LTIR) per 100 employed workers



Lost Work Day Rate (LWDR) per 100 employed workers



Occupational health and safety activities

Working at remote places of work⁴⁸ at the Group there are 1.269 workers, and the risk for those workplaces has been assessed with regard to the hazards, harms and strains at the workplace, with defined technical measures and personal protection equipment.

At Group companies **7,726 workers work in jobs with special working conditions⁴⁹**, and apart from taking care of the health of those employees and of their health protection by checking the workers' fitness before assigning them to a job with special working conditions, those workers are under medical supervision, with their mental and physical health being monitored and the health checks are renewed at legally required intervals. The majority of those workers work as drivers of delivery vehicles, self-propelled machines, tractors and forklift trucks as well as in jobs under unfavourable micro-climatic conditions. It is important to note that in addition to adhering to personal data protection, the confidentiality of information related to the workers' health conditions is provided for, too.

Fortenova Group is dedicated to the values of safe and healthy work, to exercising the right to respect a safe and healthy work environment in all operations, at all levels and in all processes, while encouraging employees to contribute to the maintenance and improvement of safety standards at the workplace. Under the slogan **Safety begins with you**, which is the Group's official slogan since 2021, employees are encouraged and expected to assume responsibility for risk reduction and undertake activities to avoid accidents at the workplace.



48 A remote place of work is a place of work where a worker performs the required work at home or at a place other than the employer's premises.

49 Ordinance on Jobs with Special Working Conditions (Official Gazette 5/1984).

50 Belje (+ Belje Agro-vet), Agrolaguna, Dijamant, PIK Vrbovec HR, Sarajevski kiseljak, Zvijezda HR, Konzum HR, Jamnica HR, Fortenova grupa d.d., mStart HR.

In 2024, the Group continued to pursue the practice of organising different activities and promotions related to occupational health and safety, whether it be sporting events, health checks or training workshops.

To begin with, 11 Group companies⁵⁰ provided their employees with the possibility to close additional health insurance policies at favourable conditions, covering regular annual health checks.

Additionally, having met the required criteria, four companies – Fortenova grupa d.d., Konzum HR, Jamnica HR and PIK Vrbovec HR – received the “Health Friendly Company” certificate, assigned by the Croatian Public Health Institute, as an external acknowledgement that they pursue activities intended to promote employees' health and the adoption of healthy living habits and that they care for the prosperity and wellbeing of their employees and the conservation of the environment. Jamnica HR, for instance, as part of that project held a workshop under the title “Work Kinesiology” for workers in the logistics sector about the proper handling of loads and performing activities on the move.

Agrolaguna, in collaboration with the association Healthy City of Poreč, held workshops on the topic of mental health of employees, with drives for measuring blood pressure and blood sugar levels for interested employees. Dijamant organised free preventive checks for employees aimed at early detection of diabetes. Belje, Zvijezda HR and PIK Vrbovec HR supported and organised a drive for the participation of their employees in the B2Run race in 2024. Konzum BiH worked together with a medical institution on the continuous improvement of conditions for medical checks for female workers. Mercator SLO organised a Health Promotor School and Health Promotor Encounters, and Mercator SRB held the following workshops: “Melanoma”, “Mental health and burnout”, “Setting boundaries”, “Migraine – Life with migraine”, “Healthy lifestyles and the consequences of a sedentary lifestyle”, “Bullying”, “Chances for parenthood – sterility” and “Ovarian and cervical cancer”. Tisak again organised a mobile mammogram for all female employees at the company premises, as well as a dermatoscopic examination of moles. mStart HR held a smoothie workshop with a nutritionist who presented the preparation of healthy smoothie beverages and salads. Five smoothie blenders were purchased and fruit ordering intervals determined in order for employees to be able to prepare a healthy meal at the office.

Corporate Climate and Culture

The sixth annual organisational culture and climate survey, conducted at Fortenova Group in the last quarter of 2024, featured the highest rate of return of filled out questionnaires, where out of the 41,929 employees from 26 companies that took part in the survey almost 77 percent returned the filled out questionnaire sheets. The greatest response was recorded at Mg Mivela, and the highest increase in returns at Jamnica Slovenia, while the number of comments provided by employees grew as well compared to the previous survey and amounted to more than 20,100. The average result of the analysis at Group level is almost the same as in the year before, even slightly higher as it amounted to 3.50, while in the previous year it was 3.49. Each year the survey comprises employees' views according to six key corporate culture and climate dimensions – work organisation, management, attitude

towards employer, advancement opportunities, satisfaction with work conditions, salaries and other benefits and the quality of work-life balance.

As in previous years, the dimensions of management (3.94) and work organisation (3.74) achieved the highest scores among Fortenova Group employees, with the lowest degree of contentment in the dimensions of salaries (2.77) and advancement opportunities (3.44). The employee engagement index of 69.42 percent is slightly higher than in the year before, while the belief-in-strategy index is slightly lower and dropped from 68.51 to 68.33 percent. This year again the highest graded values were “take responsibility and be honest” with 71.2 percent and “cooperate with colleagues” with 70.1 percent.

	2024	2023	Change vs. 2023
Employee engagement in the survey	69.30%	69.24%	-0.06 p.p.
Belief in strategy	68.51%	68.33%	-0.18 p.p.
Respondents' rate of return for participation in the survey	74.43%	76.93%	+2.5 p.p.
Total average score in all areas	3.49	3.50	0.3%
Management	3.92	3.94	0.5%
Work organisation	3.73	3.74	0.3%
Attitude towards employer	3.51	3.51	0.0%
Salaries and benefits	2.76	2.77	0.4%
Advancement opportunities	3.43	3.44	0.3%
Work-life balance	3.57	3.57	0.0%



Acknowledgements, Awards and Certificates in the Area of Human Resources for 2024

Over the course of 2024 the companies received 56 different certificates and recognitions in the area of human resources and a number of acknowledgements for participation in various projects.

The *Employer Partner* certificate was presented for the fourth consecutive year to the companies Fortenova grupa d.d., Konzum HR, mStart HR, Jamnica HR and PIK Vrbovec HR, for the third consecutive year to the companies Roto dinamic, Zvijezda HR, Belje, PIK Vinkovci, Vupik, Mercator SRB, Dijamant and MG Mivela, and for the second consecutive year to the companies Sarajevski Kiseljak, Agrolaguna and Mercator SLO.

The certificate “*Best places to work*“ went to 22 Group companies: Konzum HR, Konzum BiH, Idea CG, Mercator SRB, Mercator SLO, Tisak, Mercator IP, Agrolaguna, Dijamant, Jamnica HR ,MG Mivela, PIK Vrbovec HR, Roto dinamic, Sarajevski kiseljak, Zvijezda HR, Mercator EMBA, Belje, PIK Vinkovci, Vupik, Vinka, mStart HR and Fortenova grupa d.d.

In 2024 Fortenova grupa d.d. made it to the finals of best HR practices with its training project under the title *Digital Transformation*, and the company Zvijezda HR received an acknowledgement for its participation in best HR practices with its projects “You are our Star” (*‘Zvijezda’ being the Croatian word for ‘star’, note of the translator*) – the project of rewarding and evaluation employees’ performance and skills, and “From Junior Board to Zvijezda Business School” – change in culture and increase in employee engagement through the instant application of common business solutions.



The companies Jamnica HR, PIK Vrbovec HR and Konzum HR have the status of a *Health Friendly Company*, now also joined by the company Fortenova grupa d.d.

In 2024 the status of Mercator SRB as a *Family Friendly Company* was renewed, and in the Human Driven Reshape contest the company won an award for best practice in the retail segment under the title “Onboarding process in retail”, listed among the top 5 HR practices.

At the Slovenian HR Congress (Slovenski kadrovski kongres), Mercator SLO made it to the finals of the 2024 HR team selection and won an acknowledgement for the digitalisation of the human resources function.

The company Mercator IP was recertified as a *Family Friendly Company* (“*Družini prijazno podjetje*”).

The company Roto dinamic participated in the project “Experience is Worth its Weight in Gold”, providing students with disabilities with the opportunity to enter the world of business.

The company mStart HR received acknowledgements for the participation at the FER (Faculty of Electrical Engineering and Computing) Freshers’ Day, the career day at FOI (Faculty of Organisation and Informatics) and the STEM games competition.

The companies Fortenova grupa d.d., Zvijezda HR, Jamnica HR, Sarajevski kiseljak, Mg Mivela, Roto dinamic, Konzum HR, Konzum BiH, Idea CG, mStart HR and Tisak received a Future Resilience certification.

In 2024 again, the company Sarajevski kiseljak was the runner-up in the food sector of the Most Desirable Employer in BiH survey.

For their contribution in the mission of helping children fighting against malignant diseases, in early 2025 Mercator SLO received the Golden Ambassador acknowledgement. Namely, in the *Srčna Soseska* drive conducted in late 2024, Mercator’s customers voted for voluntary societies and the distribution of donations. They jointly assigned funds to the Zlata Pentljica Institute, intended to finance scholarships for children who suffered from cancer in childhood and continued their regular education after having recovered from the disease.

Local Community



Aware of the importance of its role in the national economies of the states across the region, as well as in their social development, Fortenova Group has continued to improve its relations with the local communities.

Through the development and implementation of socially responsible projects and policies and the participation in partnership projects with the local communities and suppliers, the Group is engaged in improving various segments of life in those communities, thus contributing to the improvement of the overall quality of life in them.

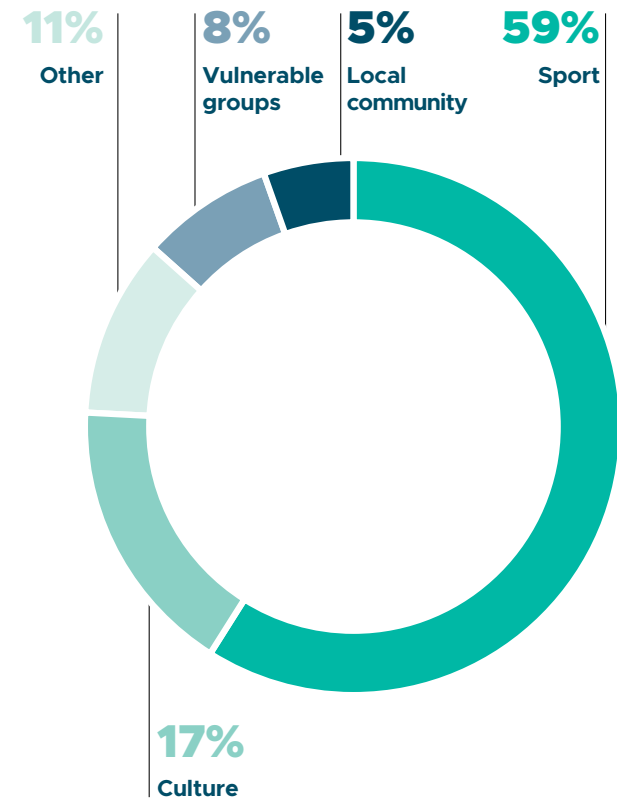
Some of the successful projects have been continued from previous years, but 2024 was also marked by new ones in the areas of collaboration with academia, support to sensitive social groups and raising awareness among end consumers of responsible behaviour towards themselves, as well as the environment and the community.

Projects, donations and sponsorships

Over the past two years Fortenova Group has invested more than **eight million euros** in donations and sponsorships (including in-kind), and 43 percent of that budget was invested over the course of 2024. Around five percent of the total 2024 budget was invested in over 60 projects directly connected to the local community. The Group supported almost

20 humanitarian activities, more than 40 projects focused on socially vulnerable groups and more than 50 cultural projects. With regard to the individual markets on which it operates, most of the investments took place in Croatia as well as in Slovenia and Serbia.

Overview of investments by project type in 2024





In the context of promoting diversity and inclusion both internally and externally, with their activities the Group and its companies support the most vulnerable groups in the communities. In terms of innovativeness, particularly standing out in 2024 were the projects supporting the education and professional affirmation of young people, projects supporting sensitive social groups – children and young people, as well as environmental protection projects. The examples that the Group takes the greatest pride in are singled out below.

Support to vulnerable groups

In 2024, **Mercator SLO** launched the comprehensive initiative called **Srčna Soseska**, connecting Mercator's customers, local societies, communities and suppliers in supporting those who with their commitment improve the quality of life in their environment.

Over the course of the campaign, customers who bought products with the designation *Srčna Soseska* at Mercator SLO received a special code with each purchase which made it possible for them to vote for one of 20 charity associations competing for

donations from a fund worth EUR 150,000 in total. Each association constitutes an important pillar in Slovenian local communities – whether it be through the support to their youngest members, to the sick, to volunteers, rescuers, persons with disabilities or athletes. Mercator's customers gave the most votes (92,550) and the highest donation in the drive that lasted from 14th November to 31st December 2024 to the Vincentian Goodness Volunteer Association, the runner-up was the Slovenian Celiac Society with 83,837 votes, while the Horjul Shelter for Abandoned Animals ranked third with 81,379 votes. As part of the drive, donations were also handed over to another 15 societies.

With this project Mercator SLO underlined the importance of mutual help, solidarity and support to local initiatives and thus supported organisations that operate in their environment and connected them towards their common goal – the creation of better and stronger communities.

In December, in the traditional common initiative **“Celebrate Christmas your way”**, pursued by **Konzum HR and MultiPlusCard**

where this time Zagrebačka banka and Mastercard joined in as partners, a total of EUR 86,900.70 was collected, intended to help associations with praiseworthy missions and activities that improve the standard of living of their protégés. Konzum HR supported their work with a donation of EUR 30,000, together with Zagrebačka banka and Mastercard, while members of the MultiPlusCard loyalty programme collected another EUR 56,900.70 by donating their BONUS euros to an association of their choice.

With this activity Konzum HR continued its tradition of holiday activities of many years which are intended to draw attention to those members of the society that are among the most sensitive groups.

Donations were presented to the *Brački pupoljci* association for the care of children with disabilities, the *Breza* association which helps young people coming from social welfare institutions, the Vladimir Nazor Centre for the provision of services in the community, which provides psychological and social support to individuals and families, the Slava Raškaj Education and Training Center that pursues education and rehabilitation programmes for users from an early age to 30 years of age, the Iris Association providing shelter and protection to women and children victims of domestic violence, the MURID Centre for early intervention in childhood for children with communication challenges and autism spectrum disorders, the Tič Centre for providing services in the community and the StarKA association, whose members take care of the quality of living of elder citizens. Two donations were made to the associations *Prava šapa* (Proper Paw) and Noah's Ark that take care of abandoned animals.

Guided by the idea that only an equal society is IDEAl and with the intention to contribute to its creation, being a socially responsible company, **Idea CG** launched a **competition for the assignment of funds for the financing of a non-government organisation project from the area of gender equality**.

Among 10 applications sent by NGO's, the winner was the project “From safe house to safe job” of the NGO Sistem. They opened the first licenced shelter for victims of violence in the coastal region of Montenegro, seated in Bar, with a capacity for 16 persons. The project is intended to empower women victims of violence, provide help in finding jobs and raise awareness of the importance to systemically tackle the problem of violence.

Projects supporting education and professional affirmation of young people

Having recognized the opportunity to strengthen the connections between industry and academia and support the development of future design experts, PIK Vrbovec HR and Jamnica HR have provided the final year students of the **Faculty of Graphic Art of the University of Zagreb** with the opportunity to work on actual market challenges. In their university course “Design of a selected graphic product” they were entrusted with the redesign of the Sljeme and Sky Cola brand elements.

The assignment for SKY was to design the umbrella brand logo, as well as the logos for each flavour and to propose a new SKY packaging/label design and a new SKY bottle form design. For PIK Vrbovec HR they were requested to propose a modernised packaging design, while keeping the mascot in such way that it corresponds to the contemporary design that will reflect the values and the identity of the Sljeme meat industry brand.

The students worked on the ideas over the course of the winter semester and their work was evaluated by the colleagues from the companies. This project is an excellent form of collaboration between the private and academic sectors, providing benefits to both companies and students. Students thus have the opportunity to apply their theoretical knowledge in practical use, while the companies are given the opportunity to refresh their brands with new ideas and creative solutions as well as to identify new talents that are soon to enter the labour market.

A group of students from the Faculty of Graphic Art that worked on and presented the **project of an application designed to navigate persons with disabilities through physical stores of Konzum HR**, were the winners of the project initiated by Fortenova Group and Poslovni dnevnik, as part of which students from three university institutions in Croatia had the assignment to elaborate their vision of how to adjust retail operations to be more easily accessible to persons with disabilities. The presentations are a result of the task development that Fortenova Group tied to one of its key ESG areas – Diversity, Equity and Inclusion, while the **“Students’ Creative Workshop”** was run by Poslovni dnevnik as part of their project Croatian Brains for Croatia.

The Business Polytechnics team also designed an application to assist persons with motor, sensory and intellectual difficulties in

shopping, which they named “Saša, your shopping friend”, while the team of the University North came up with a wider range of recommendations for the adjustment of retail stores, as well as guidelines for designing an applicative solution with the help of a smartwatch. The decision about the best solutions was made by a jury that included representatives from Konzum HR and Fortenova Group and representatives from the Croatian Union of Associations for Young People and Students with Disabilities SUMSI, where the proposal that the jury believed to have been developed in most detail and that was the fastest to implement, prevailed. Most importantly, however, all three teams shed light on a number of adjustment elements the adoption of which would largely facilitate the movement of persons with disabilities and their shopping experience, whether in brick-and-mortar stores or online.

In the essence of all presentations there was the message that persons with disabilities are part of our lives and that we need to offer them equal opportunities, where the students with their solutions demonstrated an exceptional level of creativity and inclusion, as well as the potential to assume responsibility in the business world that awaits them once they graduate.

Students at the **Osijek Faculty of Economics**, as part of the course Marketing Strategies, in a competition of 14 teams acquired important practical knowledge and experience in managing strong and well-known brands, such as **Zvijezda’s “Planet of plants”**, Croatia’s first plant-based product line.

The competition was carried out in collaboration with the Croatian Marketing Association (CROMAR), and with this project Zvijezda HR and the Osijek Faculty of Economics realised an important segment of their mutual strategic collaboration, which was formalised by signing the Scientific and Professional Cooperation Agreement. This cooperation is actually a bridge between theory and actual experience, driving the development of high-quality experts that the economy needs.

This was the sixth year for **Dijamant** to implement the project **“Young Pastry Chef”**, intended to motivate young people in Serbia to pursue this “sweet” craft. The importance and recognizability of this project is illustrated by the fact that in 2023 it won the title of a socially responsible campaign, assigned to companies and agencies for their contribution to raising awareness and improving

the living conditions in Serbia.

In the internal workshops held in five cities across Serbia, students from the Niš School of Hospitality and Tourism, the School of Economics and Trade from Smederevo, the Subotica-based School of Chemistry and Technology, the “Svetozar Miletić” Secondary School from Novi Sad and the “Dositej Obradović” Grammar and Vocational School from Novi Kneževac, had the opportunity to demonstrate their talents and together with Zdravko Gavrilović, famous pastry chef and brand ambassador of the project, gain new knowledge and skills and get prepared for the finals of the competition, which were held in Belgrade.

The winner of the competition received a scholarship worth 250,000 dinars, and given that the School of Economics and Trade from Smederevo particularly excelled over the entire cycle of the competition, it was declared the best and Dijamant will reward them for their efforts by providing the equipment for their pastry craft classroom.

After a month of fun shows and eager awaiting, the title **“Future chefs”** assigned by **Sarajevski kiseljak** went to the students of the Banja Luka School of Hospitality, Trade and Tourism. As part of the culinary competition, three hospitality schools from Hadžić, Mostar and Banja Luka presented a new take on the traditional cuisine of Bosnia and Herzegovina, showing that the imagination and energy of the younger generations adds new values, while strengthening the existing ones.

To all schools that participated in the project, Sarajevski kiseljak donated KM 1,500 for the purchase of the necessary equipment, while the winning team from Banja Luka was additionally rewarded with another KM 1,500, providing them with the means for their further development and training in culinary skills. The “Future Chefs” project is designed to inspire and support young chefs on their way to professionalism, while at the same time promoting and preserving the rich culinary heritage of Bosnia and Herzegovina.

Idea CG participated in the **Social Impact Awards** project for the second consecutive year. As sponsor to the project, the company supports young entrepreneurs in the development of innovative ideas with a positive impact on the community.

The Social Impact Award (SIA) is Europe's largest support programme for the social entrepreneurship of young people, initiated in 2009 by the Impact Hub Vienna in partnership with the Erste Foundation and the University of Business and Economics in Vienna.

Apart from the financial support, Idea CG also provides assistance in the form of mentorship in developing ideas and contributes with its membership in the jury, consisting of representatives of state institutions and the business community, as well as professionals and experts from different fields.

Projects supporting vulnerable social groups – children and young people

In September 2024, Jamnica HR with its Jana brand initiated the collaboration with the *Milk Tooth* education platform through the project “**ABC of growing up healthy – Emotional development in children**”. The initiative that lasted until March 2025 focused on improving emotional skills in preschool children through trainings and empowerment for parents, teachers/educators and children.

The project took place under the auspices and professional supervision of the Ministry of Science and Education, and it was structured in three key phases: education of parents and teachers/educators, practical work in kindergartens and final prize contest. Over the course of the programme, 1400 children from kindergarten groups from across Croatia together with their teachers created educative and creative content and implemented activities in order to learn how to recognize, express and understand their own emotions, which is of exceptional importance in today's challenging world.

The winner was the **Ploče Kindergarten**, regional facility of Komin, educational group called Pirates, with their project “I give you my hand”, which in a particularly tender and symbolic way expressed the power of children's compassion and friendship. The runner-up was the **Grigor Vitez Kindergarten from Zagreb**, educational group called Little Bears, with the project “A little heart full of emotions”, while the **Tratinčica (Daisy) Kindergarten from Zagreb**, educational group called Little Balls with the project “Emotions in motion”, ranked third.

The project's central symbol were droplets – little, colourful characters representing different emotions, such as happiness,

sadness, shame or pride. Through the picture book “Little drops of great importance” and creative activities in the kindergartens, children developed their emotional literacy in a familiar and playful way. The project provided parents and teachers with tools and materials that support them in creating a safe space where children can freely express their emotions. This way they have learnt to recognize and cope with feelings, which is a crucial step in developing emotional literacy and the foundation for growing up healthier and happier. On that occasion Jana launched the Jana Kids bottle with special labels where children can draw their super-drop on and devise its superpower. Thus, from the perspective of a brand that has for years been committed to encouraging healthy habits, this project was a natural extension of its mission of connecting with the youngest in an authentic and meaningful way. In partnership with the “ABC of growing up healthy” they also continue to actively encourage the development of healthy habits in children and adults.

The focus on emotional development, as the brand's broader mission, also includes the “**Feel your self**” campaign, which highlights the importance of being authentic and encourages one to recognise their own strengths, weaknesses, passions and interests and express them without adjusting to social norms or fearing judgment. This contributes to their emotional growth and self-knowledge.

With its socially responsible initiative and awarded project **Little Big Talents**, Konzum HR in 2024 exceeded the results from the previous year, as Konzum's customers in the second edition of the drive donated more than 12 million coupons to Croatian schools. Thereof the schools used more than 11 and a half million coupons, half a million more than in the first year.

On average, this was slightly more than 6400 coupons per school, with more than 99.5 percent of schools having received at least one coupon. More than 1800 schools or 70 percent of schools in Croatia had registered for participation in the initiative, which enabled them to exchange the collected coupons for equipment from the catalogue that Konzum HR specifically prepared for this initiative and complemented it with products that the schools had noted as necessary. This year the schools chose equipment of higher value than last year and ordered as many as 12,610 pieces of equipment, mostly from the categories of sports, science and arts.

A novelty in the 2024 initiative was the bank of coupons, to which customers who were not able to decide to which school they would like to donate could direct their coupons, and this way almost 69 thousand coupons were collected. Konzum HR distributed them between two schools from Vukovar, where the equipment will help in their everyday work: half went to Vukovar's largest school, the Siniša Glavašević Elementary School of Vukovar, and the other half to the Josip Matoš Elementary School, attended by students with developmental disabilities.

Also, in order to additionally encourage the community to donate coupons, Konzum HR organised a contest for schools, where students by way of video clips invited coupon donations for their respective schools. The Sveti Martin na Muri Elementary School had the most views and won an interactive monitor and five thousand coupons.

For the first edition of this project Konzum HR won the Effie Europe award, presented to the most efficient marketing projects.

On the International Family Day, **Mercator SLO** organised a puppet show, for children and their parents, under the title “How the Lumpies saved the world”. The show was created from ideas written by children in the competition held as part of the White Packaging project.

This project, initiated by Mercator SLO, won multiple awards over the past years and was designed in collaboration with partners in order to develop responsible handling of packaging in dealing with day-to-day problems and learning. As the encouragement of verbal expression has a particularly important role today, children were asked to write their own story on “How the Lumpies saved the world”.

While more than 1000 children took part in the competition for the design of Lumpy heroes, another 100 works were received in the second edition of the contest from individuals, kindergartens and lower grades of elementary school, that created a Lumpy theatre from the white packagings of renowned brands.

The performance takes the viewers, in a way typical for children and with lots of music, through various aspects of pollution of the planet, where the Lumpy heroes, each in their own way, help the

world to remedy the consequences of pollution. Thus children in an indirect way adjusted to them, learn how to save water, handle waste and generally treat our planet in a friendlier way.

Projects encouraging environment protection

In 2024, **Konzum HR** for the seventh consecutive year won the title of **The Best Donor** for the highest overall annual value of food donations in the category of large companies.

Konzum HR in 2023 donated as much as 480 tonnes of food in the total sales value of EUR 1.64 million net of VAT, which constitutes the so far highest amount of donations and accounts for more than one third of all food donations in Croatia. According to data from the Tax Administration of the Ministry of Finance, the total value of food donations in 2023 amounted to EUR 4.66 million net of VAT, with a drop in value against the year 2022 of more than five percent, while at the same time Konzum's donations grew by as much as 33 percent in volume and 35 percent in the value of the donated food. Overall, Konzum has since 2016 donated more than 2,100 tonnes of food, thus continuing to affirm its role as the leader in the national donations chain. Within that chain, it collaborates with 17 registered mediation agencies that collect food for those in need at more than 50 Konzum locations in Croatia every day. The most frequently donated products include fruit and vegetables, milk and dairy products, bakery products as well as fresh and processed meat and fish.

The prestigious acknowledgement corroborates the company's commitment of many years to responsible operations and its care for the community, and Konzum HR is the only company in Croatia to have won this title in each of the seven years that the award has been presented.

At Fortenova Group level, a total of 723 tonnes of food were donated in 2024. Apart from that initiative, Konzum has also pursued other projects focused on environment protection.

With their decision to not take paper receipts, almost 100 thousand environmentally aware members of **Konzum's** MultiPlusCard loyalty programme in Croatia in 2024 helped save 2000 kilometres of paper. After Konzum had introduced digital receipts in May 2023 for all members of the MultiPlusCard loyalty programme and offered them to opt for receiving only such form of receipts,



without paper, over the course of 2024 the “paperless” option was selected by 43,734 members, or a total of 97,099 members by the end of the year.

Besides shortening the time of waiting at the checkout and simplifying the purchase, digital receipts also contribute to environment protection as they reduce the quantity of consumed paper, which most of the people throw away immediately, anyway. It is also easier to keep record of all purchases and the receipts can be downloaded and stored on the mobile device or computer. It is estimated that around 275 thousand kilometres of paper receipts are printed at Croatian grocery stores each year, and this is a way for all of us to make a small contribution to reducing those quantities.

Konzum HR also continued its well-known campaign “**One less**”, promoting the use of reusable shopping bags and the reduction of plastic waste in Croatia. In order to additionally encourage customers to use reusable bags, in H1/2024 all customers that used

the “Nature loves me” eco-bag for their shopping were gifted 20 BONUS cents on their MultiPlusCard by Konzum, with almost EUR 30,000 of bonuses thus paid to customers.

The campaign directly contributes to changing customers' shopping habits, so that the use of disposable bags at Konzum stores dropped by 30 percent in 2024 compared to 2021 when the initiative was introduced, and 40 percent more reusable bags were purchased in 2024, while members of the MultiPlusCard programme bought 56 percent more reusable bags. Given the average life span of disposable bags that can end up discarded in the environment, this is a significant contribution to the overall reduction of plastic waste.

In addition to the “One less” campaign, the company also introduced the refreshed **Konzum Recyclopedija** platform, launched in 2022, where customers can find useful information and advice on how to better use and discard less food, as well as new content

focused on the reduction of plastic waste and advice on how to make the world better with little changes.

The symbolic planting at the location of the Tourist and Education Centre Novo Čiče in Velika Gorica marked the completion of yet another edition of the project **“From source to sea”**, organised by Coca-Cola, Konzum HR, the Cities Association and Jutarnji list. The project is intended to raise awareness of the responsible disposal of packaging waste and the importance of environment protection.

Taking part in the project there were 30 Croatian cities that organised packaging waste collection drives where 2,200 volunteers collected over 420 tonnes of waste, which was then appropriately treated. The most successful one in the category of towns with a population below 10,000 was Benkovac, among medium-sized towns the most points were collected in Vinkovci, while in the category of cities with a population of more than 35,000 people the winner was Velika Gorica.

The result of the project **“Recycle me. Give me a new life.”**, pursued jointly by Coca-Cole HBC B-H Sarajevo, Mercator and Pika Card, are 227,644 collected PET bottles. Based on that, in 2024, 22,764.40 BONUS POINTS were assigned to all Pika Card owners who diligently and committedly participated in the project by bringing bottles to six selected Mercator hypermarkets in BH.

The project has shown that common efforts can affect habits and the appropriate disposal of PET packaging in order for it to be reused, and the citizens have demonstrated their commitment and engagement in environment conservation and their awareness of the importance of responsible waste treatment.

Mercator SRB is Serbia’s first retail chain to have introduced a recycling system in accordance with global trends and in 2024 continued to pursue the project **“Recycle cleverly”**. There are 16 facilities taking part in the project, 10 in Belgrade and six in Zrenjanin, and by 31st December 2024 the project comprised over 180,000 pieces of recycled packaging.

In order to encourage customers to get actively involved, Mercator SRB continuously awards them with discounts for an achieved scoring threshold. The project has additionally positioned



Mercator in Serbia as a chain promoting sustainability and a responsible attitude towards the community.

Jamnica HR launched a new advertising campaign that highlights the importance of sustainability and care of nature, with particular focus on the **environmentally responsible returnable glass bottle**. The campaign’s message, “There is nothing easier than caring about oneself and nature” reflects the brand’s mission: enabling consumers to choose responsible and sustainable products without compromising on quality.

Articulated in a modern way, the campaign promotes the returnable glass bottle as a practical and environmentally friendly choice. Returnable packaging becomes the central symbol that makes a difference in the everyday lives of consumers, as well as in natural resource conservation.

The campaign, which has additionally corroborated Jamnica’s strategic commitment to sustainability, as well as to initiatives that positively affect the community and the environment, has already attracted the attention of and positive response from the public, and its launching symbolises an important step towards raising consumer awareness.

Projects supporting Down syndrome associations

One of Fortenova Group’s traditional activities in raising awareness of the importance of diversity, equity and inclusion is the support provided by the companies Zvijezda and Dijamant to **persons with Down syndrome**.

Thus in its eighth year of cooperation with the Zagreb Down Syndrome Association, Zvijezda HR donated 13 thousand euros, while Dijamant donated 1.7 million dinars for the fourth year of implementation of the project “Follow the Sunflower” to the Union of Associations for helping persons with Down syndrome by setting aside one dinar for each of the 1.7 million sold bottles of Dijamant edible oil. The bottles were specially decorated with sunflower labels drawn by the “Sunflowers” themselves. Namely, as love and joy are the synonyms for persons with Down syndrome, they are called the “Sunflower Children”.

Zvijezda’s donation will help finance a pool therapy programme for babies, soccer trainings at two clubs, taekwondo for children and

adults as well as other sporting activities, while Dijamant’s donation helped organise creative workshops, recreational and educational camps and the purchase of materials necessary for the work of the Association. Namely, each year Dijamant’s funds donation is accompanied by an additional activity, and through the collaboration with the humanitarian organisation for providing support to persons with developmental disabilities “*Dečje srce*” (Children’s Heart), special aprons were created with symbols and motifs of togetherness and support. The motifs on the aprons, which are available through the website *zvucisrca.rs*, were designed and painted by members of the Association – Milica, Vuk, Bojan and Lazar – and the whole amount was donated to the organisation. With this project Dijamant has demonstrated that persons with Down syndrome are diligent, creative and dedicated and that their independence and inclusion can be driven by a small contribution.

Projects supporting sports and health

Through its SARA water brand, **Sarajevski kiseljak** launched an initiative to **support swimming clubs in Bosnia and Herzegovina**. The campaign that lasted from 1st November to 15th December 2024 was organised through the sales of SARA water in Mercator and Konzum stores in BH, where part of the income was set aside to support four swimming clubs: “Spid” from Sarajevo, “Zmaj Alpamm” from Tuzla, “Orka” from Mostar and “22 April” from Banja Luka. The face of this campaign is Lana Pudar, the most successful BH swimmer, whom SARA water also selected as the face to endorse its brand.

As partner to the project “**Teqball in schools**“, **Idea CG** donated teq tables to the secondary schools in Berane, Plav and Pljevlja, which also marked the beginning of the project intended to promote innovative sports and healthy lifestyles among young people. It has been realized by the Center for the Affirmation of Young People and Sports – CAMS, in association with the Montenegro Teqball Association and FITEQ. It is planned for all secondary schools in Montenegro to get this sports activity by the end of 2025.

Besides donations, the project includes promotions of teqball at schools, demonstrations and education about that sport, as well as seminars for professors intended to train them to implement teqball activities in the school programme, and it has been endorsed by numerous institutions and organisations. It is co-financed by the Ministry of Sports and Young People through the programme

“Sports for all – all for sports”, while the CAMS initiative is supported by the Ministry of Education, Science and Innovation. Partners in the project are the company Idea CG and umbrella teqball organisations at national level.

At the ceremony held on the occasion of the completion of the second phase of the campaign “**No price**“, the company **Mercator SRB** handed over a donation to the Association of Patients Suffering from Melanoma. In partnership with the Ministry of Health of the Republic of Serbia and Nivea Sun, the donation was

collected by selling apples at selected IDEA, Roda and Mercator stores in Serbia and all proceeds were used to support the diseased. In two waves of the “No price” campaign, Mercator SRB has so far donated a million and a half dinars to persons fighting against severe diseases.

The campaign was exceptionally successful in raising awareness about important topics related to health and generated concrete results thanks to the partnerships with suppliers, customers, communities and employees.



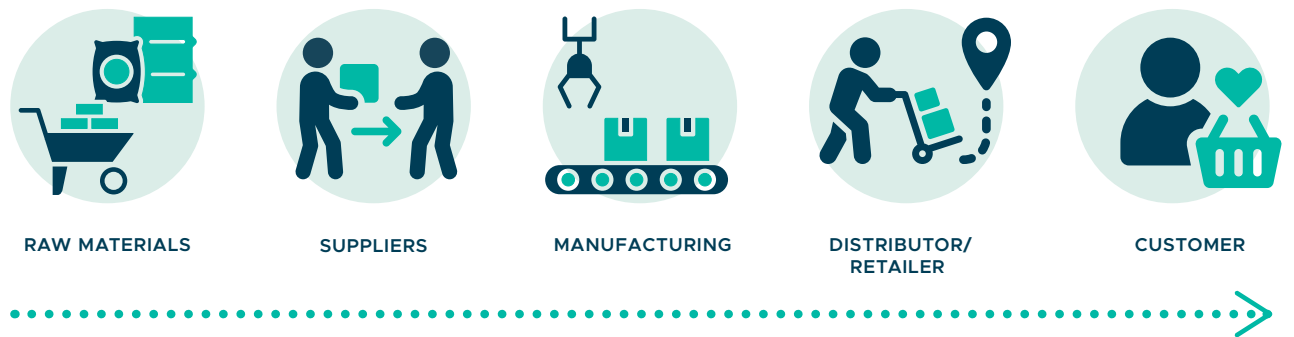
Supply Chain

The value chain constitutes a complex system of activities, processes and stakeholders involved in the procurement, production and distribution of products or services. The focus of the value chain is on identifying and optimising each segment of business with a view to increasing competitiveness and generating higher added value, both for the company and for its stakeholders. The supply chain is a crucial operational part of the value chain and includes all logistics, production and distribution processes in order to enable the timely delivery of products or services. The supply chain is primarily related to physical processes, and in the context of food operations it includes the procurement of raw materials and all steps required for their processing into finished products and their delivery to the end customer. On the other hand, the value chain starts from customer needs and wishes. By analysing the value chain, ways are identified to add value to a product along the entire value chain, whether through improved functionality, better quality or other characteristics that are particularly important to customers.

Value Chains vs. Supply Chains

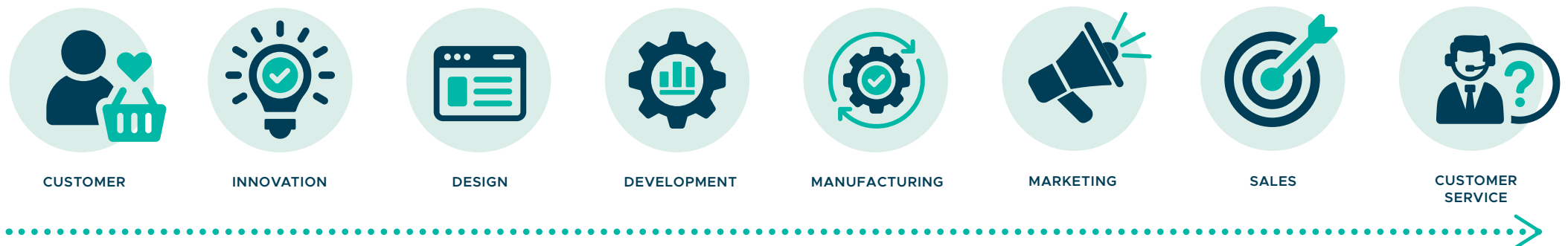
Supply Chains

A supply chain sources raw materials, builds products and distributes them to customers



Value Chains

A value chain starts with customer values and seeks to imbue products and services with those values.



It is estimated that within its supply chain Fortenova Group cooperates with more than 22,000 suppliers – from small agricultural farms, through raw material, packaging and energy producers to suppliers of finished products that are distributed through the Group’s retail network, as well as suppliers of services and IT solutions.

Procurement management at the Group is organised through two key segments: procurement of merchandise for retail and procurement of raw materials, other products and services. The guidelines for the procurement of raw materials in the food sectors were established by the Group companies, and apart from securing quality and health safety as well as the compliance with legal regulations, they also contribute to product competitiveness.

The entire procurement procedure to be applied at operational level has been elaborated in detail and comprises all steps – from the initial selection of suppliers to the final approval, while setting clear criteria. Particular attention in the process is paid to the compliance with applicable laws, ethics principles defined in the Group’s Code and the obligation to approach potential partners in a transparent and unbiased manner. Employees involved in procurement are obligated to adhere to those standards in order to provide for an equitable and responsible evaluation and thus contribute to the overall sustainability and integrity of the value chain.

Sustainable and responsible procurement

Understanding the value chain has traditionally been based on creating competitive advantage and economic value in each of its segments. However, over time this concept has been extended to cover other aspects, too, because from the initial raw material to the final product, each segment of the value chain has its potential positive and negative impacts on the environment and the society. Consequently, managing that process becomes crucial in achieving operational sustainability and transparency.

In the context of sustainability, the value chain focuses on:

- [Impacts of stakeholders and mutual relations within the value chain;](#)
- [Identification and mitigation of negative impacts within the value chain, such as CO₂ emissions;](#)
- [Sustainable management of resources and development of a circular economy;](#)
- [Transparency and systematic monitoring of sustainable practices;](#)
- [Driving innovations and implementation of new technologies.](#)



Precisely in order to provide for the responsible value chain management, although their full application has been temporarily postponed, the European Union gradually introduces strict regulatory frameworks. The Corporate Sustainability Reporting Directive (CSRD), the CSRD delegating act, the European Sustainability Reporting Standards (ESRS) and the forthcoming Corporate Sustainability Due Diligence Directive (CSDDD) require organisations to provide transparent and detailed information on their business activities, including value chain management, with particular focus on environmental, social and governance aspects. Additionally, the above regulations are intended to identify, prevent, mitigate, stop and/or remedy actual or potential negative impacts on human rights and the environment, both within their own operations and along the entire value chain.

In achieving sustainability at Fortenova Group, sustainable and responsible procurement is one of the key factors, the goal being to promote sustainability by establishing standards, encouraging ethical practices, managing risks and providing for compliance and responsibility across the entire value chain.

In accordance with those sustainability principles, over the course of 2024 Fortenova Group’s Supplier Code was adopted and

publicly disclosed. The Code establishes fundamental values for running business operations in accordance with high social responsibility standards, including environmental care, social matters and efficient governance. The main goals of the Code focus on identifying and promoting corporate social responsibility and creating sustainable and profitable operations that improve the Group’s overall value. This shall be achieved by aligning business operations with key principles such as business ethics, respect for working conditions and human rights, environment protection, occupational health and securing product quality. This document, aligned with the Code of Ethics, is also the foundation for a transparent approach to procurement.

In order to confirm their compliance with the provisions of the Code, by signing the letter on its acceptance existing suppliers have undertaken for their organisation to adhere to all principles set out in the Code. Over the course of H2/2024, when the process of notifying suppliers on the adoption of the Code began, a total of 4500 signed letters were collected, and the process will continue to be applied in the forthcoming period. On the other hand, suppliers with whom the cooperation has only begun formally confirmed their compliance with the Code through their contractual obligations.

Supplier evaluation

Supplier evaluation is a crucial tool for securing the quality and reliability of value chains within organisations, and with the implementation of that process companies are able to systematically track and improve their collaboration with suppliers. Regular evaluation, at least once a year, provides for the identification of potential shortcomings and irregularities and drives common efforts on improving quality and efficiency. At Fortenova Group there are two types of supplier evaluations: according to standard criteria prescribed by internal documents and international norms and standards, and evaluation in accordance with ESG criteria.

Evaluation of suppliers according to standard criteria

Pursuant to their internally defined processes and international norms such as the ISO standards, Fortenova Group companies have established a comprehensive system of supplier evaluation with a view to making sure that external partners meet the set criteria. The key elements of supplier evaluation include:

- Product and service quality, for example meeting the requirements defined in statutory regulations or contracts (more details in the section [Product Quality, Safety and Sustainability](#));
- Delivery and reliability, for example tracking of the accuracy and timeliness of deliveries, adaptability to urgent orders or changing requirements;
- Price and overall expenses, for example cost competitiveness and transparency;
- Communication and collaboration, for example quick and clear exchange of information, proactively resolving problems, openness to common projects;
- Possession of certificates and compliance with norms and standards that verify the compliance with and adherence to legal requirements and industry standards.

Over the course of 2024, 6,243 suppliers were checked in accordance with standard procedures.

Supplier evaluation according to ESG criteria

Selection of suppliers in accordance with Fortenova Group's ESG criteria is a crucial element in creating a sustainable value chain and reducing operational risks. The fundamental social aspect of the ESG framework at Fortenova Group is human rights protection, which the Group has paid particular attention to, and when it comes to supplier evaluation in the segment of human rights protection the focus is on respecting labour rights, providing safe

working conditions and promoting equality. Fortenova Group works on minimising potential adverse social impacts and actively contributes to developing and raising awareness across the value chain.

With the membership in the Sedex (*Supplier Ethical Data Exchange*) organisation in 2024, the process of inviting the Group's most important suppliers to voluntary ESG assessments was initiated. Sedex is a global organisation that uses an online platform designed to collect, manage and share data on ethical and responsible business practices within the value chain. Such system enables suppliers to record information about working conditions, occupational safety, business ethics and social responsibility and to transparently share it with their customers.

As part of the Sedex membership, Fortenova Group's operating companies have conducted a self-assessment focused on the social criteria of human rights protection:

Results of the Sedex self-assessment	Number of operating companies
Low risk	22
Medium risk	13
High risk	2

Given the strict criteria of the Sedex self-assessment, most of the operating companies engaging in agricultural or food operations are automatically classified in the medium or high risk categories. Such categorisation results, among other things, from the specific nature of the operations related to the use of food production and agricultural machinery and devices.

As the Group works together with 22,000 suppliers, the evaluation according to ESG criteria takes place in several stages. In stage one, priority will be given to the most significant suppliers, selected based on the generated turnover, with a detailed verification of their compliance with human rights protection criteria. In 2024, more than 200 suppliers were invited to the Sedex platform. For the time being, their response is of minor extent, which is attributed to the non-existence of an applicable legal obligation, and the fact that the process of ESG supplier evaluation is itself at an early stage and that it is based on a voluntary approach.



Local procurement provides benefits for the whole supply chain

As one of the leading food producers and retailers, Fortenova Group actively contributes to strengthening the economies of the local communities.



To that end, the Retail and Wholesale Division has continued to exert efforts to support local producers, providing them with a better market presence and improving their competitiveness. Through various initiatives and collaboration projects, Fortenova Group strives to offer consumers the best local products, while at the same time driving sustainable development and the stability of regional production.

Below is information on the progress made over the course of 2024 in projects related to the collaboration with local suppliers, which reflect the Group's commitment to building stronger and more resilient local economies.

Through its project "The best from Croatia" ("*Najbolje iz Hrvatske*"), in 2024 Konzum HR continued to expand the availability of products made by small local producers and family farms, additionally strengthening their presence on the market. The number of stores where customers can find this special assortment is 92. The success of the project is also reflected in the increase in turnover in that category of a significant 19 percent against the year before. At the end of 2024, the assortment included 339 different products from 59 producers. Although a slight drop in the number of SKU's was recorded in comparison to 2023, it is a result of the strategic optimisation of the assortment and the improvement of business processes, intended to achieve even better quality and efficiency. Particular focus was placed in 2024 on the regional recognisability of products, so that through the lines the Best from Dalmatia, Istria and Slavonia, the special features and the authentic tastes of the respective Croatian regions were additionally highlighted.

Through its brand "We love local" ("*Radi imamo domače*"), Mercator SLO successfully connected local producers and processing companies in the country, with particular focus on the promotion of domestic products on the shelves of its stores. Since the very beginning, when the initiative was introduced to offer customers as fresh as possible products from nearby fields, orchards, vineyards and gardens, this project has developed to become nationally recognized for the strong support of domestic agriculture. Over time it has become key in the diversification and growth of the local product offer and gained huge popularity among consumers and experts alike.

The concept was first introduced in 2016 under the name "Local", as one of Mercator's unique sales propositions. Over the years, the brand "We love local" has not only driven the collaboration with local producers, but served as a strong support for Slovenian athletes and various local associations to rely upon. Today this brand counts an impressive 2,000 local products available in 459 stores across the country. Out of the total assortment, 96 products bear the designation of indigenous Slovenian products, while 130 articles belong to the co-branding segment.

The second half of 2020 saw the launch of the co-brand "We love local" – private label, which started with 56 products and grew to 130 products by the end of 2024. In 2024 sales of the "We love local" brand accounted for 1.75 percent of total sales and the "We love local" private label accounted for a significant 28 percent of sales within that brand. Through this initiative Mercator SLO has positioned itself as the leading retail chain for almost 300 local suppliers.

In Serbia, the project "The tastes of my home region", initiated by Mercator SRB in 2015, provides small producers with the opportunity to place their authentic products on the shelves of large retail chains. This project also promotes traditional domestic recipes and authentic products from Serbia, supporting the local production and cultural heritage.

By 2024, the assortment within that line comprised 201 products, and since 2021 it has borne the prestigious designation of *Čuvarkuća* (Houseleek; *literal translation – house guard, note of the translator*), assigned as part of the initiative "Created in Serbia" by the Serbian Chamber of Commerce. The *Čuvarkuća* designation is intended to support domestic producers and educate consumers on the importance of buying products of local origin which stand out with their high quality. It is exclusively assigned to products composed of not less than 80 percent of domestic resources, including raw materials, processing, labour and packaging.

In 2024, the share of products from this line in sales amounted to 2.6 percent of total retail value, and through this project Mercator SRB collaborated with 48 local suppliers. In late 2024, the company organised a contest inviting bids, to which 17 producers applied. At the time of reporting the contest was still ongoing and the results will be published in the next reporting period.

Product Quality, Safety and Sustainability

Over the course of 2024, Fortenova Group managed a wide range of product categories, which were placed on the market through retail and B2B channels – from primary agricultural products and processed raw materials to finished products intended for the consumers. Securing a high level of product quality and safety is the Group’s key priority, with special focus on consumer satisfaction and well-being.

In order to provide for consistent adherence to those standards, the Group has established a strict supervising system for raw materials and finished products. At Fortenova Group’s food and retail companies, the impact of products and services on consumer health and safety is carefully evaluated at each phase – from development and production to final placement on the market. Apart from that, across the entire supply chain, comprehensive procedures have been implemented to secure traceability and highest food safety standards.

Quality control is organised as part of the quality management and assurance system, with strict adherence to the legislative requirements and implementation of best production and laboratory practices. The key areas of the food quality and safety management system are: food safety, food protection and combating food-related fraud, and since recently also food sustainability.

In the context of food management, sustainability implies reducing negative impacts on the environment and the society, while at the same time preserving food safety throughout the supply chain. Fortenova Group has proactively been working on the key aspects of sustainability, including the development of sustainable supply chains, the reduction of food waste, the increase in energy efficiency in production processes and the use of environmentally acceptable packaging. Additionally, operations are continuously being adjusted to applicable regulations and highest standards of environment protection, food sustainability and safety, thus contributing to the long-term wellbeing of the community.



Food safety culture

Food safety culture assumes common values, beliefs and norms within the organisation, which affect the opinions and behaviours of employees regarding food safety.

This actually exceeds the mere application of standards and procedures, as it includes awareness, responsibility and day-to-day practices that secure the production, handling and distribution of safe food.

This approach includes a number of strategic elements – from encouraging employees to assume responsibility in processes, ensuring relevant competencies and regular training, to systematic risk management and availability of tools and information required for the consistent application of food safety standards. Particular emphasis is placed on communication and leadership, where the management assumes an active role in promoting safety standards and strengthening the safety culture within the organisation.

Strengthening of the food safety culture leads to reduced risk of contamination, foodborne diseases and unreliable products, thus protecting consumer health and the reputation of the organisation. It also contributes to compliance with regulatory requirements and increases consumer trust.

At Fortenova Group, food safety culture is the crucial aspect of maintaining high quality and consumer protection standards. It is systematically developed by means of continuous trainings, day-to-day employee

engagement and clearly defined policies within the operating companies, focusing on raising the awareness of responsibilities in all business process phases.

Food safety culture management at Fortenova Group is based on several key indicators that secure its sustainability and effectiveness:

- Process management systems – clearly defined policies and protocols provide for consistency in implementation;
- Leadership – the management actively promotes food safety through transparency and appropriate business practices;
- Communication – ensures the timely exchange of information and raising awareness among employees;
- Dedication – encouraging employees to be responsible and engaged in food safety processes;
- Organisational environment – creating a work environment that supports high safety standards;
- Food safety risks – permanently identifying, analysing and managing potential threats in order to secure maximum product safety.

Food safety culture is not a static concept, but a dynamic process that requires permanent improvements, adjustments and investments in knowledge and resources. Fortenova Group continues with its committed work on strengthening that culture, making sure that food safety remains an unquestionable priority in each business segment.



Trainings

In order to secure the highest food quality and safety standards, the protection of consumer health and efficient business process management, Fortenova Group continues to invest in employee and management training.

The trainings are conducted both internally and externally, with particular emphasis on professional development training and compliance with the most recent regulatory requirements. On an annual basis trainings are conducted, among other, with regards to Hazard Analysis and Critical Control Points (HACCP), food protection and adulteration, allergen management and so on. Particular attention is paid to the integration of new employees who will be in touch with food-related activities in order for them to familiarize themselves with food safety maintenance processes, making sure that they acquire the necessary fundamental knowledge and skills from the very beginning.

Additionally, over the course of 2024 Internal Food Safety Audit carried out several trainings at Group level which covered the following segments:

- Self-control and monitoring system;
- Assessment of fraud in the food sector;
- Implementation of HACCP system audits;
- Supplier audits and reporting;
- Internal HACCP system audit in retail;
- Product risk assessment methodology;
- Procedure of recalls and withdrawals of non-conforming products;
- Supplier risk assessment;
- Contractual obligations of suppliers;
- Best laboratory practices.

Health safety analyses and inspections

Except in internal laboratories, all products and raw materials at Fortenova Group are also analysed in authorised accredited laboratories. Internal laboratories use microbiological, chemical and physical analyses to control environmental conditions at the production facilities, equipment, raw materials, production flows, water as well as process and employee hygiene. A constituent part of everyday checks are organoleptic analyses conducted by multi-disciplinary teams testing the appearance, quality, colour, taste, smell and other given parameters as stipulated by the production specifications for the respective product.

The recorded increase in the number of analyses conducted at Fortenova Group's internal laboratories and organoleptic testings is the result of extended production and the introduction of new products over the course of 2024.

There are regular internal audits taking place at Fortenova Group's operating companies, performed by certified internal auditors specializing in the respective norms and standards. Besides that, authorised certification companies perform external certification audits, providing an objective verification of compliance, with as many as 105 such audits conducted in 2024, which corroborates the Group's commitment to continuous improvements of the quality, safety and compliance of business processes (more details in the section Quality Management Systems and Certification).

Given that internal audits are carried out for all certified management systems, and that Fortenova Group manages over 20 different systems, it comes as no surprise that the number of audits is continuing to increase from year to year. On the other hand, as supplier audits are conducted pursuant to risk analyses which define the need for controls, and taking into account the reduced number of extraordinary situations that required audits and the increased scope of audits in the previous year, the number of supplier audits conducted in 2024 was lower than in 2023.

Compliance with regulations is regularly monitored through State Inspectorate inspection controls, with particular focus on food safety, product quality and consumer protection. Over the course of 2024, Fortenova Group companies were subject to 3,587 inspections, where incompliance with regulations was recorded in 591 cases. Due to the incompliances found, fines were imposed in the total amount of EUR 136,223. For each omission that was found, corrective and preventive measures were taken to prevent them from happening again and to additionally improve the compliance with regulatory requirements.

The most frequently found incompliances in the area of consumer health and safety are related to the maintenance of premises, hygiene standards and appropriate product labeling and pricing.

Analyses and testings	2024	2023
Number of product health safety and quality analyses carried out at Fortenova Group's internal laboratories	997,478	894,254
Number of health safety analyses carried out at external accredited laboratories	101,365	149,863
Number of internal organoleptic testings of food and non-food products	120,525	116,897

Verifications, supplier and product audits	2024	2023
Total number of internal audits conducted at the Group	2,563	1,466
Total number of supplier audits	215	550

Verifications, controls, infringements	2024	2023
Number of inspection controls in the area of food safety and quality and consumer protection	3,587	3,217
Number of infringements found in inspection controls by the State Inspectorate in the area of food safety and quality and consumer protection	591	478
Amount of fines and mandate penalties paid in the area of food safety and quality and consumer protection	136,223	96,705
Number of customer complaints in the area of food safety and quality and consumer protection	3,274	1,978

Labelling of products and services

All of Fortenova Group's food products are accompanied by and labelled with the prescribed obligatory information about the product, packaging and packaging disposal in accordance with national and EU regulations regarding the labelling of products and packagings and consumer protection. The information is printed in a visible place to be easily noticeable, clearly legible and indelible. If any voluntary information is provided about the food on different grounds, it is made sure that the requirements stipulated by the Regulation (EU) No 1169/2011 on the provision of food information to consumers are met, namely that the information is not misleading, confusing or ambiguous and that it does not take up the space intended for obligatory food information.

Within Fortenova Group there are internal experts, supported by the services of renowned authorised companies specialising in the preparation and compliance of declarations/labels, in charge of the preparation and compliance of product labels on all markets where the Group operates.

Besides basic information, the labels and packaging of the Group's products contain valuable information for the consumers and the environment* as shown in the table below.

Efforts are exerted to implement best practices in product labelling with a view to achieving transparency and product functionality, thus contributing, by communicating information to the consumers, to healthier habits within the population and the quality of life for people with dietary restrictions. All products feature instructions for use, and many also the recommended intake and the share of nutrients.

Basic product labelling information	Information about added product value
<ul style="list-style-type: none">• Name of food and list of ingredients• Category or quantity of ingredients• Allergens• Minimum shelf life/expiry date• Special keeping conditions• Country or place of origin• Instructions for use or preparation• Nutritive declaration• Name and address of food business entity	<ul style="list-style-type: none">• Nutritive and health claims for <i>Better for you</i> products• Declaration of the main ingredient for all processed meat products and product origin• Origin of product and main ingredient for all private label products• Recommended daily intake• Certificates or trademarks• Packaging pictograms and information on recycling possibilities

*The companies PIK Vinkovci and Vinka, as producers of primary agricultural products and vegetables, are exempt from the obligation of detailed product labelling.

New product launches and existing assortment improvements

Continuous investment in innovation and assortment improvements at Fortenova Group each year result in new product launches and improvements in the existing formulations. Special focus is placed on product reformulations intended to reduce the content of sugar and salt as well as to enhance the composition by adding vitamins and proteins, in accordance with the current nutritional guidelines and consumer needs.

Changes in recipes of existing assortment to improve consumer health

Belje

Kravica Kraljica, Probitas yoghurt drink natur 330 g, low fat – milk fat share 1%, lactose-free, inulin fibres 1.5%, yoghurt culture and added bacteria cultures BB-12® (Bifidobacterium) and LA-5® (Lactobacillus acidophilus)

Konzum HR

Fresh pizza dough: Maxx 550g – reduced salt content from 1.93 g to 1.18g

Fresh pizza dough: Minute 400g – reduced salt content from 1.93 g to 1.18g

Kplus fruit yoghurt strawberry vanilla 1L – reduced sugar content from 11.3 g to 10 g

Mini mozzarella Kplus 125 g – reduced salt content from 0.60g to 0,4 g

Konzum BiH

K Plus Ekstra jams (several flavours) – preservative removed

K Plus marmalade (several flavours) – preservative removed

Zvijezda HR

Margo; Margo Nova 400 g and 225 g - preservative removed

Products promoting sustainable development and functional food are grouped in the *Better for you* category, which includes improved versions of traditional products, developed with a view to contributing to consumer health and using raw materials from sustainable sources. Fortenova Group has systematically been investing in the development and extension of the *Better for you* product portfolio, making sure that nutritionally improved and environmentally friendly options are easier available. Below is an overview of the key contributions to sustainability through that initiative over the course of 2024.



New product launches in the *Better for you* category

Jamnica HR

Toco Fruit & Veggie lemon cucumber – low energy, non-carbonated, non-alcoholic refreshment drink with the flavour of lemon, apple, cucumber and yuzu, with sugar and sweetener, source of vitamins C, E and D;

Toco Fruit& Veggie apple rhubarb – low energy, non-carbonated, non-alcoholic refreshment drink with the flavour of apple and rhubarb, with sugar and sweetener, source of vitamin C, biotin and vitamin D;

Ice tea lemon - low energy, non-carbonated, non-alcoholic refreshment drink with tea extract, with sugar and sweetener, lemon flavour

Konzum HR

Active Zone Raw balls Plum (several flavours) 144 g, no added sugar, high fibre content

Active Zone Corn Cakes 120 g, low salt content, low fat

Active Zone Multigrain cakes 120 g, source of fibres, no salt added, low fat

Active Zone Rice Cakes 120 g, no salt added, low fat

Active Zone Rice Cakes 120 g, low salt content, low fat

Bio Zone Corn Cakes 120 g, low salt content, low fat

Bio Zone Rice Cakes 120 g, low salt content, low fat

Bio Zone Corn Cakes 120 g, no salt added, low fat

Bio Zone Rice Cakes with dark chocolate, 100 g, source of fibres

Rise&Smile Granola (several flavours) 300 g, high fibre content

Rise&Smile Crunchy Muesli 300 g i 600 g, high fibre content

Free zone lactose-free sour cream 18% 180g – lactose-free

Free Zone Yoghurt lactose-free 160, 180 g – lactose-free

Product Quality, Safety and Sustainability



Mercator SRB

Active Zone protein tortilla 6/1; rich in proteins, source of fibres

Active Zone; protein bread 250 g; rich in fibres, source of proteins

Active Zone; fitness bread 500 g; rich in fibres, source of proteins

Rise&Smile; Granola (several flavours) 300 g; rich in fibres

Free Zone; lactose-free white cheese 500 g; lactose-free

Free Zone; lactose-free soured milk 180 g; lactose-free

Free Zone; lactose-free cream 180 g; lactose-free

Free Zone; lactose-free yoghurt 180 g; lactose-free

Active Zone; crispy rye bread 125 g; rich in fibres, source of proteins

Active Zone; crispy wheat bread 125 g; description: rich in fibres, source of proteins

Bio Zone; beverage (several flavours) 1L; no added sugar, low salt content

Active Zone; Urda 400 g; source of proteins

Active Zone; raw balls bar (several flavours) 144 g; no sugar added, naturally rich in fibres

PIK Vrbovec

Mortadella with olives 500 g (no flavour enhancers, artificial colouring, gluten and soya. -25% of salt)

Sandwich salami with olives 1 pc (no flavour enhancers, artificial colouring, gluten and soya. -25% of salt)

Sandwich salami with olives 100g cuts (no flavour enhancers, artificial colouring, gluten and soya. -25% of salt)

Sandwich salami with chilli 1 pc (no flavour enhancers, artificial colouring, gluten and soya. -25% of salt)

Sandwich salami with chilli 100 g cuts (no flavour enhancers, artificial colouring, gluten and soya. -25% of salt)

Cured turkey cuts 300g (no flavour enhancers, artificial colouring, gluten and soya. -25% of salt). 2% of fat, low fat. Proteins 19 g in 100 g, naturally rich in proteins 414 kJ/98 kcal per 100 g)

POP medallions chicken flavour 230 g (100% plant based, rich in pea proteins, gluten-free, source of dietary fibres)

POP medallions fish flavour 230 g (100% plant based, rich in pea proteins, gluten-free, source of dietary fibres)

Product Quality, Safety and Sustainability

Mercator SLO

Active Zone pudding with whipped cream 4x115 g (2 flavours – vanilla and chocolate) no added sugar, high protein content;

Active Zone mousse 200 g (2 flavours – vanilla and chocolate) – no added sugar, high protein content;

Active Zone tortillas 370 g - high protein content, source of fibres;

Active Zone Crisp bread Wheat 125 g, Rye 125 g- high protein content, source of fibres;

Active Zone Raw balls (several flavours) 144 g, no added sugar, high fibre content;

Active Zone mini rice and corn snack 50 g (2 flavours), no nutritional claims, but belongs to the healthy snack category;

Active Zone cakes Legumes 120 g, source of fibres, proteins, low fat and salt content;

Active Zone Corn Cakes 120 g, low fat and salt content;

Active Zone Multigrain cakes 120 g, source of fibres, no added salt;

Active Zone Rice Cakes 120 g, no added salt, low fat content;

Active Zone Rice Cakes 120 g, low fat and salt content;

Bio Zone Corn Cakes 120 g, low fat and salt content;

Bio Zone Rice Cakes 120 g, low fat and salt content;

Bio Zone Corn Cakes 120 g, no added salt, low fat content;

Bio Zone Rice Cakes with dark chocolate 100 g, source of fibres;



Mercator SLO

Bio Zone chia seeds, high protein content, source of fibres;

Bio Zone coconut flour, high protein and fibre content;

Bio Zone sesame seeds, high fibre content, source of proteins;

Bio Zone sunflower seeds, high fibre content;

Bio zone linseeds, high fibre content, source of proteins;

Free Zone yoghurt strawberry 160 g lactose-free;

Free Zone yoghurt 180 g lactose-free;

Free Zone sour cream 180 g lactose-free;

Free Zone milk 1,5 % milk fat, lactose-free;

Free Zone butter 200 g lactose-free;

Free Zone sir gouda 300 g and gouda slice 150 g lactose-free;

Free Zone white cheese 180 g lactose-free;

Free Zone soured milk 180 g lactose-free;

Rise&Smile Granola (several flavours) 300 g, high fibre content;

Rise&Smile Crunchy Muesli (several flavours) 300 g and 600 g, high fibre content;

K Plus jam extra (several flavours), 30 % less sugar

Zvijezda HR

Ketchup mild 300 g – sugar reduced by 10% of total sugar added

BBQ sauce mild 300 g - sugar reduced by 10% of total sugar added

Quality management systems and certification

Quality management systems constitute a structured framework in which organisations document, implement and continuously improve processes in order to ensure the consistent quality of products and services. Those systems are based on internationally recognised standards and best industry practices and their goal is to improve operational efficiency, secure compliance with regulatory requirements as well as meet and exceed customer needs and expectations.

The implementation and certification of quality management systems and other aforementioned systems for managing food quality and safety provides numerous advantages for organisations, customers and the entire market:

- **Improved product safety and quality** – ensuring product compliance with the highest standards of quality and safety and reducing risks of noncompliance and withdrawal of products from the market.
- **Improved customer trust and market competitiveness** – certificates corroborate the reliability and consistency of processes that take place with a view to delivering high quality products and services, thus increasing customer trust. Additionally, organisations with recognized certification have better access to global markets and large retail chains.
- **More efficient risk management** – systems like HACCP and ISO 22000 enable the timely identification and control of potential risks in food production.
- **Improved operational efficiency** – the optimisation of business processes reduces production costs and waste quantities and improves resource efficiency.
- **Regulatory compliance and legal certainty** – compliance with legal and regulatory requirements is provided on national and international level.
- **Continuous improvements and innovation** – certified systems require regular internal and external audits, which provides for continuous improvements of processes and products.



All Fortenova Group companies regularly achieve exceptional results in certification audits, affirming their commitment to the highest standards of quality, safety and sustainability. Thanks to the systematic following of standards, continuous improvements of business processes and strict quality controls, the Group companies hold numerous prestigious certificates:

Food safety and quality management systems

- HACCP⁵¹ (Hazard Analysis and Critical Control Points) - preventive system for risk identification and control in the food chain, based on the Codex Alimentarius;
- IFS⁵² (International Featured Standard) Food is an international standard securing food product safety and quality, with particular emphasis on production processes and compliance with regulatory requirements in the food industry. IFS Logistics⁵³ complements this standard, focusing on the safety and quality of logistics processes, including storage, transportation and

distribution of both food and non-food products.

- GLOBAL G.A.P.⁵⁴ - Standard applied in agricultural production, securing the responsible use of resources and agricultural product safety;
- ISO 22000⁵⁵ - Food safety management system covering all aspects of food production and supply or distribution, providing for product health safety;
- FSSC 22000⁵⁶ (Food Safety System Certification) – advanced food safety certification framework based on ISO standards, technical specifications and HACCP principles;
- SQMS⁵⁷ (Supplier Quality Management System) – McDonald’s supplier quality management system, developed to secure consistently high food safety, quality and compliance standards throughout the supply chain.

ISO international standards

- ISO 9001⁵⁸ (quality management system) – one of the best known and most frequently implemented systems, setting the guidelines for process optimisation, efficiency improvement and securing permanent quality improvements;
- ISO 14001⁵⁹ (environment protection management system) – helps organisations identify, manage and reduce negative environmental impacts, at the same time securing compliance with relevant environmental regulations;
- ISO 45001⁶⁰ (occupational health and safety management system) – enables proactive risk management, improvement of working conditions and securing employee safety and wellbeing by complying with relevant statutory requirements;
- ISO 50001⁶¹ (energy efficiency management system) – enables systematic energy efficiency improvements, reduced energy consumption and resource optimisation, thus contributing to sustainability and cost reduction;
- ISO 27001⁶² (information security management system) – enables the protection of data confidentiality, integrity and availability through security risk management and compliance with regulatory requirements.

51 Dijamant, Idea CG, Jamnica HR, Konzum HR, Mercator SRB, Mg Mivela, PIK Vinkovci, Roto dinamic, Zvijezda HR. It should as well be noted that, pursuant to the applicable legislation, food business entities are obligated to implement the HACCP system, but they are not obligated to certify it.
52 Agrolaguna, Belje, Dijamant, Jamnica HR, Mercator EMBA, PIK Vrbovec HR, Sarajevski kiseljak, Zvijezda HR
53 Konzum HR , PIK Vrbovec HR, Tisak
54 Belje, Eko Biograd, PIK Vinkovci, Vinka, Vupik
55 Konzum HR, Sarajevski kiseljak
56 Dijamant, Vinka
57 Jamnica HR, Mercator EMBA
58 Agrolaguna, Belje, Dijamant, Energija Gradec, Jamnica HR, Mercator SRB, Mg Mivela, mStart HR, PIK Vinkovci, PIK Vrbovec HR, Mercator SLO, Roto dinamic, Vinka, Vupik, Zvijezda HR
59 Agrolaguna, Belje, Dijamant, Energija Gradec, Jamnica HR, Konzum HR, Mercator SRB, Mg Mivela, PIK Vinkovci, PIK Vrbovec HR, Mercator SLO, Sarajevski kiseljak, Vupik, Zvijezda HR
60 Belje, Dijamant, Mercator SRB, PIK Vinkovci, PIK Vrbovec HR
61 Belje, Jamnica HR, Konzum HR, Mercator SRB, PIK Vinkovci, PIK Vrbovec HR, Zvijezda HR
62 Konzum HR, MultiplusCard, Zvijezda HR



Religious standards

- Kosher⁶³ – certifies that the product was produced in accordance with the requirements of Jewish food laws, which include strict standards with regards to ingredients, production processes and food handling.
- Halal⁶⁴ - certifies that the product was produced in accordance with Islamic food and hygiene standards, which implies allowed ingredients, way of production and food handling according to Sharia regulations.

Sustainability standards

- RSPO⁶⁵ (Roundtable on Sustainable Palm Oil) – certifies that the palm oil was produced in an environmentally and socially responsible way, with minimum environmental impact and respecting the rights of workers and local communities. The certificate is intended to promote sustainable palm oil production and reduce deforestation.
- Rainforest Alliance⁶⁶ - the sustainable agricultural organisation programme comprises training programmes for farmers and the certification of small, medium and large farms growing more than 100 different cultures, including coffee, tea, cocoa and bananas.
- ISCC⁶⁷ (International Sustainability & Carbon Certification) – a certificate that confirms sustainability and GHG reduction in the production of biomass, biofuel and other sustainable raw materials, providing for the compliance with environmental and social standards and traceability across the supply chain.
- SWA⁶⁸ (Supplier Workplace Accountability) – this McDonald’s certificate is a responsible operations programme that sets standards for working conditions, ethical business practices and respect for human rights throughout the supply chain.

- GRASP⁶⁹ (GLOBAL G.A.P. Risk Assessment on Social Practice) – this certificate is an additional module of the GLOBAL G.A.P. standard, focusing on the assessment of social practices in agricultural holdings.
- SMETA⁷⁰ (Sedex Members Ethical Trade Audit) is one of the world’s most frequently used ethics audits, developed by Sedex (Supplier Ethical Data Exchange) and intended to assess the responsibility of companies in the area of working conditions, health and safety, environmental protection and business ethics.
- Donau Soja⁷¹ - this certificate guarantees that the soybeans were produced in accordance with high sustainability standards, GMO-free, and under adherence to environmental and social criteria. The certificate promotes local, European soybean production, reduces dependence on exports and provides for transparency throughout the supply chain.

RSPO

Operating as part of Fortenova Group there are the two largest and oldest manufacturers of edible oil, margarine and mayonnaise, as well as mayonnaise-based products and ketchup in the region of Southeast Europe – Dijamant and Zvijezda HR. Both companies are synonyms for quality, as regularly corroborated by consumer preferences because the products of those companies are regularly their first choice.

The market leadership status of the companies goes hand in hand with the consumers’ trust in their technological procedures, product health safety, traceability as well as adherence to sustainability in the supply chain. Such approach is verified by a number of certificates and quality designations that both companies possess.

One of them is the **Roundtable on Sustainable Palm Oil (RSPO) certificate** of the international RSPO organisation, dedicated to

the promotion of growing and using sustainable palm oil products.

Palm oil production plays a significant role when it comes to negative consequences on the environment and the society. Palm plantations are frequently created by means of massive tropical deforestation. This process leads to a severe loss of biodiversity, including the extinction of numerous jeopardized species which lose their natural habitats. Also, burning the forests, which is frequently used to prepare the land (slash-and-burn farming), leads to increased GHG emissions, additionally aggravating climate change.

Besides environmental, there are also significant social challenges present. The growing of palm oil often leads to the forced displacement of indigenous communities, while poor working conditions and labour exploitation, including child labour, additionally emphasize the negative social impacts related to this industry.

In order to prevent the adverse impacts on the environment and the society, the fundamental principles of the RSPO organisation include respect for workers’ rights, ethical conduct, responsible and sustainable use of land, occupational safety, climate change mitigation and GHG emissions reduction, inclusion of small local suppliers and transparency, and cover a large number of stakeholders – from producers and processing companies to retailers.

Aware of the importance of such approach and the negative consequences of growing palm oil, Zvijezda HR and Dijamant, through the membership in and the annual recertification of the global RSPO initiative, have opted to actively participate and collaborate in the promotion and development of sustainable palm oil procurement practices and have embedded the fundamental principles of that model into their values. Zvijezda’s and Dijamant’s commitment to the RSPO initiative is visible through the increased use of sustainable palm oil in the production of industrial products, with the consumption of sustainable palm oil for those purposes continuously growing (the consumption of that raw material in 2024 vs. 2023 was 2.5 times higher).

They have thus demonstrated their awareness of the importance of promoting sustainable operations in the palm oil supply chain, supporting the initiative that strives to develop a palm oil production industry based on the principles of sustainability across the chain.

63 Belje, Dijamant, Vinka, Zvijezda HR

64 Belje, Dijamant, Zvijezda HR, PIK Vrbovec

65 Dijamant, Zvijezda HR

66 Mercator EMBA

67 Belje, PIK Vinkovci, Vupik

68 Jamnica HR, Mercator EMBA

69 Eko Biograd, PIK Vinkovci

70 Zvijezda HR

71 Belje, PIK Vinkovci, Vupik

The image features a teal-colored report cover hanging from a metal rod in the foreground. The cover has the text 'FORTENOVA GRUPA' printed vertically in white, with a circular perforated pattern at the bottom. In the background, a blurred office scene shows a man in a brown suit presenting to a group of people. A laptop on a desk in the foreground displays a document with the same title as the report cover.

FORTENOVA
GRUPA

5.

CORPORATE GOVERNANCE

2024 SUSTAINABILITY REPORT

Fortenova Group consists of the parent (holding) company Fortenova grupa d.d. (the “Company”) and its operating companies. The governance of Fortenova grupa d.d. and its subsidiaries (the “Group”) is based on legal regulations, sound business practices and general corporate governance principles.

Company Assembly

The General Assembly (Meeting) is the Company’s only governing body whose work is open to the participation of all shareholders. The main function of the General Assembly is to secure the expression of the shareholders’ will. As opposed to the Board of Directors, the General Assembly is not a permanent governing body and is convened *ad hoc*, but not less than once a year. The General Meeting of the Company’s direct shareholder, Fortenova Group HoldCo B.V., is convened by means of written notice (invitation), published within the legal deadline prior to the date of holding the General Meeting. The Meeting of the Depositary Receipt (DR) Holders of Fortenova STAK Stichting in Amsterdam is held either in the Netherlands in person or by electronic means and is convened by email notification containing information about the venue, date and exact time of holding the Meeting. The notification is sent to the DR Holders not later than eight days prior to the Meeting.

Key decisions that have a significant or important impact on the Company’s assets, financial position, performance, ownership structure and governance are rendered exclusively at the General Meeting by way of the defined majority.

Shareholders are allowed to participate and, in particular, to vote at the General Meeting by using modern communication technologies (e.g. by electronic means). Voting rights are held by all shareholders

of the Company, and the number of votes belonging to the shareholders at the General Meeting is equal to the number of shares they hold, regardless of the type of those shares.

Responsibilities of the General Assembly

The General Assembly decides, among other things, on amendments to the Articles of Association; on the change of the Company’s registered seat or state of incorporation and any change to the form of the Company; on the merger, demerger, amalgamation or cessation of the Company; on the appointment and/or recall of the members of the Company’s Board of Directors, their remuneration and any other benefits (e.g. insurance) based on their function; on the appointment of auditors; on the increase or decrease in the Company’s capital stock; on the initial public offering of the Company; on the establishment of the Company’s annual financial statements, both consolidated and standalone; on giving approval on matters that, pursuant to regulations or the Articles of Association, require the approval of the General Assembly; performs other duties falling under the competence of the General Assembly pursuant to the law or the Articles of Association.

Five principles of Fortenova Group’s Corporate Governance Code

Purpose	enables the achievement of operational purpose and goals
Accountability	clearly defined roles and responsibilities/accountabilities
	transparency of information on all important matters
Integrity, honesty, transparency and stability	enables independent contribution in rendering decisions and diversity of perspectives
	based on ethical business practices and honesty to the owners of capital and stakeholders
Strategic uniformity	facilitates effective strategy formulation and implementation
Organisational efficiency	supported by the appropriate organisational structure, with checks and balance between controls and efficiency

Board of Directors

The Company is run by the Board of Directors (BoD). The Company's Board of Directors is committed to high corporate governance standards, of which it believes to be of crucial importance for the business integrity and for maintaining the confidence of all stakeholders. The Company expects all its directors and employees to act with honesty and integrity. The Company strives to operate in accordance with the laws and customs of its countries of operation; it adopts appropriate standards of business practices and procedures; it operates with integrity and appreciates and respects the culture of each of the countries of operation. The Board of Directors applies high ethical standards, and where the BoD's decisions may affect the various shareholder groups differently, the Board of Directors treats all shareholders fairly. Pursuant to the decision of the General Meeting, adopted based on their authority set forth in the Company's Articles of Association, the Board of Directors is envisaged to have seven (7) members. BoD members can be appointed as executive directors, but only provided that the majority of the BoD members are non-executive directors. One member of the Board of Directors is a representative of the Company's employees, in accordance with the mandatory provisions of the labour regulations.

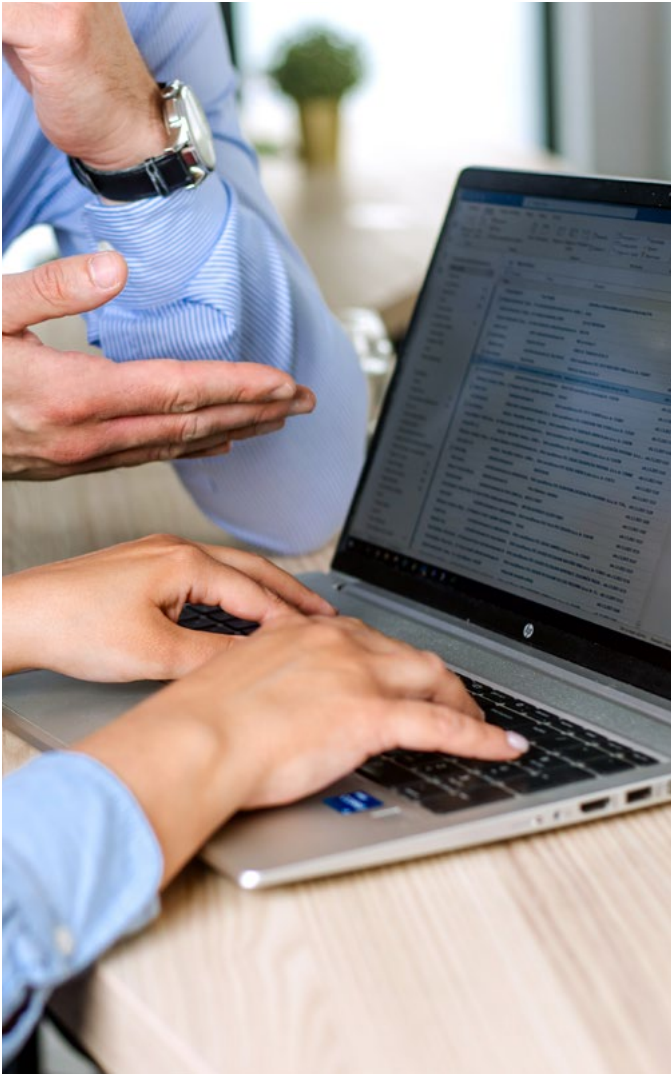
Members of the Board of Directors elect a Chairman from among themselves, as well as at least one Deputy Chairman of the Board of Directors. A person who is at the same time an Executive Director cannot be elected as Chairman or first Deputy Chairman of the BoD.

Members of the Board of Directors

As at 31st December 2024 the Board of Directors operated in the following composition:

- Chairman of the Board of Directors and Non-Executive Director: Pavao Vujnovac
 - Elected as Member of the Board of Directors by decision of the General Meeting of 20th January 2023, and as Chairman of the BoD at the BoD session held on 3rd September 2024
 - Born on 20th December 1974

- Deputy Chairman of the Board of Directors and Non-Executive Director: Josip Jurčević
 - Elected as Member of the Board of Directors by decision of the General Meeting of 30th August 2024, and as Deputy Chairman of the BoD at the BoD session held on 3rd September 2024
 - Born on 4th February 1976
- Member of the Board of Directors and Non-Executive Director: Borut Petek
 - Elected by decision of the General Meeting of 30th August 2024
 - Born on 5th October 1983
- Member of the Board of Directors, Non-Executive Director and workers' representative: Ivica Mudrinić
 - Appointed by decision of the Workers' Council of 19th September 2022
 - Born on 28th October 1955
- Member of the Board of Directors and Chief Executive Officer: Fabris Peruško
 - Elected by decision of the General Meeting of 20th January 2023
 - Appointed as CEO by decision of the Board of Directors of 6th March 2023
 - Born on 19th September 1973
- Member of the Board of Directors and Executive Director: Damir Spudić
 - Elected by decision of the General Meeting of 20th January 2023
 - Appointed as Executive Director by decision of the Board of Directors of 3rd September 2024
 - Born on 9th April 1982



Principles of electing Members of the Board of Directors

The basic criteria for electing a new BoD Member make sure that:

- The structure of the BoD membership represents a combination of various types of knowledge and professional and practical experience, reflecting the balance of qualifications aligned with the structure and core operations of the Company;
- The members of the BoD are persons who possess appropriate personal qualities that reflect high moral standards and the readiness to take part in the activities and process of making decisions in the Company in an active and unbiased manner;
- The members of the BoD are persons with special expertise required to manage the Company;
- No conflict of interest occurs between the members of the BoD and the Company.

At least once a year the BoD evaluates its own work in the preceding period, as well as the work of each of its committees. The BoD submits a report on the evaluation of its work to the General Assembly. The evaluation and the report must include the contribution and responsibilities of individual members, joint activities of the BoD, the work of the committees, the goals achieved by the Company in comparison to the goals set as well as other relevant findings, taking into account the owners' determination to

achieve the highest standards of the Group's activities in accordance with its presence in the local community.

Responsibilities of the Board of Directors

The BoD sets the Company's strategic goals, takes care that the necessary financial and human resources are in place for the realisation of the Company's goals and supervises and controls the management of the Company's affairs. The BoD is also responsible for the effectiveness of corporate governance practices, remunerations to directors and succession planning, a transparent process of nominating and appointing members of the BoD and Executive Directors, managing potential conflicts of interest, the integrity of the system of accounting and finance as well as the process of disclosing information and communications.

Falling under the competence of the BoD are, among other:

- Determining the Company's long-term strategy and goals and monitoring the implementation of the strategy and achievement of the goals;
- Establishing Company and Group culture, values and standards and taking care that the obligations to shareholders are understood and met;
- Supervising the management with regard to their performance in meeting the agreed short-term and long-term goals and

compliance with relevant laws, rules and regulations;

- Setting financial goals and approving budgets and financial plans as well as the funds required to meet those goals;
- Reviewing and approving the annual business plans of the Company, the Group and at least each of the key operating companies of the Company;
- Deciding on whether the Company and the Group will enter into significant new business areas/divisions or exit any of the existing business areas/divisions;
- Deciding on major acquisitions, mergers, divestments or capital investments;
- Adopting Rules of Procedure of the BoD and Rules of Procedure of the Executive Directors;
- Appointing the Company's executive directors;
- Approving employments or dismissals of employees in key positions upon recommendation of the Executive Directors and
- Approving any matters and business decisions where such decisions exceed the authority that the BoD delegated to the committees or the CEO and the Executive Directors of the Company in accordance with the corporate documents.

The Board of Directors acts in compliance with the Articles of Association, the Corporate Governance Code, the Rules of Procedure of the BoD and the Group's Code of Ethics.



Remunerations for Members of the Board of Directors

The BoD is entitled to a fixed fee and other benefits in accordance with the rules of the Remuneration and Travel Policy for Non-Executive Directors of Fortenova grupa d.d., as adopted by the General Assembly.

Committees of the Board of Directors

The BoD delegates certain responsibilities and authorities to its committees. The work of the committees is of crucial importance for the effective operations of the BoD. On behalf of the Board of Directors the committees consider in depth and in detail the matters relevant to their Terms of Reference and report to the BoD after every meeting. The committees prepare reports, materials, recommendations or draft decisions for the BoD (advisory role), but do not decide on matters falling under the competence of the BoD.

As at 31st December 2024 the work of the Board of Directors was supported by three key committees:

a. Audit and Risk Committee

Founded for the purpose of establishing an effective and high-quality internal control system in the Company.

This Committee:

- Monitors the integrity of the Company's financial statements, particularly the propriety and consistency of the accounting methods applied by the Company, including the criteria for consolidation of the financial statements of subsidiaries belonging to the Company;
- At least once a year, assesses the quality of the internal control and risk management system, with a view to adequately identifying and disclosing the main risks that the Company is exposed to (including risks related to the compliance with legal and regulatory requirements) and managing those risks adequately;
- Ensures the efficiency of the internal audit system, particularly by making recommendations for the selection, appointment, reappointment and dismissal of the internal control department manager and with regards to the available funds, as well as by assessing the measures taken by the management following the findings and recommendations

of the internal audit (if there is no audit system at the company, this Committee once a year considers the need for its establishment);

- Makes sure to receive quality information from the subsidiary and affiliated companies as well as third parties (such as expert advisors), taking into account the effect of such information on the consolidated financial statements.

b. Strategy Committee

The purpose of the Strategy Committee is to oversee the portfolio and strategic direction of the Group's transformation (including its financial and non-financial impacts and benefits, scope, potential risks, determining the sequence and timeline of projects contained therein). The primary responsibility for the implementation of strategy and transformation projects is assigned to the Executive Directors and supervised by the Board of Directors. This Committee supports the BoD in meeting its supervisory responsibilities related to the Company's strategy.

This Committee:

- Studies the strategic plans for the Company's long-term development and provides advice thereon;
- Prepares the Group's transformation portfolio (including its financial and non-financial impacts and benefits, scope, potential risks, determining the sequence and timeline of projects contained therein) for approval by the BoD;
- Reviews the alignment of the strategic intention and the direction of the transformation programme with the Company's long-term strategy as approved by the BoD;
- Closely collaborates with the management in preparing the discussions on programme strategies related to the transformation programme for the BoD;
- Determines the principles for the accounting, financial and risk controls and approves significant changes to those principles;
- Reviews and approves the financial business plan once a year;
- Reviews and approves the annual and semi-annual financial statements of the Company and
- Reviews and approves the annual report and remuneration report prior to their submission to the General Assembly.

c. Nominations, Remuneration and Corporate Governance Committee

The purpose of this Committee is to take care of the generally accepted principles of good governance and:

- assist the BoD by taking care that its composition is regularly reviewed and refreshed in order to be efficient and able to work in the best interests of the shareholders;
- assist the BoD in meeting its supervisory function, taking care that the remuneration policy and practice are implemented in a fair and responsible manner and that remuneration is always related to corporate and individual results;
- evaluate and recommend a corporate structure of the Company in such way that it evolves;
- advise on appointments of other key personnel, including newly created positions.



Executive Directors

The Board of Directors appoints the Executive Directors. The Company may have from one to three Executive Directors, who can be appointed from among the members of the BoD, but only provided that the majority of BoD members are Non-Executive Directors. One of the Executive Directors who is also member of the BoD is appointed as Chief Executive Officer. The Executive Directors manage the Company’s operations as a collegiate body.

Executive Directors

As at 31st December 2024 the Company's Executive Directors were:

- Chief Executive Officer: Fabris Peruško, appointed for the first time in April 2019
- Executive Director, Finance Division: Damir Spudić, appointed for the first time in September 2024

Principles of selecting Executive Directors

The Board of Directors selects the Executive Directors of Fortenova grupa d.d. taking into account the candidates' previous work experience, competencies and expertise. In the process of selecting among applying candidates, care is taken that the candidates in their professional history or their life's work particularly stand out in terms of the values supported or proclaimed by the Group in its statutory acts in accordance with the Corporate Governance Code.

Responsibilities of Executive Directors

The Executive Directors manage the Company’s affairs and act in accordance with the Group’s Articles of Association, Corporate Governance Code, Rules of Procedure of the Executive Directors and Code of Ethics.

In accordance with their responsibilities under the Articles of Association, the Executive Directors perform the following duties and responsibilities:

- Representing the Company;
- Managing the Company’s operations;
- Convening the General Meeting of the Company in situations prescribed by the relevant laws;



- Executing the decisions adopted by the General Assembly and the Board of Directors within the scope or their responsibilities;
- Exercising shareholders' rights on behalf of the Company in its direct subsidiaries, with the approval of the BoD and the General Assembly, as applicable;
- Submitting reports to the BoD in accordance with the law;
- Performing duties falling under their competence according to the law or the Articles of Association.

The Executive Directors are authorized to represent the Company in day-to-day operations. For specific matters relating to the Company the Executive Directors need the prior approval of the BoD and/or the General Assembly. For certain matters related to the direct or indirect subsidiaries the Executive Directors require the prior approval of the BoD or the General Assembly. Namely, the Executive Directors represent the Company in exercising voting rights at the general assemblies of its direct or indirect subsidiaries.

Communication on critical concerns

The Articles of Association of Fortenova grupa d.d stipulate that shareholders may request for the General Meeting to be held at any point in time by sending a written notice to the Executive Directors. The General Meeting is held at least once a year and whenever the interests of the Company so require.

The notification process in the Company takes place via proposing decisions and holding regular and extraordinary meetings of the BoD and meetings of the Executive Directors of Fortenova grupa d.d.

In 2024, the Board of Directors as the highest governance body held a total of 15 meetings, where its members were present either personally or via an appropriate means of communication. At the meetings 82 decisions were adopted on matters of key importance for the Group, and the BoD adopted 72 decisions voting by correspondence.

The Executive Directors held 60 regular and 26 extraordinary meetings, where they adopted 1325 decisions in regular procedure and 49 decisions in extraordinary procedure. Out of the total number of decisions made, 1248 were related to operating company decisions, and 77 to Fortenova grupa d.d.

The Executive Directors are responsible for the continuous monitoring and evaluation of:

- Performance / operating results of the Company and the Group;
- Relevant market circumstances and outlook;
- Other events and circumstances (political, regulatory etc.) which may significantly affect the operations or the position of the Company, the Group or any of its members.

The Executive Directors are obligated to notify the BoD of any significant developments, circumstances or prospects that may have a significant adverse effect on the operations or the position of the Company, Group or any of its members. Such reports are prepared in writing, with appropriate argumentation and data, except in extraordinary circumstances which require for them to be communicated immediately, by the fastest possible means of communication. When requested by the BoD, the Executive Directors are obligated to timely prepare explanations

and reports on any matters falling under their responsibility.

Communication on key matters in the operating companies takes place in management board meetings and in communication between the respective management and the Executive Directors of Fortenova grupa d.d., orally and directly at meetings and in writing via email, newsletters, in the form of decisions, instructions, policies, rulebooks, recommendations and so on. Job systematisations with terms of reference and internal decisions clearly prescribe the obligations and responsibilities of managers and other employees regarding economic, environmental and social topics.

The supervisory boards of companies submit reports on the supervision performed over the management to the general assemblies of the respective companies.

Communication on key matters also takes place via required annual management reports such as the annual financial statements and other prescribed reports.



Compliance and Corporate Policies

Fortenova Group's compliance system is continuously being improved in order to secure the compliance with laws and adopt best practices, the goal being to make sure that changes in legislation are taken into account as soon as possible. Compliance is defined by the Compliance Policy, according to which the responsibilities of employees and management are defined, and it is implemented by means of four basic compliance principles and with the help of the official Compliance Function.

The **Compliance Policy** establishes the main requirements with regard to the compliance framework across the Group as well as the minimum measures of protection and standards that need to be applied. The main principles of compliance are:

- Integrity;
- Tone-from-the-top principle;
- Compliance is the responsibility of each employee;
- The management is responsible for the implementation of all compliance elements.

All Group companies are required to properly understand all relevant laws, regulations and standards on the respective markets and in the legislations in which they operate and to act in accordance with them. In 18 Fortenova Group companies⁷² there is a compliance function holder. Compliance function holders are educated in terms of compliance policies through individual and group meetings and educational materials as well as through day-to-day communication in case of any questions related to implementation. Group companies that do not have a compliance function holder are obligated to establish a compliance framework as well, by adopting group policies and other internal acts, conducting implementation activities and other activities coordinated by Fortenova Group.

72 Konzum HR, Konzum BIH, Mercator SLO, Mercator SRB, Tisak, Jamnica HR, Mg Mivela, Sarajevski kiseljak, Zvijezda HR, Dijamant, PIK Vrbovec HR, Belje, Agrolaguna, PIK Vinkovci, Vupik, mStart HR, Roto dinamic, Fortenova grupa d.d.



In 2024, at Fortenova Group level 335 cases were recorded (inspections, formally instituted litigations etc.) in which monetary fines in the total value of EUR 379,011 were imposed. Compared to 2023, the number of cases where monetary fines were imposed went down, but the total amount of the fines was higher. Most frequently such cases were related to standard inspection procedures in the domain of labour law, food safety and environment protection.

Corporate policies

Over the course of 2021 the Group started to develop its own compliance policies – the general Compliance Policy, the Anti-Bribery and Anti-Corruption Policy – Gifts and Gratuities, the Prevention of Conflict of Interest Policy and the related Ultimate Beneficial Owners Procedure. Over the course of 2022, implementation activities were conducted with regards to the adopted policies and another policy was adopted – the Competition Protection Policy. The year 2023 saw the adoption of new Group policies, in particular the Diversity, Equity and Inclusion Policy and the Corporate Communications Policy, and implementation activities were taking place.

In 2024, the Supplier Code of Conduct was adopted, defining the standards of business conduct expected from all participants across the supply chain. More detailed information is available in the section [Supply Chain](#). All major corporate policies were adopted as Group policies and all companies within the Group are obligated to adhere to them.

Embedding policy commitments

The Group promotes an appropriate culture of compliance, awareness of compliance standards, procedures and guidelines and of understanding relevant problems related to compliance. Therefore, each process within the Group companies has to be covered by an appropriate internal procedure, and if further clarification is required for the internal procedural steps, work instructions are prepared separately for each sector/department taking part in the process.

It is exceptionally important for all internal procedures to include internal controls, i.e. to define a person and the way to control the regularity of implemented activities and the pertaining documentation for each key step. The procedure should also envisage the way in which the person in charge of the control shall verify to have performed a substantive, and not just a formal control of the regularity of the implemented activities.

Group companies regularly provide appropriate training and education on topics related to compliance as set forth in the Code of Ethics and related policies, make sure that all internal acts are readily available and apply an open-door policy for any issues.

Code of Ethics

Fortenova Group's Code of Ethics sets the fundamental values and principles of professional ethics, directing the Group's day-to-day operations and activities. Its purpose is to ensure the maintenance of a high level of corporate responsibility and build a strong and sustainable organisational culture among all stakeholders.

Hence the Code applies to all persons that are in a business relationship with Fortenova Group, whether natural or legal. This includes the employees of the Group and its subsidiaries, business partners, advisors, suppliers, clients and other stakeholders.

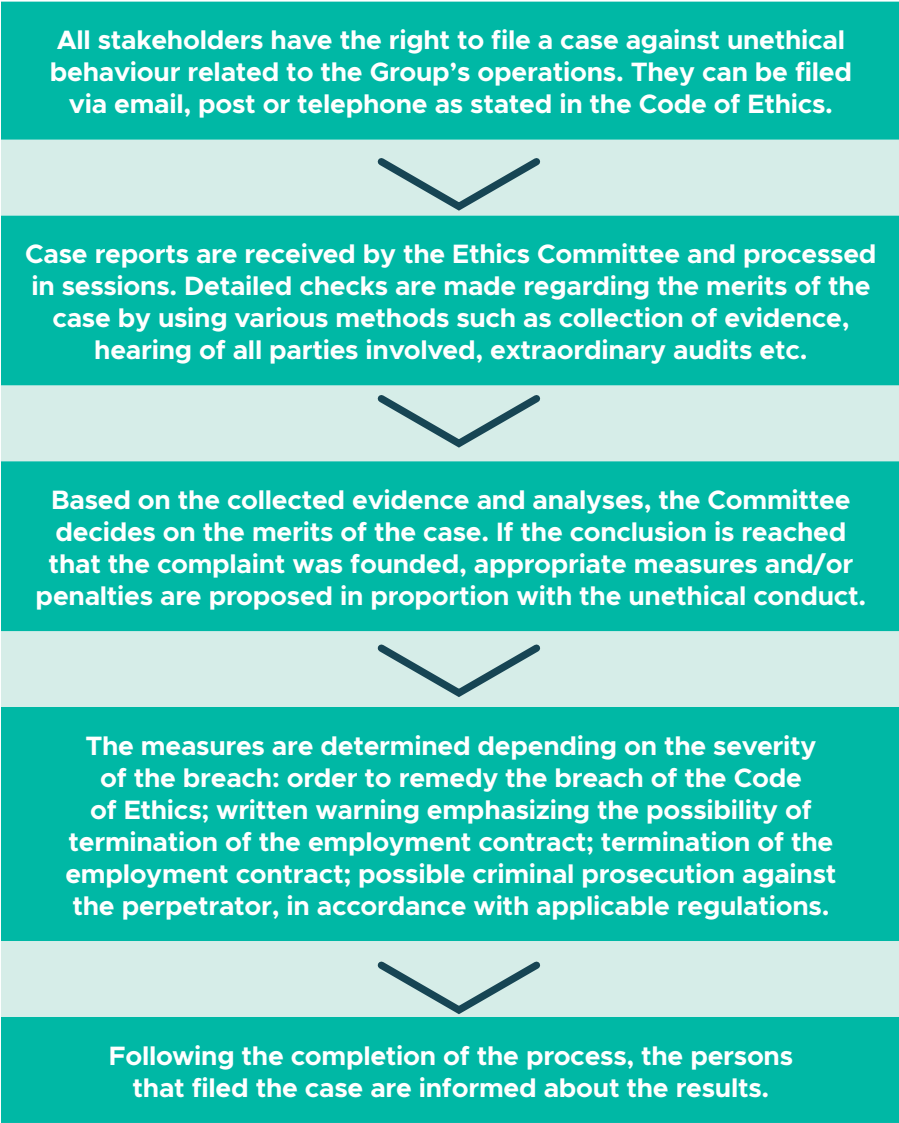
The Code highlights crucial ethical principles that need to be protected and applied consistently:

- Respect for human rights and protection of dignity of each individual;
- Freedom to work, with strict prohibition of child labour or forced labour;
- Professional and personal development of employees and possibility of advancement in a sound and encouraging work environment;
- Care for the environment, health and safety, with a view to preserving natural resources and providing for sustainable operations.

Reporting of irregularities and unethical conduct / Grievance mechanisms

Given that it attaches great importance to integrity and responsibility in doing business, Fortenova Group has provided safe channels for reporting irregularities and unethical conduct, and the Code of Ethics clearly defines grievance mechanisms and procedures for examining any reports received, which are consistently applied at all Group companies. This provides for transparency, the protection of whistleblowers and the resolution of potential breaches.

Process of handling cases reported to the Ethics Committee



The Board of Directors and the Executive Directors are regularly informed about matters of special concern, with the total number of filed cases and their status being regularly presented at meetings.

Besides that, the Executive Director and the Board of Directors' Audit and Risk Committee are informed by way of a detailed report about the results of proceedings where the Internal Audit performed a control or extraordinary audit pursuant to a report received.

Other irregularity reporting channels at Fortenova Group

Fortenova Group recognises that integrity and reputation are mostly based on the trust of its employees and business partners. Hence it applies and promotes ethical principles and values, proactively striving to adhere to the highest possible business standards according to applicable laws and regulations with a view to regulating and clearly communicating the corporate responsibility of all Group stakeholders, achieving regulatory compliance and protecting the people who "speak up" against suspected or committed irregularities.

Hence Fortenova grupa d.d. has adopted the **Rulebook on the Procedure for Internal Reporting and Resolution of Irregularities**, which governs the procedure of internal reporting of irregularities, establishes the procedure that applies in case an employee or another person should report suspected or committed

irregularities in the work environment and governs the procedure of appointing a confidant and their deputy. The Rulebook is intended to provide for appropriate reporting of irregularities and for the protection of the person reporting the irregularities from retaliation related thereto. The confidant is obligated to receive the report, initiate the process of investigating the irregularities and provide the reporting person with feedback on their report. Such information shall typically be provided within a period of 30 days, but not more than 90 days as of the date of confirmation of receipt of the report, where the confidant is obligated to keep the identity of the person reporting the irregularity and the data received in the report from unauthorized disclosure, i.e. from disclosure to other persons. Any rights, authorities and obligations of the confidant also apply to their deputy.

In cases where the reports filed by workers are related to the protection of human rights, as well as other social and personnel-related matters, pursuant to the Rulebook on the Reporting of Internal Irregularities, remediation takes place. This is a procedure where the person reporting irregularities is notified of their rights as envisaged by national legislation. The organisation's mechanisms of action are prescribed by the Rulebook on the Procedure of Internal Reporting of Irregularities at Fortenova Group, and rely on the Code of Ethics, the Personal Data Protection Policy, the Competition Policy and the Work Regulations. At the operating companies, the collective agreement provides for the protection of workers' dignity and measures for any breach thereof. Employees are included through their representatives in workers' councils, employee councils or trade unions, depending on the legislation of the respective state. Any person who was involved in an irregularity reporting procedure is entitled to feedback, and the reporting person also has the right to receive a decision with legal remedy instruction. The Group conducts audits, surveys and analyses based on which policies and procedures are created that are intended to mitigate existing and prevent future negative impacts.

The Group's operating companies in Croatia that were obligated to do so in accordance with the Act on the Protection of Persons Reporting Irregularities/Whistleblowers, have as well established or updated the already existing mechanisms of internal reporting of irregularities to a confidant.

In addition, the **Work Regulations** of the respective Group companies stipulate the procedure and measures of protecting the workers' dignity at work and prohibit any direct or indirect discrimination related to work and work conditions, including the criteria and conditions for employment, career advancement,

career guidance, professional qualifications, training and retraining, in accordance with the specific legislation. Fortenova grupa d.d. and its operating companies have nominated an authorised representative for receiving and dealing with complaints related to the protection of workers' dignity.

Total number of irregularities reported via different channels in 2024

Number of reports received in 2024			
Ethics Committee (Code of Ethics)	Confidant (Rulebook on the Procedure of Internal Reporting and Resolution of Irregularities)	Person authorised by employer for workers' complaints (Work Regulations)	TOTAL
14	3	14	31

Categories of reported irregularities	Ethics Committee	Confidant	Person authorised by employer for workers' complaints	Total
Human rights breach	4	0	8	12
Workers' rights breach	3	0	6	9
Breach of business ethics	5	0	0	5
Environment protection	0	0	0	0
Health and safety	1	3	0	4
Other	1	0	0	1

Total number of irregularities reported via the Ethics Committee – comparison 2024 vs. 2023

	Number of reports received through the Ethics Committee in 2024	Number of reports received through the Ethics Committee in 2023
Pending	5	1
Resolved	9	14
Total	14	15

Human rights

The respect for human rights and the protection of dignity are part of the fundamental ethical principles defined by the Group's Code of Ethics. Respect for human rights is the fundamental principle of all Group companies. Over the course of 2024, 11 percent of employees attended some form of training related to human rights. It is the goal of the Human Resources function for that number to gradually increase.

Processes of mitigating and preventing negative impacts

The processes of mitigating and preventing negative impacts include the development and implementation of risk mitigating measures or the provision of advice and help with regards to those measures, including clear standards, procedures and guidelines in order to prevent, mitigate and minimise important compliance risks and to detect and report compliance breaches and react to them.

Remediation in case of reports made by workers relating to human rights protection, as well as other social and personal matters in accordance with the Rulebook on Reporting Internal Irregularities is carried out by notifying the person reporting the irregularities of their rights stipulated by national regulations. The organisation's mechanisms of action are stipulated in the Rulebook on the Procedure for Internal Reporting of Irregularities at Fortenova Group and rely on the Code of Ethics, the Personal Data Protection Policy, the Competition Policy and the Work Regulations. In the operating companies, collective agreements prescribe the procedure of protecting workers' dignity and the measures in case of possible breaches. Workers are involved through their representatives such as worker councils, employee councils or trade unions, depending on the legislation of the respective state. Any person who was involved in the procedure or reporting irregularities has the right to receive feedback and the reporting person also has the right to receive the decision with legal remedy instruction. The Group conducts audits, surveys and analyses based on which policies and procedures are created with a view to mitigating existing and preventing any future negative effects.



Managing conflict of interests

Given that Fortenova Group comprises operating companies that operate on several markets and engage in numerous activities, there is an increased possibility of the occurrence of conflict of interest. Fortenova Group has therefore adopted a **Conflict of Interest Prevention Policy** and the pertaining **Ultimate Beneficial Owner Procedure**. They define examples of potential conflicts of interest, key persons, roles and responsibilities, the procedure of reporting, the procedure of addressing the reports and mitigating measures. Any reported conflict of interest and any reasonable suspicion of conflict of interest are adequately documented in the Conflict of Interest Register.

All employees and key personnel⁷³ are obligated to avoid any conflict of interest that may affect the performance of their duties. Once a conflict of interest is identified, reasonable steps for its resolution have to be taken without delay in order to protect the interests of the Group and its operating companies. Key personnel are obligated to provide information on their own and the relationships of their spouses and blood relatives in the direct line, relatives in the side-lines up to the fourth degree or in-laws (marital line) up to the second degree regarding ownership over business entities (of more than 25 percent), managerial positions in legal entities or employments in any other business entity. The **Conflict of Interest Statement** is submitted once a year and potential conflicts of interest can also be checked by Internal Audit in the course of their engagement.

In addition, the Ultimate Beneficial Owners Procedure regulates potential conflict of interest regarding third parties as well. At Group level, an ultimate beneficial owners database for suppliers and other business partners has been established. It is a live database where data on new partners are entered regularly, and data on existing partners are updated periodically. The Conflict of Interest Prevention Policy and the Ultimate Beneficial Owners Procedure have been adopted at all Fortenova Group operating companies.

Anti-Corruption

Fortenova Group does not tolerate the abuse of power and does not engage in any form of corruption or bribery to achieve undue advantage or gain. Any form of illegitimate use of influence to gain personal benefits or benefits for any other person or the Group is prohibited, including but not limited to the following: active, passive and indirect bribery and nepotism. In accordance with the principles defined in the Group's Code of Ethics on zero tolerance for any form of corruption and the employees' obligation to familiarize themselves with, recognize and prevent any contact with situations where there is a suspicion of corruption, preventive notifications on the Group's anti-corruption policy and training courses on the consistent implementation of that policy are carried out.

In 2024, at seven companies an assessment of exposure to the risk of corruption was made. The risk is related to avoiding

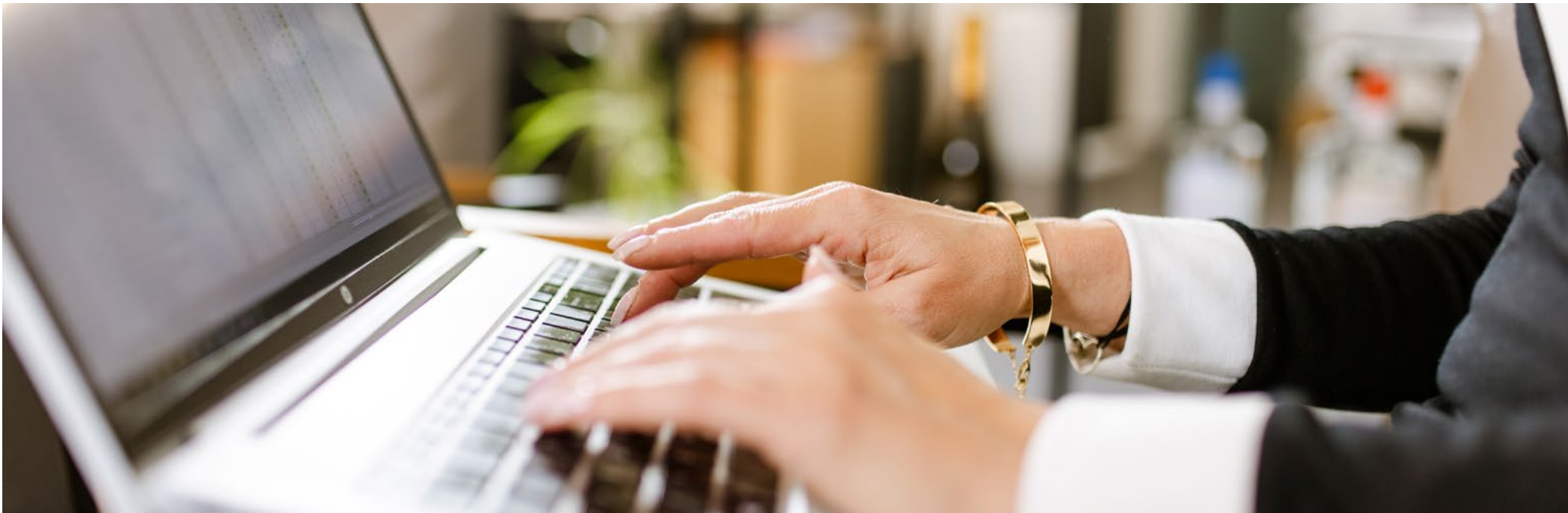
bribery and corruption practices, with particular focus on gifts and gratuities, specifically with regard to establishing new business relationships or continuing existing relationships as well as current or recently completed projects.

In the reporting period 10 percent of employees were directly informed about the Group's anti-corruption policy and four percent of employees attended anti-corruption training. Anti-corruption policies were communicated to 31 percent of senior managers at the Group. The highest share, or 89 percent of the total number of anti-corruption policy notifications were received by employees in Croatia, while 73 percent of the overall anti-corruption trainings were attended by employees in Slovenia. In 2024 no trainings took place in Serbia and Montenegro.

Anti-corruption policy notifications and number of anti-corruption trainings in 2024

	Croatia	Slovenia	Serbia	BIH	Montenegro
Number of employees who received anti-corruption policy and procedure notifications:	3,897	162	313	0	0
%	89%	4%	7%	0%	0%
Number of employees who attended anti-corruption trainings	434	1,161	0	6	0
%	27%	73%	0%	0%	0%

73 Executive Directors and Directors/Managers at B-1 level at Fortenova grupa d.d.; management board members, directors/managers at B-1 level and supervisory board members at the operating companies. In all companies (where applicable) – workers authorised to make decisions in performing their tasks; B-2 directors/managers, workers in the compliance department/function, procurement, sales, internal audit, human resources and/or personnel department, workers performing operations related to real estate and other workers prone to being exposed to conflict-of-interest situations.



Operations in compliance with market competition rules

On 10th October 2024 the Competition Commission initiated proceedings against four retail chains in Serbia, including Mercator-S, for suspected cartel operations that infringed market competition.

On the same day an unannounced inspection was conducted at the company premises. In order to rule out the suspicions, Mercator-S delivered the requested documentation, employees' statements and submitted the required observations.

Information security and personal data protection

Given the global increase in operational, financial and reputational risks related to information security and personal data protection, this area has been recognised as part of the Group's sustainability in two aspects – technical and social excellence in information systems management, as well as the right to privacy

as an area of fundamental human rights, where Fortenova Group affects numerous stakeholders – from employees and business partners to consumers and customers.

The information security management system at the Group is based on the continuous assessment of security threats and risks that the Group is exposed to, the application of best industry practices in protecting the confidentiality, integrity and availability of data and IT systems, the continuous surveillance of and reporting on the effectiveness of key IT security controls, and employee training.

Any Group employees that use IT systems, other than check-outs in retail and wholesale, are obligated to attend an online information security training immediately upon employment, where they receive information about practices disclosed in the rulebooks as well as instructions for reporting security incidents. Additionally, the information security system is certified with the

ISO 27100 standard and applies Critical Security Controls (CSD) and Payment Card Industry Data Security Standards (PCI DSS). Over the course of 2024, no security incidents were reported. Nevertheless, there were several security infringement attempts, with an attempt where artificial intelligence was used particularly standing out.

When using personal data for business purposes, Fortenova Group establishes the protection and promotion of the right to privacy, as well as procedures of reporting, tracking and preventing breaches of the right to privacy. In the Group's Data Classification Policy personal data are defined as confidential information. The data protection management is handled in accordance with the Act on the Implementation of the General Data Protection Regulation (GDPR), and European protection standards also apply in the countries of operation outside the EU.

In 2024 there were no significant cases of personal data breaches.



6.

FINANCIAL INFORMATION

2024 SUSTAINABILITY REPORT

Creating Economic Value

Determining financial information that enable the measurement of progress towards sustainable development is one of the fundamental tools for private companies to systematically track and channel their path to sustainability. Such information not only provides insight into the achieved results, but also makes it possible to set clear goals for the future period, driving transparency and responsibility in business operations.

Distributed economic value is the result of operating costs, employee wages, payments to capital providers, payments to state budgets and investments in the community. Paid taxes and other dues are shown in the table at state level. An overview of financial results in the context of contributing to the creation and distribution of economic value for stakeholders is provided in the table below.

Directly created and distributed economic value

Parameter	2024 Total (in EUR mil)	2023 Total (in EUR mil)
Directly created economic value – revenues from sales of products, goods, services, assets, leases, interest, dividends and other operating revenues	6,293.8	5,899.6
Distributed economic value	6,229.8	5,904.8
Operating costs: costs of materials and merchandise, services, banking services and commissions, employee benefits, insurance premiums, commission fees to credit card issuers and other costs.	4,983.2	4,758.6
Employee wages	496.3	447.2
Payments to capital providers (interest paid)	160.8	158.7
Payments to the state budget (taxes and other dues)	586.8	537.5
Investments in the community	2.7	2.8
Retained economic value	64.0	-5.2



Managing Taxes and Tax Risks

Fortenova Group's Tax Policy, introduced in 2020, was approved by the Board of Directors of Fortenova grupa d.d. and it is updated whenever circumstances so require. The Policy establishes the Group's tax strategy, which includes the following backbones:

- Compliance with the business strategy and relevant laws by meeting the obligations of tax compliance and reporting requirements in all countries where the Group operates;
- Optimisation of taxes and assessment of planning opportunities in accordance with the law and within clear risk parameters, and maintaining a tax control framework that provides for proactive tax risk management;
- Accounting for taxes in accordance with relevant national regulations and reporting requirements and standards such as IFRS;
- Supporting the business in creating, building and protecting value for shareholders.

The tax function, organised as part of the Group Finance Area, is responsible for strategic tax matters and those that are relevant to the Group, while the departments and relevant persons at the operating companies are responsible for the day-to-day and specific tax matters. Internal Audit may conduct annual controls whether the operating companies acted in accordance with the principles of the Tax Policy and the tax strategies defined at operating company level.

The Group and the operating companies have an open and transparent communication on tax matters with the tax authorities. Thus the operating companies manage the day-to-day operational communications on matters such as tax returns and technical questions, while the Group tax function is involved in matters of importance for the entire Group, as well as in specific

circumstances such as public consultations on new tax regulation proposals.

The tax risks that the Group is faced with are related to its size and complexity and include incompliance risks, legal, transactional, operational and reputational risks. Hence, prior to entering material transactions, the tax implications and risks are analysed preventively, and in significant transactions the tax function is also involved in analyses preceding the decision-making process. The central tax risk management at Group level is the responsibility of the Group tax function, which for tax risk analysis purposes acts in coordination with the operating companies and other organisational units.

This report includes data on taxes related to the economic value exchanged with the local population through obligations stipulated by local legislation, including tax expenditures, while other parameters are available in the financial statements of Fortenova Group and its operating companies.

The most important dues at Fortenova Group are personal income tax and surtax and contributions, value added tax and corporate income tax, and they account for 98 percent of total tax payments. In the total amount of tax paid, the highest share, or 49 percent, is related to value added tax. Out of the total dues paid, 58 percent were paid in the Republic of Croatia, which is directly related to the number and size of the Group companies in Croatia.

Additionally, the Group's consolidated financial statements feature general information on corporate income taxes, such as information on current income tax, deferred taxes, tax losses carried forward etc.



Managing Taxes and Tax Risks

Also, as the European Green Deal has envisaged updates of EU tax policies as one of the financial instruments intended to channel businesses towards sustainable development, through the preliminary identification of regulatory changes related to the European Green Deal, Fortenova Group has taken into account the possibility of green tax increases and will in the forthcoming period, in accordance with the expected changes, assess the relevant impacts on future operations.

Payments into state budget – taxes and other dues



Parameter	Croatia	B&H	Slovenia	Serbia	Montenegro	Total (in EUR mil) 2024	Total (in EUR mil) 2023
Payments into the state budget (other taxes and dues to the state):	-338.1	-34.0	-144.3	-73.2	-16.7	-586.8	-533.7
Value added tax	-180.6	-15.4	-56.1	-26.4	-6.8	-285.3	-249.7
Corporate income tax	-13.4	-0.8	-0.8	-0.5	-0.0	-15.5	-18.5
Personal income taxes and surtaxes, contributions	-134.6	-14.7	-75.0	-41.9	-7.5	-273.7	-254.9
Other taxes and dues (excises, membership fees, municipal fees, customs fees, concessions, other)	-9.5	-1.3	-0.8	-0.7	-0.0	-12.3	-10.5

Financial assistance received from the government

Parameter	Croatia	B&H	Slovenia	Serbia	Montenegro	Total (mil. EUR) 2024	Total (mil. EUR) 2023
Total monetary value of financial assistance received by the organisation from governments over the course of the reporting period	35.1	0.0	3.5	1.8	0.0	40.4	41.8
Exemption from tax payment and tax credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aid, grants for investments, research and development and other significant types of grants, financial incentives and awards	35.1	0.0	3.5	1.8	0.0	40.4	37.6
Deferred fee payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial assistance from export credit agencies (ECA)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial benefits that were or may be received from any government for any business activity	0.0	0.0	0.0	0.0	0.0	0.0	4.2
Share of government in the shareholder structure (%)	0.4 ⁷⁴					0.4	14.1

⁷⁴ Of all subsidiaries within Fortenova Group, the Government only has an ownership share at Agrolaguna in the stated percentage.

EU Taxonomy

Although in 2025, pursuant to the Accounting Act (Official Gazette 85/24), Fortenova Group is not obligated to report in accordance with the Regulation (EU) 2020/852 for the financial year 2024, given its reporting practice of several years it has continued to pursue that practice on a voluntary basis.

The EU taxonomy constitutes a classification system that defines clear criteria for the recognition of environmentally sustainable economic activities. As a key tool in the transition towards green economy, it helps reduce adverse effects on the environment, encompassing a wide range of sustainable practices – from the reduction of GHG emissions to encouraging circular economy.

In order to provide for an efficient assessment of operational sustainability, the EU taxonomy has introduced three key financial indicators: green turnover, operating costs and capital investments. This is intended to make it easier for investors to make informed decisions going forward and to drive investment in environmentally friendly projects.

The following environmental goals have been defined for the purposes of determining the sustainability of an economic activity:

- **Climate change mitigation** – significantly contributes to the stabilisation of GHG emissions by avoiding or reducing such emissions or improving the GHG removal;
- **Climate change adaptation** – significantly contributes to the reduction or prevention of harmful effects of the current or expected future climate on operations or on people, nature and property;
- **Sustainable use and protection of water and marine resources** – promotes the conservation of water and marine ecosystems and their sustainable use; this implies efficient water resource management, prevention of water pollution and protection of marine ecosystems from degradation;
- **Transition to a circular economy** – encourages economic activities that promote circular economy, where resources are used more efficiently and waste is minimised and recycled;
- **Pollution prevention and control** – highlights the importance of reducing and mitigating harmful effects of pollution on the

- environment and human health;
- **Protection and restoration of biodiversity and ecosystems** – this goal emphasises the importance of preserving the biodiversity and functionality of ecosystems through the protection of natural habitats, restoration of degraded areas and control of invasive species.

- In order for an activity to be considered environmentally sustainable in accordance with the EU taxonomy, it has to meet four key criteria:
- Significantly contribute to one of the six environmental goals;
 - Be aligned with the technical screening criteria (TSC) developed by the European Commission;
 - Do no significant harm (DNSH) to other environmental goals;
 - Be implemented in accordance with minimum safeguards (MSS).

Although EU taxonomy constitutes the foundation for a sustainable economy, its implementation does bear some challenges. The lack of clearly defined criteria for certain sectors, such as the food sector, requires their additional elaboration and adjustment in order to take into account its specific features. Consequently, the impression may be created that companies do not invest in sustainable activities, while they may not have been recognized within the existing EU taxonomy framework. Besides that, the assessment of compliance with the taxonomy is a complex process that includes the collection of a wide range of data, where companies within the value chain are frequently faced with limited access to information. If they do not manage to secure the required data from their suppliers and adequately prove their compliance with the EU taxonomy, companies may be faced with reputational risks and reduced competitive advantage, particularly in the context of investments.

In spite of all those challenges, EU taxonomy helps create a common language among regulatory authorities, investors and companies, building a framework that provides for the efficient channelling of capital towards projects with a positive environmental impact. Consequently, that system may significantly contribute to the global fight against climate change, the protection of natural resources and the encouragement of sustainable development.



General methodological approach

Step 1 – Identification of taxonomy-eligible activities

The first step of the EU taxonomy assessment is the eligibility test. Therefore, a detailed assessment was run at the level of all operating companies and Fortenova grupa d.d. against the economic activities, by reviewing the descriptions of the activities and the NACE codes provided in the EU taxonomy and its delegated acts, in order to determine which activities are really eligible within the EU taxonomy framework.

Individual assessments were made at each of the operating companies involved, and the results were then aggregated at Group level. For the actual assessment purposes, each operating company made its own analysis of the registered activities as well as those performed in practice, resulting in recorded revenue, operating expenses or capital expenditures. Out of the 38 analysed companies, 33 (87 percent) have identified taxonomically eligible activities. There were 36 different taxonomically eligible activities identified in the process, which equals the number of activities identified in 2023.

Identified acceptable activities include:

Environmental goal	No. of identified eligible activities	Name of activity
Climate change mitigation	24	4.1. Production of electricity by means of solar photovoltaic technology
		4.9. Transmission and distribution of electricity
		4.16. Installation and operation of electric heat pumps
		4.20. Cogeneration of energy for heating/cooling and electricity from bioenergy
		4.24. Production of energy for heating/cooling from bioenergy
		4.25. Production of energy for heating/cooling from waste heat
		5.1. Construction, extension and operation of water collection, treatment and supply systems
		5.2. Restoration of water collection, treatment and supply systems
		5.3. Construction, extension and operation of wastewater collection and treatment systems

Climate change mitigation	24	5.4. Restoration of wastewater collection and treatment systems 5.5. Collection and transport of non-hazardous waste in fractions separated at source 5.9. Recovery of materials from non-hazardous waste 6.10. Maritime and coastal freight transportation, port vessels and supporting activities 6.14. Railway transport infrastructure 6.5. Transport by motorcycles, passenger cars and light commercial vehicles 6.6. Road transport services of freight 7.1. Construction of new buildings 7.2. Reconstruction of existing buildings 7.3. Installation, maintenance and repair of energy efficiency equipment 7.5. Installation, maintenance and repair of energy efficiency measurement, regulation and control instruments and devices in buildings 7.6. Installation, maintenance and repair of technologies for the production of energy from renewable sources 7.7. Purchase and ownership of buildings 8.1. Data processing, server services and activities related thereto 8.2. Data-based GHG emission reduction solutions
Climate change adaptation	-	-
Sustainable use and protection of water and marine resources	1	4.1. Providing solutions for the reduction of leakage based on information/operative technology data

Environmental goal	No. of identified eligible activities	Name of activity
Transition to a circular economy	9*	2.2. Production of alternative water resources for purposes other than human consumption 2.3. Collection and transport of non-hazardous and hazardous waste 2.5. Biowaste recovery by means of anaerobic digestion or composting 3.1. Construction of new buildings → <i>relevant goal: Climate change mitigation</i> 3.2. Reconstruction of existing buildings 3.3. Demolition and wrecking of buildings and other constructions 5.1. Repair, restoration and reproduction 5.4. Sales of second-hand goods 5.5. Product as service and other circular use- or result-oriented service models
Pollution prevention and control	1	2.1. Collection and transport of hazardous waste
Protection and restoration of biodiversity and ecosystems	1	2.1. Hotels, resorts, camps and similar accommodation

*Out of the total of nine activities identified as eligible for the environmental goal “Transition to a circular economy”, for one of them the goal “Climate change mitigation” was selected as relevant. Hence, in order to avoid the duplication of contribution of the same activities with different goals, in analysing their eligibility the most relevant goals were selected and the analysis of their TSC and DNSH compliance was made only for those goals.

Step 2 – Assessment of alignment with technical screening criteria (TSC)

The technical screening criteria of the EU Taxonomy are a set of criteria developed by the European Commission with a view to defining sustainable economic activities. The alignment with technical screening criteria has been assessed and documented individually for each economic activity at operating company level, in a decentralized manner. Out of the 36 eligible activities, 11 (30 percent) proved to be TSC-aligned.

Activities aligned with technical screening criteria include:

Environmental goal	No. of identified eligible activities	Name of activity
Climate change mitigation	7	4.1. Production of electricity by means of solar photovoltaic technology 4.25. Production of energy for heating/cooling from waste heat 5.5. Collection and transport of non-hazardous waste in fractions separated at source 6.5. Transport with motorcycles, passenger cars and light commercial vehicles 7.3. Installation, maintenance and repair of energy efficiency equipment 7.5. Installation, maintenance and repair of energy efficiency measurement, regulation and control instruments and devices in buildings 7.6. Installation, maintenance and repair of technologies for the production of energy from renewable sources
Climate change adaptation	-	-
Sustainable use and protection of water and marine resources	-	-
Transition to a circular economy	3	5.1. Repair, restoration and reproduction 5.4. Sales of second-hand goods 5.5. Product as service and other circular use- or result-oriented service models
Pollution prevention and control	1	2.1. Collection and transport of hazardous waste
Protection and restoration of biodiversity and ecosystems	-	-

Step 3 – DNSH (Do-no-significant-harm) assessment

The DNSH principle serves as a protective measure making sure that an economic activity classified as aligned does no significant harm to other environmental goals, and if there are any potential adverse impacts, measures must be taken to mitigate or minimise them to an acceptable level.

The DNSH criteria were examined at the level of activities within individual operating companies. Out of the 11 TSC-aligned activities, 8 (73 percent) are aligned with DNSH criteria.

The DNSH-aligned activities include:

Environmental goal	No. of identified eligible activities	Name of activity
Climate change mitigation	5	<div>4.1. Production of electricity by means of solar photovoltaic technology</div> <div>5.5. Collection and transport of non-hazardous waste in fractions separated at source</div> <div>7.3. Installation, maintenance and repair of energy efficiency equipment</div> <div>7.5. Installation, maintenance and repair of energy efficiency measurement, regulation and control instruments and devices in buildings</div> <div>7.6. Installation, maintenance and repair of technologies for the production of energy from renewable sources</div>
Climate change adaptation	-	-
Sustainable use and protection of water and marine resources	-	-

Environmental goal	No. of identified eligible activities	Name of activity
Transition to a circular economy	2	<div>5.4. Sales of second-hand goods</div> <div>5.5. Product as service and other circular use- or result-oriented service models</div>
Pollution prevention and control	1	2.1. Collection and transport of hazardous waste
Protection and restoration of biodiversity and ecosystems	-	-

In 2023, 11 taxonomy-aligned activities were identified at Group level. The reduction against the previous period is the result of specific activities implemented over the course of 2023 which were not repeated in 2024.

Step 4 – Minimum safeguards (MSS) assessment

The Group member companies meet the minimum safeguard requirements in accordance with four key topics: human rights, including workers’ rights, combating corruption and bribery, taxation and fair competition. That alignment has been provided for through the identification of relevant documents at Group level that regulate the requirements under the policies and legislation, pursuant to the Taxonomy Regulation. Additionally, a detailed verification of the identified documents was carried out, focused particularly on the key minimum safeguard topics. In this reporting period, the minimum safeguard (MSS) assessment was made at Group level.

Step 5 – KPI calculation (turnover, operating expenses and capital expenditure)

The identification of economic activities within Fortenova Group that are eligible for the taxonomy application and those that are aligned with it was followed by the collection of financial data and a KPI (turnover, operating expenses and capital expenditure) analysis with regard to the respective activities. The appropriate KPI's in accordance with the EU taxonomy are derived from the consolidated financial indicators and hence only include operating companies that are fully consolidated. Such analysis was carried out for the fiscal year 2024 at the level of each of the companies that identified at least one taxonomy-eligible activity. The companies included in this analysis collected and analysed their own financial data in the context of the economic activities included in the EU taxonomy, i.e. the denominator and the numerator for each

KPI. The KPI denominator for the identified eligible and aligned activities includes items as defined in the Taxonomy Regulation, while the numerator can be attributed to activities recognised as eligible or aligned during the relevant assessment. As mentioned earlier, the results were then consolidated for reporting purposes.

The final step following the KPI calculation was the disclosure of relevant information and KPI's as a constituent part of the non-financial report. Under the Taxonomy Regulation, Fortenova Group is obligated to disclose how and to what extent its economic activities are related to the sustainable activities as stated in the Regulation. The disclosure in accordance with EU taxonomy enables Fortenova Group to create transparency with respect to its sustainable activities and demonstrate the progress that it has made in sustainability.

In comparison with the previous year, on the revenue side the KPI has grown from 0.6 percent to 1.1 percent in 2024, including eligible and aligned revenue. Aligned CapEx went down from 4.5 percent to 1.7 percent, and eligible CapEx grew from 23.5 percent to 38.9 percent in 2024. The drop in aligned CapEx is the result of specific activities implemented in 2023 which were not repeated in 2024. Aligned KPI related to OpEx grew from 0.6 percent to 0.9 percent, and eligible OpEx from 3.6 percent to 8.4 percent.

An important aspect of the KPI contribution lies in intercompany transactions. Although such transactions are excluded from the formal KPI calculation, their significant contribution is still relevant and in accordance with the EU taxonomy requirements, highlighting the Group's commitment to sustainability.

PIK Vrbovec and Konzum HR are the operating companies that stand out with the largest number of aligned activities, as many as five of them:

PIK Vrbovec HR	Konzum HR
5.5. Collection and transport of non-hazardous waste in fractions separated at source	5.5. Collection and transport of non-hazardous waste in fractions separated at source
7.3. Installation, maintenance and repair of energy efficiency equipment	7.3. Installation, maintenance and repair of energy efficiency equipment
7.6. Installation, maintenance and repair of technologies for the production of energy from renewable sources	7.5. Installation, maintenance and repair of energy efficiency measurement, regulation and control instruments and devices in buildings
5.4. Sales of second-hand goods	7.6. Installation, maintenance and repair of technologies for the production of energy from renewable sources
2.1. Collection and transport of hazardous waste	2.1. Collection and transport of hazardous waste

EU Taxonomy

Financial year - Turnover 1/2	2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)												
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystem (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystem (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2024 (18)	Taxonomy-aligned proportion of turnover, year 2023 (19)	Category enabling activity (20)	Category transitional activity (21)		
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES			1.1%																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
Electricity generation using solar photovoltaic technology	CCM 4.1.	66,607.15	0.0%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.0%	0.0%	-	-	
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5.	539,824.55	0.0%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.0%	0.0%	-	-	
Sale of second-hand goods	CE 5.4.	23,084.50	0.0%	-	-	-	-	Y	-	Y	Y	Y	Y	-	Y	Y	Y	0.0%	0.0%	-	-	
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5.	270.00	0.0%	-	-	-	-	Y	-	Y	Y	Y	Y	-	Y	Y	Y	0.0%	0.0%	-	-	
Collection and transport of hazardous waste	PPC 2.1.	6,549.10	0.0%	-	-	-	Y	-	-	Y	Y	Y	-	Y	Y	Y	Y	0.0%	0.0%	-	-	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		636,335.30	0.0%	0.0%	n/p	n/p	0%	0%	n/p	-	-	-	-	-	-	-	-	0.0%	0.0%			
Of which Enabling		0.00	0.0%	0.0%	n/p	n/p	0.0%	0.0%	n/p	-	-	-	-	-	-	-	-	0.0%	0.0%	E		
Of which Transitional		0.00	0.0%	0.0%						-	-	-	-	-	-	-	-	0.0%	n/p		T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
Cogeneration of heat/cool and power from bioenergy	CCM 4.20.	20,675,244.98	0.3%	EL	-	-	-	-	-								0.3%					
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5.	61,019.38	0.0%	EL	-	-	-	-	-								0.0%					
Material recovery from non-hazardous waste	CCM 5.9.	666,605.00	0.0%	EL	-	-	-	-	-								0.0%					
Freight transport services by road	CCM 6.6.	1,374,003.75	0.0%	EL	-	-	-	-	-								0.0%					
Acquisition and ownership of buildings	CCM 7.7.	47,437,291.31	0.8%	EL	-	-	-	-	-								0.8%					

EU Taxonomy

Financial year - Turnover 2/2				2024			Substantial contribution criteria				DNSH criteria (Does Not Significantly Harm)										
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystem (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystem (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2024 (18)	Taxonomy-aligned proportion of turnover, year 2023 (19)	Category enabling activity (20)	Category transitional activity (21)	
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	⌘	T
Collection and transport of non-hazardous and hazardous waste	CE 2.3.	305,080.03	0.0%	-	-	-	-	-	EL									0.0%			
Recovery of bio-waste by anaerobic digestion or composting	CE 2.5.	36,344.82	0.0%	-	-	-	-	-	EL									0.0%			
Repair, refurbishment and remanufacturing	CE 5.1.	1,762.08	0.0%	-	-	-	-	-	EL									0.0%			
Sale of second-hand goods	CE 5.4.	168,224.02	0.0%	-	-	-	-	-	EL	-								0.0%			
Collection and transport of hazardous waste	PPC 2.1.	512.14	0.0%	-	-	-	EL	-	-									0.0%			
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1.	18,505.69	0.0%	-	-	-	-	-	EL									0.0%			
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	70,744,593.20		1.1%	1.1%	n/p	n/p	0.0%	0.0%	0.0%								1.1%	0.6%			
A. Total (A.1+A.2)	71,380,928.50		1.1%	1.1%	n/p	n/p	n/p	n/p	0.0%								1.1%	0.6%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomynon-eligible activities (B)	6,208,993,738.50		98.9%																		
TOTAL (A+B)	6,280,374,667.00		100.0%																		

EU Taxonomy

Financial year - CapEx 1/2				2024			Substantial contribution criteria				DNSH criteria (Does Not Significantly Harm)											
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystem (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystem (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2024 (18)	Taxonomy-aligned proportion of CapEx, year 2023 (19)	Category enabling activity (20)	Category transitional activity (21)		
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES							40.6%															
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
Electricity generation using solar photovoltaic technology	CCM 4.1.	1,730,020.78	0.6%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.6%	0.6%	-	-	
Renewal of water collection, treatment and supply systems	CCM 5.2.	52,687.50	0.0%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.0%	0.0%	-	-	
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5.	112,653.04	0.0%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.0%	0.1%	-	-	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	1,223,456.33	0.4%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.4%	2.8%	E	-	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5.	188,097.54	0.1%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.1%	0.1%	E	-	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	1,008,218.66	0.4%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.4%	0.7%	E	-	
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5.	558,215.00	0.2%	-	-	-	-	Y	-	Y	Y	Y	Y	-	Y	Y	Y	0.2%	n/p	-	-	
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		4,873,348.85	1.7%	1.5%	n/p	n/p	n/p	0.2%	n/p	-	-	-	-	-	-	-	-	1.7%	4.5%			
Of which Enabling		2,419,772.53	0.9%	0.9%	n/p	n/p	n/p	n/p	n/p	-	-	-	-	-	-	-	-	0.9%	3.8%	E		
Of which Transitional		0.00	0.0%	0.0%						-	-	-	-	-	-	-	0.0%	n/p		T		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
Transmission and distribution of electricity	CCM 4.9.	113,958.01	0.0%	EL	-	-	-	-	-								0.0%					
Installation and operation of electric heat pumps	CCM 4.16.	507,758.60	0.2%	EL	-	-	-	-	-								0.2%					
Cogeneration of heat/cool and power from bioenergy	CCM 4.20.	157,457.55	0.1%	EL	-	-	-	-	-								0.1%					
Production of heat/cool from bioenergy	CCM 4.24.	30,470.86	0.0%	EL	-	-	-	-	-								0.0%					
Production of heat/cool using waste heat	CCM 4.25.	38,528.89	0.0%	EL	-	-	-	-	-								0.0%					
Renewal of water collection, treatment and supply systems	CCM 5.2.	75,512.89	0.0%	EL	-	-	-	-	-								0.0%					
Renewal of waste water collection and treatment	CCM 5.4.	14,260.00	0.0%	EL	-	-	-	-	-								0.0%					
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	2,487,261.72	0.9%	EL	-	-	-	-	-								0.9%					

EU Taxonomy

Financial year - CapEx 2/2⁷⁵

Financial year - CapEx 2/2 ⁷⁵	2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)											
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystem (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystem (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2024 (18)	Taxonomy-aligned proportion of CapEx, year 2023 (19)	Category enabling activity (20)	Category transitional activity (21)	
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
Freight transport services by road	CCM 6.6.	8,034,502.53	2.8%	EL	-	-	-	-	-									2.8%			
Construction of new buildings	CCM 7.1.	4,117,814.20	1.4%	EL	-	-	-	-	-									1.4%			
Renovation of existing buildings	CCM 7.2.	5,116,901.51	1.8%	EL	-	-	-	-	-									1.8%			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	665,461.18	0.2%	EL	-	-	-	-	-									0.2%			
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	95,019.35	0.0%	EL	-	-	-	-	-									0.0%			
Acquisition and ownership of buildings	CCM 7.7.	88,570,855.88	31.2%	EL	-	-	-	-	-									31.2%			
Production of alternative water resources for purposes other than human consumption	CE 2.2.	350,132.79	0.1%	-	-	-	-	EL	-									0.1%			
Recovery of bio-waste by anaerobic digestion or composting	CE 2.5.	14,348.20	0.0%	-	-	-	-	EL	-									0.0%			
Renovation of existing buildings	CE 3.2.	86,204.90	0.0%	-	-	-	-	EL	-									0.0%			
Demolition and wrecking of buildings and other structures	CE 3.3.	90,000.00	0.0%	-	-	-	-	EL	-									0.0%			
Capex of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	110,566,449.06		38.9%	38.7%	n/p	n/p	n/p	0.2%	n/p									38.9%	23.5%		
A. Total (A.1+A.2)	115,439,797.92		40.6%	40.2%	n/p	n/p	n/p	0.4%	n/p									40.6%	28.0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
Capex of Taxonomy non-eligible activities (B)	168,880,202.08		59.4%																		
TOTAL (A+B)	284,320,000.00		100.0%																		

⁷⁵ In the previous reporting period (for the year 2023), total CapEx included only investments in property, plants, and equipment. For the year 2024, however, total CapEx has been expanded to encompass all relevant investments in accordance with Delegated Regulation (EU) 2021/2178, including intangible assets, real estate investments, and new right-of-use assets. The calculation and methodology have been further refined to enhance the quality and transparency of reporting and to ensure alignment with the provisions of the Regulation.

EU Taxonomy

Financial year - OpEx 1/3				2024			Substantial contribution criteria				DNSH criteria (Does Not Significantly Harm)										
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystem (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystem (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2024 (18)	Taxonomy-aligned proportion of OpEx, year 2023 (19)	Category enabling activity (20)	Category transitional activity (21)	
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Electricity generation using solar photovoltaic technology	CCM 4.1.	4,065.37	0.0%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.0%	n/p	-	-
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5.	4,426,854.06	0.7%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.7%	0.3%	-	-
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	1,034,456.92	0.2%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.2%	0.3%	E	-
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5.	112,358.59	0.0%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.0%	0.0%	E	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	53,345.00	0.0%	Y	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0.0%	n/p	E	-
Collection and transport of hazardous waste	PPC 2.1.	7,811.38	0.0%	-	-	-	Y	-	-	Y	Y	Y	-	Y	Y	Y	Y	0.0%	0.0%	-	-
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		5,638,891.32	0.9%	0.9%	n/p	n/p	0%	n/p	n/p	-	-	-	-	-	-	-	-	0.9%	0.6%		
Of which Enabling		1,200,160.51	0.2%	0.2%	n/p	n/p	n/p	n/p	n/p	-	-	-	-	-	-	-	-	0.2%	0.3%	E	
Of which Transitional		0.00	0.0%	0.0%						-	-	-	-	-	-	-	0.0%	n/p		T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Transmission and distribution of electricity	CCM 4.9.	15,230.00	0.0%	EL	-	-	-	-	-								0.0%				
Installation and operation of electric heat pumps	CCM 4.16.	1,875.00	0.0%	EL	-	-	-	-	-								0.0%				
Cogeneration of heat/cool and power from bioenergy	CCM 4.20.	1,632,760.90	0.3%	EL	-	-	-	-	-								0.3%				
Production of heat/cool from bioenergy	CCM 4.24.	193,095.45	0.0%	EL	-	-	-	-	-								0.0%				
Production of heat/cool using waste heat	CCM 4.25.	3,458.37	0.0%	EL	-	-	-	-	-								0.0%				
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1.	8,144.67	0.0%	EL	-	-	-	-	-								0.0%				

EU Taxonomy

Financial year - OpEx 2/3				2024			Substantial contribution criteria				DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystem (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystem (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2024 (18)	Taxonomy-aligned proportion of OpEx, year 2023 (19)	Category enabling activity (20)	Category transitional activity (21)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
Renewal of water collection, treatment and supply systems	CCM 5.2.	1,175.00	0.0%	EL	-	-	-	-	-								0.0%			
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	357,348.36	0.1%	EL	-	-	-	-	-								0.1%			
Renewal of waste water collection and treatment	CCM 5.4.	72,552.74	0.0%	EL	-	-	-	-	-								0.0%			
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5.	3,359,183.36	0.5%	EL	-	-	-	-	-								0.5%			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	4,088,729.32	0.6%	EL	-	-	-	-	-								0.6%			
Freight transport services by road	CCM 6.6.	6,013,380.57	0.9%	EL	-	-	-	-	-								0.9%			
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10.	570,866.93	0.1%	EL	-	-	-	-	-								0.1%			
Infrastructure for rail transport	CCM 6.14.	20,657.50	0.0%	EL	-	-	-	-	-								0.0%			
Renovation of existing buildings	CCM 7.2.	16,612,114.78	2.6%	EL	-	-	-	-	-								2.6%			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	336,678.99	0.1%	EL	-	-	-	-	-								0.1%			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5.	19,937.83	0.0%	EL	-	-	-	-	-								0.0%			
Acquisition and ownership of buildings	CCM 7.7.	17,689,978.22	2.7%	EL	-	-	-	-	-								2.7%			
Data processing, hosting and related activities	CCM 8.1.	624,142.38	0.1%	EL	-	-	-	-	-								0.1%			
Data-driven solutions for GHG emissions reductions	CCM 8.2.	1,608,280.98	0.2%	EL	-	-	-	-	-								0.2%			
Production of alternative water resources for purposes other than human consumption	CE 2.2.	9,358.00	0.0%	-	-	-	-	EL	-								0.0%			
Collection and transport of non-hazardous and hazardous waste	CE 2.3.	312,287.65	0.0%	-	-	-	-	EL	-								0.0%			
Recovery of bio-waste by anaerobic digestion or composting	CE 2.5.	47,682.22	0.0%	-	-	-	-	EL	-								0.0%			
Repair, refurbishment and remanufacturing	CE 5.1.	587,416.99	0.1%	-	-	-	-	EL	-								0.1%			

EU Taxonomy

Financial year - OpEx 3/3				2024			Substantial contribution criteria				DNSH criteria (Does Not Significantly Harm)										
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystem (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystem (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2024 (18)	Taxonomy-aligned proportion of OpEx, year 2023 (19)	Category enabling activity (20)	Category transitional activity (21)	
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1.	1,636.00	0.0%	-	-	EL	-	-	-								0.0%				
Collection and transport of hazardous waste	PPC 2.1.	101,879.26	0.0%	-	-	-	EL	-	-								0.0%				
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1.	14,105.81	0.0%	-	-	-	-	-	EL								0.0%				
Opex of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	54,303,957.27		8.4%	8.2%	n/p	0.0%	0.0%	0.1%	0.0%								8.4%	3.6%			
A. Total (A.1+A.2)	59,942,848.59		9.3%	9.1%	n/p	0.0%	0.0%	0.1%	0.0%									9.3%	4.2%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
OpEx of Taxomynon-eligible activities (B)	587,365,003.08		90.7%																		
TOTAL (A+B)	647,307,851.67		100.0%																		

A person with blonde hair is seen from the side, looking at a computer monitor. The monitor displays a document with text and a table. In the background, there is a large white filing cabinet filled with many colorful folders (blue, red, yellow, green) with labels. The scene is brightly lit, suggesting an office environment.

7. ABOUT THIS REPORT AND APPENDICES

2024 SUSTAINABILITY REPORT

Methodology of Data Collection and Corrected Disclosures

Fortenova Group’s fourth Sustainability Report covers the period from 1st January to 31st December 2024. With a view to providing transparent information about the Group’s performance in the area of sustainable operations, the Report was prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), version 2021.

Although pursuant to the Accounting Act (Official Gazette 85/24) the Group is not yet obligated to report under the CSRD regulations nor prepare the report in accordance with the delegated act on European Sustainability Reporting Standards (ESRS) for the reporting year 2024, Fortenova Group has taken a proactive approach to the requirements of future regulations.

Therefore, with regard to the expected application of the new regulatory requirements at EU level, over the course of 2024 the Group started to get prepared for the alignment with the Corporate Sustainability Reporting Directive (CSRD).

Accordingly, the decision was made to implement double materiality processes for the year 2024 already, and as part of that process the key topics were identified where Fortenova Group exerts significant impact, as well as those that are of particular interest for the stakeholders.

The end of the report features a GRI table of contents that provides additional data transparency and ease of reference. For additional information related to the Report, interested parties may contact the email address: sustainability@fortenovagrupa.hr.

Data collection and quality

Data related to social and environmental information were collected via standardised forms, established for the first time at Group level in 2022. In order to start alignment with ESRS standards, in 2024 the forms were updated and extended with some of the

requirements from the new regulatory framework. All companies involved – 40 of them in total – submitted their filled out forms and all collected data were carefully analysed and manually verified. Given that the implementation of the automated data processing system has currently been delayed in accordance with the delayed legal obligations under the Accounting Act (Official Gazette 85/24), data processing is still based on the manual methodology, which increases the risk of possible deviations and limitations in quality.

Scope of reporting and company classification

Like in the previous year, the Report covers a total of 39 operating companies and the holding company Fortenova grupa d.d. Given that the companies A007 and LG Moslavina were included in the Group’s operations for most of the year, their data are integrated in this Report, while data for the company Naturala will be included in the 2025 reporting period.

Due to the diversity of their business activities, companies within the Group are classified in four core business divisions: Agriculture, Food, Retail and Wholesale and Non-Core Companies, grouped in the Report together with the holding company. Additionally, the Retail and Wholesale Division is divided into Retail, Loyalty Card Operators and Retail – Other, while the Food Division is segmented into the subgroups: Beverages Group, Oil Group, Meat Group and Other. This additional segmentation allows for better data comparability among companies with similar operations.

Besides the classification by business divisions, the companies in the Report are also divided according to the markets where Fortenova Group actively operates, which are: Croatia, Slovenia, Serbia, Bosnia and Herzegovina and Montenegro.

For ease of reference and transparency reasons, the Report features numerous tables with quantitative data, and their



methodologies and contexts are additionally explained in the pertaining textual parts. The most important ESG data and progress against 2023 are consolidated in the table under the title Key information for 2024.

It is important to note that the number of companies covered by this Report does not entirely correspond to the number of companies from the Group’s consolidated financial statements. The difference results from the fact that the companies that did not generate revenues over the reporting period, that have less than two employees or that engage in activities with no significant impact on environmental, social or governance aspects were exempt from ESG reporting.

Energy

The 2024 energy consumption is accounted for in two categories: consumption of electricity and heat and consumption of fuel from renewable and non-renewable sources. Measured within the total electricity consumed are the electricity purchased from external distributors and the electricity produced on site, which is also consumed within the company. The total electricity consumption is the sum of consumed electricity from renewable and non-renewable sources. As in earlier years, the Group’s total energy sold is also the total energy sold by Energija Gradec.

In the fuel consumption segment, non-renewable sources include diesel and petrol, fuel oil, liquefied natural gas (LNG), compressed natural gas (CNG), blue-dyed diesel and other similar fossil fuels. Renewable fuel includes biomass and biogas.

Greenhouse gas emissions

Fortenova Group's direct gross emissions were calculated according to the principle of operational supervision for 40 companies included in Scopes 1, 2 and 3, expressed in tonnes of CO₂ equivalent, and include all relevant types of greenhouse gas (CO₂, CH₄, N₂O and PFC's). The methodology applied to the GHG emissions calculation is based on the GHG Protocol Corporate – A Corporate Accounting and Reporting Standard and the ISO 14064-1 standard. The national emission factors were taken from the database of the European Environment Agency (EEA) for Croatia, Slovenia, Bosnia and Herzegovina, Serbia and Montenegro. All relevant categories were taken into consideration for all three scopes.

The Group has accounted for the first time for Scope 3 for all 40 companies in 2023. Furthermore, a tracking system was established for additional categories such as Product Use and the extended coverage of the category Purchased Materials and Services. They year 2024 saw the establishment of a more precise data assessment system at some companies for the categories of Inbound and Outbound Transport, Capital Goods and Product Disposal, and in the forthcoming period it is planned to improve the data quality at the other companies that have emission sources in the stated category as well. Significant factor changes were recorded in 2024 in some categories such as Waste, and accordingly recalculations/restatements were made for the previous period in order to have comparable data.

Water

Over the course of preparation of the 2024 Report an error was found in the recorded water withdrawal quantity in the Retail Division for 2023. The error was corrected and hence the section Water includes updated data, according to which the Retail Division withdraws the largest water quantity in the Group. It is important to note that part of the withdrawn water is incorporated in merchandise. Agriculture and food companies measure the water discharge at the locations, while the retail and wholesale companies assess the discharged quantity. Therefore the goals set for retail and wholesale are based on the total quantity of withdrawn

water. Companies from the Non-Core segment primarily engage in office activities and thus do not measure water discharges, but given that they use water primarily for sanitation purposes, the entire quantity of withdrawn water was stated in the category of discharged water as well.

Waste

In the process of collecting and analysing waste data for the reporting year 2023, certain deviations were identified in the records which were subsequently corrected. In particular, data on waste quantities at the companies Jamnica HR and Tisak had been doubled, resulting in increased total amounts of reported waste. This technical error occurred in the process of data consolidation and was corrected in the course of data preparation for the reporting year 2024.

Also, in the category of byproducts no quantities were reported for the company Agrolaguna, although in reality byproducts were generated that should have been included in the report. On the other hand, for the company PIK Vrbovec an incorrect quantity of byproducts was entered, which affected the accuracy of statements within that category. Namely, previously that category had included materials which, pursuant to the legal definition, do not meet the conditions for the status of food byproducts and were never intended to be used as food.

In the food waste segment inaccuracies were found in the reported quantities – with a larger quantity reported for the company Mercator IP, and a lower one for PIK Vinkovci.

Materials and raw materials

Over the course of 2023, petroleum product data were not tracked, which resulted in a significant deviation in the quantity of non-renewable raw materials in 2024.

Key topics and progress in 2024

In the course of preparing the 2024 Report, an error was found in the recorded quantity of eggs from caged hens, which was due to inaccurate calculation. The 2023 Report stated that eggs from caged hens accounted for 38 percent of the total quantity, while the correct share amounted to 62 percent. Additionally, the quantities of purchased 'Meat from Croatian Farms' pork for 2023 were revised due to improvements in the calculation methodology.

Human Resources Management

Senior management is defined as persons who are either members of the highest governance body in the company or directors at B-1 level. *Middle and line management* are defined in each company according to their respective internal organisation charts and job systematisations.

Employees with non-guaranteed working hours have this year been included in the total number of employees by type of contract. Those are employees in the Republic of Serbia working with the employer as a complementary employment, with the employer listed as second employer. Such employees may work for up to 1/3 of regular working hours and have a special type of contract.

Other workers

According to the Global Reporting Initiative methodology, GRI 2 Standard, Disclosures 2-8, the category "other workers who are not employees and whose work is controlled by the organisation" includes workers with service contracts, voucher workers, consultants, seasonal workers, workers in occasional and temporary jobs, in warehousing and goods handling services and all other natural persons working under other types of contracts.

Declaration of gender identity

The regular data collection and processing by the employer have not provided for the option of gender identity declaration other than male/female, hence such data have not been included in the Report, all in accordance with the legislative frameworks of the countries where the companies operate.

Financial information EU Taxonomy

In the previous reporting period (for the year 2023), total CapEx included only investments in property, plants, and equipment. For the year 2024, however, total CapEx has been expanded to encompass all relevant investments in accordance with Delegated Regulation (EU) 2021/2178, including intangible assets, real estate investments, and new right-of-use assets. The calculation and methodology have been further refined to enhance the quality and transparency of reporting and to ensure alignment with the provisions of the Regulation.

Abbreviated names of Fortenova Group companies for reporting purposes

Division		Country of operations	Full company name		Abbreviated company name	
Agriculture		Croatia	1	Belje Agro-vet plus d.o.o.	Belje Agro-vet	
			2	Belje plus d.o.o.	Belje	
			3	Eko Biograd plus d.o.o.	Eko Biograd	
			4	Energija Gradec d.o.o.	Energija Gradec	
			5	PIK-Vinkovci plus d.o.o.	PIK Vinkovci	
			6	VINKA plus d.o.o.	Vinka	
			7	VUPIK plus d.o.o.	Vupik	
			8	Felix plus d.o.o.	Felix	
Food		Beverages Group	Bosnia and Herzegovina	9	Sarajevski kiseljak d.o.o.	Sarajevski kiseljak
			Slovenia	10	Jamnica mineralna voda d.o.o.	Jamnica SLO
			Croatia	11	JAMNICA plus d.o.o.	Jamnica HR
			Serbia	12	Mg Mivela d.o.o. Trstenik	Mg Mivela
			Croatia	13	Agrolaguna d.d.	Agrolaguna
			Croatia	14	Vinarija Novigrad d.o.o.	Vinarija Novigrad
		Meat Group	Bosnia and Herzegovina	15	PIK BH d.o.o. Laktaši	PIK BiH
			Croatia	16	PIK VRBOVEC plus d.o.o.	PIK Vrbovec HR
			Serbia	17	PIK Vrbovec S d.o.o. Beograd	PIK Vrbovec SRB
		Oil Group	Slovenia	18	Zvijezda d.o.o. Ljubljana	Zvijezda SLO
			Croatia	19	ZVIJEZDA plus d.o.o.	Zvijezda HR
			Serbia	20	Dijamant d.o.o. Zrenjanin	Dijamant
			Slovenia	21	Mercator-EMBA d.o.o.	Mercator EMBA
		Food - other	Croatia	22	ROTO DINAMIC d.o.o.	Roto dinamic

Division		Country of operations	Full company name		Abbreviated company name
Retail and Wholesale	Retail	Bosnia and Herzegovina	23	Konzum d.o.o. Sarajevo	Konzum BiH
		Croatia	24	Konzum plus d.o.o.	Konzum HR
		Slovenia	25	Mercator IP d.o.o.	Mercator IP
		Montenegro	26	MERCATOR-CG d.o.o. Podgorica	Idea CG
		Serbia	27	MERCATOR-S d.o.o. Beograd	Mercator SRB
		Slovenia	28	Poslovni sistem Mercator d.d.	Mercator SLO
		Slovenia	29	M-Energija d.o.o.	M-Energija
		Loyalty Card Operators	Croatia	30	MultiPlusCard d.o.o.
	Serbia		31	Super Kartica d.o.o. Beograd	Super Kartica SRB
	Montenegro		32	Super Kartica d.o.o. Podgorica	Super Kartica CG
	Bosnia and Herzegovina		33	Super Kartica d.o.o. Sarajevo	Super Kartica BiH
	Retail - Other		Croatia	34	TISAK plus d.o.o.
			35	A007 plus d.o.o.	A007
Holding Company		Croatia	36	Fortenova grupa d.d.	Fortenova grupa d.d.
Non-Core and Real Estate Operations		Croatia	37	Kor Broker d.o.o.	Kor Broker
			38	LG Moslavina plus d.o.o.	LG Moslavina
			39	mStart plus d.o.o.	mStart HR
		Serbia	40	mStart Business Solutions d.o.o.	mStart SRB

Opinion of the Committe of the Croatian business council for sustainable development (HR PSOR) regarding the Fortenova group’s 2024 sustainability report

Following the assessment of Fortenova Group’s Sustainability Report, which contains information on the Group’s sustainability impacts in 2024, we herewith confirm that the Report is compliant with the requirements of the sustainability reporting standards of the Global Reporting Initiative 2021.

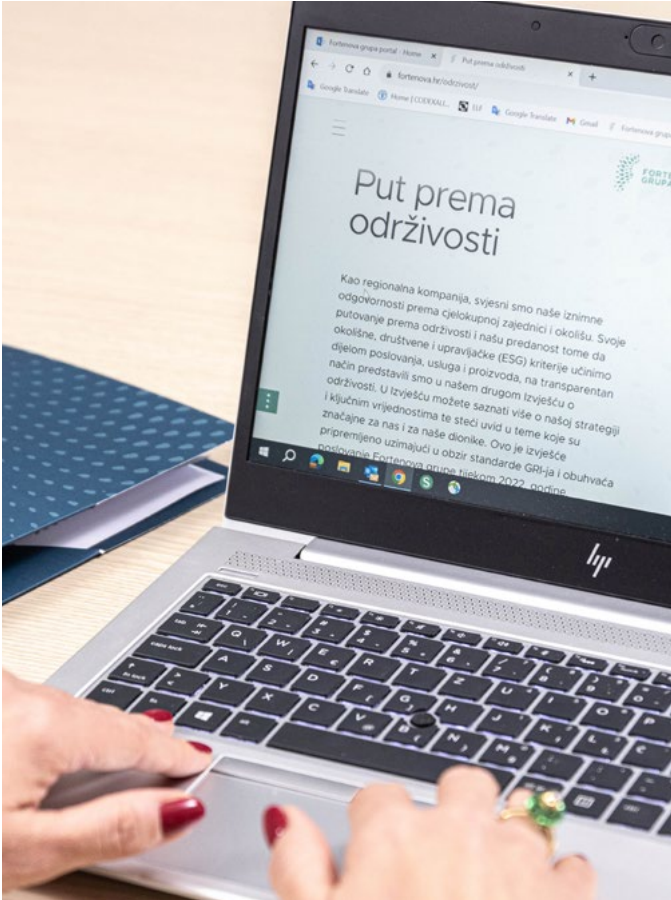
Fortenova Group is an exceptionally complex system with a large number of different manufacturing operations that include subsidiaries and companies in many countries of the region. Due to the complexity of the system, it is a great challenge to prepare the report and we herewith especially commend the approach taken by the authors of the report, who managed to present the data in a clear, legible, yet structured manner which makes the reading easy, featuring clear and summarized information in order for the reader not to get lost in unnecessary detail.

The letter from the CEO is comprehensive and describes in detail the most important activities on the Group’s consolidation in the reporting period. Although some sustainability topics have been covered, primarily through the social aspect of product affordability for consumers and availability of labour, we would like to suggest that the Group takes a more detailed stance with regard to environmental sustainability risks going forward. The food industry is particularly exposed to the risks of climate crisis, as well as resource and biodiversity crisis, through the security of supply and production costs caused by changes in the precipitation regime and other changes in the environment that may affect food production and availability.

Fortenova Group prepared this Report in accordance with the GRI standards, but in the strategic part of the Report ESRS standards were consulted in the light of preparations for mandatory

reporting which, while having been delayed in the meantime, is bound to follow. We have therefore with particular care analysed the processes that are part of the obligatory analyses under ESRS, such as the in-depth analysis of impacts, risks and opportunities and the double materiality assessment, which need to be made in order to determine the material impacts that the company has to manage and report upon. The section starts with an overview of the organisational structure related to the ESG areas. The company has a professional steering committee for matters related to sustainability, and experts in charge of collecting information from the companies. The Steering Committee also consists of members of the Board of Directors, which is a direct way of exchanging information between the expert team and the Group management. As a result of this structure, Fortenova states that over the course of the year an evaluation of ESG criteria was introduced in making CapEx decisions in order for investment decisions to be evaluated by analysing the impacts and risks related to sustainability. We believe this to be one of the indicators of the progress made in managing sustainability which, by all accounts, is due to the reporting process having been introduced. Additionally, this is purportedly related to the evaluation of managers’ performance based on the realisation of sustainability goals, but it would be interesting to learn more details about this system.

There is a list of sustainability goals with the status of implementation and measurability. The goals are very ambitious, as are the deadlines for implementation, corroborating Fortenova’s ambitious plans when it comes to implementing sustainability standards. Nevertheless, it would be good if the list of goals were aligned with the analysis of impacts, risks and opportunities and the double materiality analysis. The analysis implementation process is described in detail, and hence some possibilities to improve



the procedure are noticeable. In particular, the presented process gives the impression that the analysis was mainly conducted on processes controlled by the Group and that stakeholders were engaged that are either internal or closely related to the Group. We would suggest for future analyses to include to a greater extent stakeholders along the supply chain, with focus on its beginning, in order to investigate, in accordance with the CSDDD, adverse impacts on the environment and human rights at the very origins of the chains, at the place of the raw material extraction or production. This analysis is necessary for the Group to comply with EUDR and EUFLR requirements. We also suggest to limit the relative importance of internal stakeholders in implementing the analysis in order to get a true picture of material topics. It seems that, as a consequence of the analysis being conducted this way, the materiality of risks of the impacts that climate change and eco-systems crisis may have on the companies' financial performance is insufficiently recognised. Those risks cannot be transferred to the suppliers by way of outsourcing or by means of asset insurance, as stated in the report, because the disruptions in the value chain will affect Fortenova Group's operations, too.

The overview of strategy and the assessment of impacts, risks and opportunities are followed by an overview of the company's impacts and activities in the area of sustainability, presented by the Group's business divisions. Due to the extensiveness of the report and the quantity of information, it is almost impossible to highlight the positive activities, as there are indeed many. Fortenova Group invests in renewable energy sources, energy efficiency, animal welfare, talent retention through development, training and assistance programmes, intended to increase employee motivation and engagement, it invests in employee health and safety, the development of the local community and many other important topics. We believe that the Report demonstrates Fortenova Group's strategic approach to the continuous improvement of the impacts it has on the environment and on people, and that sustainability is embedded in the business models of the Group companies.

At the end of the Report the Group has disclosed its taxonomy report, prepared according to the requirements of the Taxonomy Regulation, which includes all elements as stipulated in the Regulation. It shows the shares of sustainable operations

in revenues, CapEx and OpEx, with the pertaining explanations. In Fortenova's future reports we would like to see more detailed descriptions of the obligatory tables/graphs, in order for all operations and reasons for the respective sustainability assessment to be entirely clear. Regarding the results of the taxonomy report, they are very clear and require no additional comments.

In summary, we herewith commend Fortenova Group's 2024 Sustainability Report. It discloses sufficient information to comply with the GRI Reporting Standards, with a major step forward made regarding the implementation of the IRO analysis and the double materiality analysis according to ESRS standards. In this process we also see the greatest room for improvement and the further development of the process of determining key impacts and the related risks and opportunities for the company's financial performance. Despite the fact that there is room for improvement, the Report is clear and well structured, showing strategic processes in the implementation of sustainability, and is an excellent example of substantive and meaningful reporting.



GRI content index

Statement of use	Fortenova grupa d.d. has reported in accordance with the GRI Standards for the period between 1st January 2024 and 31st December 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standard	GRI 13: Agriculture, Aquaculture and Fishing 2022

Material topics	
E	Decarbonisation / risks and opportunities due to climate change (GRI 305 Emissions), Waste Management (GRI 306 Waste), Energy and Efficiency (GRI 302 Energy), Water (GRI 303 Water and Effluents), Animal Welfare (GRI 13)
S	Employee Wellbeing (GRI 202 Market Presence, GRI 401 Employment, GRI 402 Labour/Management Relations, GRI 403 Occupational Health and Safety, GRI 404 Training and Education, GRI 406 Non-discrimination, GRI 407 Freedom of Association and Collective Bargaining), Diversity and Inclusion (GRI 405 Diversity and Equal Opportunities)
G	Ethical issues and anti-corruption (GRI 205 Anti-corruption)

Material topics of medium importance	
GRI 304: Biodiversity 2016	
GRI 308: Supplier Environmental Assessment 2016	
GRI 413: Local Communities 2016	
GRI 417: Marketing and Labelling 2016	

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	General and strategic information				
	2-2 Entities included in the organisation’s sustainability reporting	Corporate structure Abbreviated names of Fortenova Group Companies for reporting purposes				
	2-3 Reporting period, frequency and contact point	Methodology of data collection and corrected disclosures				
	2-4 Restatements of information	Methodology of data collection and corrected disclosures				
	2-5 External assurance	Opinion of the Committe of the Croatian business council for sustainable development (HR PSOR)				
	2-6 Activities, value chain and other business relationships	General and strategic information Supply chain				13.23.1
	2-7 Employees	Social information				
	2-8 Workers who are not employees	Social information				
	2-9 Governance structure and composition	Strategy, governance, risks and materiality analysis Corporate governance	c - ii, vi, viii	Incomplete information	Data records are currently not kept that way	
	2-10 Nomination and selection of the highest governance body	Principles of selecting BoD members Principles of selecting Executive Directors	b - ii, iii	Incomplete information	Data records are currently not kept that way	

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	BoD members Executive Directors				13.23.1
	2-12 Role of the highest governance body in overseeing the management	Strategy, governance, risks and materiality analysis				
	2-13 Delegation of responsibility for managing impacts	Strategy, governance, risks and materiality analysis				
	2-14 Role of the highest governance body in sustainability reporting	Strategy, governance, risks and materiality analysis				
	2-15 Conflicts of interest	Conflict-of-interest management				
	2-16 Communication of critical concerns	Code of Ethics				
	2-17 Collective knowledge of the highest governance body	Strategy, governance, risks and materiality analysis				
	2-18 Assessment of the performance of the highest governance body	Strategy, governance, risks and materiality analysis Executive Directors				
	2-19 Remuneration policies	Remuneration for BoD members Key information 2024.: G		Incomplete information	Remuneration and travelling policy currently in the process of being updated.	
	2-20 Process to determine remuneration	Remuneration for BoD members	a, b	Incomplete information	Remuneration and travelling policy currently in the process of being updated	
	2-21 Annual total compensation ratio		a, b, c	Incomplete information	Fortenova Group collects data on the annual compensation ratio by using ESRS methodology and additionally analyses differences in wages paid to women and men, but does not disclose those data yet.	

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Letter from the CEO and Member of the BoD				13.23.1
	2-23 Policy commitments	Strategy, governance, risks and materiality analysis Compliance and corporate policies Human rights Embedding policy commitments	c	Not applicable	Internal policies are not publicly available, i.e. they are only available to internal stakeholders. Human rights are defined by the Group's Code of Ethics and the Supplier Code of Conduct. The Code of Ethics and the Supplier Code of Conduct have been publicly disclosed.	
	2-24 Embedding policy commitments	Embedding policy commitments				
	2-25 Processes to remediate negative impacts	Processes of mitigating and preventing negative impacts Reporting of irregularities and unethical conduct at Fortenova Group Other channels of reporting irregularities within Fortenova Group	e	Incomplete information	There is no mechanism of data collection, processing and reporting on the efficiency of grievance mechanisms in place	
	2-26 Mechanisms for seeking advice and raising concerns	Reporting of irregularities and unethical conduct at Fortenova Group Other channels of reporting irregularities within Fortenova Group				
	2-27 Compliance with laws and regulations	Processes of mitigating and preventing negative impacts				
	2-28 Membership in associations	Memberships				
	2-29 Approach to stakeholder engagement	Stakeholder engagement and materiality assessment				
	2-30 Collective bargaining agreements	Freedom of association				

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Stakeholder engagement and materiality assessment				
	3-2 List of material topics	Stakeholder engagement and materiality assessment				
Ekonomski učinak						
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial information				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Creating economic value				
	201-2 Financial implications and other risks and opportunities due to climate change	Climate risks	iii, iv	Incomplete information	A risk and opportunity analysis has been made, but the data on Financial implications of risks or opportunities prior to taking measures and Costs of measures taken to manage risks or opportunities are still being analysed and methodologically aligned.	
	201-4 Financial assistance received from government	Financial assistance received from government				
Market Presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social information				
	202-2 Proportion of senior management hired from the local community	Employee wellbeing				

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	Supply chain				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Local procurement provides benefits for the entire supply chain	a	Incomplete information		
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	Compliance and corporate policies				13.25.1, 13.26.1
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Compliance and corporate policies Anti-corruption				13.26.2
	205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption				
	205-3 Confirmed incidents of corruption and actions taken	Key information for 2024				
Anti-competitive behavior						
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-corruption				
GRI 206: Anti-competitive Behaviour 2016	206-1 Total number of legal actions brought for anti-competitive behaviour, anti-trust, and monopoly practices	Key information for 2024				

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Tax						
GRI 207: Tax 2019	207-1 Approach to tax	Tax and tax risk management				
	207-2 Tax governance, control, and risk management	Tax and tax risk management Code of Ethics	i, iv	Incomplete information	Tax policy not publicly available.	
	207-3 Stakeholder engagement and management of concerns related to tax	Tax and tax risk management Code of Ethics	c	Incomplete information	Certain tax data are available as part of the financial reporting, pursuant to legislative regulation. The Financial Statements are available on the FINA website.	
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Materials and raw materials				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Materials and raw materials				
	301-2 Recycled input materials used	Materials and raw materials				
	301-3 Reclaimed products and their packaging materials	Reclaiming materials				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Energy and emissions				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Energy and emissions		Incomplete information	There is no individual breakdown of energy consumption for cooling and steam, but only the overall consumption of electricity and energy for heating, as well as fuel consumption have been stated.	

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Water Methodology of data collection and corrected disclosures: Water				13.7.1.
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Strategy, governance, risks and materiality analysis Water				13.7.2.
	303-2 Management of water discharge-related impacts	Strategy, governance, risks and materiality analysis Water	a - i, iii	Incomplete information	Policy related to this topic not yet approved at the Group.	13.7.3.
	303-3 Water withdrawal	Strategy, governance, risks and materiality analysis Water	c			13.7.4.
	303-5 Water consumption	Strategy, governance, risks and materiality analysis Water				13.7.6.
Biodiversity						
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Key information for 2024	a - vi, viii	Incomplete information	The Company acts in accordance with statutory regulations with regards to stores located in national parks and in compliance with the concessions granted to the production businesses.	

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis				13.1.1, 13.2.1
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG emissions Key information for 2024				13.1.2
	305-2 Energy indirect (Scope 2) GHG emissions	GHG emissions Key information for 2024				13.1.3
	305-3 Other indirect (Scope 3) GHG emissions	GHG emissions Key information for 2024				13.1.4
	305-4 GHG emissions intensity	Key information for 2024				13.1.5
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Waste				13.8.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste				13.8.2
	306-2 Management of significant waste-related impacts	Waste	b	Incomplete information	There is no complete procedure to establish whether third parties manage waste.	13.8.3
	306-3 Waste generated	Waste				13.8.4
	306-4 Waste diverted from disposal	Waste				13.8.5
	306-5 Waste directed to disposal	Waste				13.8.6

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Supply chain				
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Supply chain				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Social information				13.20.1
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee wellbeing				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Equality in granting benefits				
	401-3 Parental leave	Right to maternity, parental and paternity leave				

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Occupational health and safety				13.19.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational health and safety				13.19.2
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety				13.19.3
	403-3 Occupational health services	Occupational health and safety				13.19.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety				13.19.5
	403-5 Worker training on occupational health and safety	Occupational health and safety				13.19.6
	403-6 Promotion of worker health	Main types of injury				13.19.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	Activities related to occupational health and safety				13.19.8
	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety				13.19.9
	403-9 Work-related injuries	Main types of injury				13.19.10

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Employee wellbeing				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee development, advancement and training				
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee development, advancement and training				
	404-3 Percentage of employees receiving regular performance and individual career development reviews	Feedback and performance evaluation				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Employee wellbeing				13.15.1
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Corporate governance Gender Equality				13.15.2

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Employee wellbeing				
GRI 406: Non-discrimination 2016	406-1 Cases of discrimination and corrective actions taken	Human rights Code of Ethics				13.15.4
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Employee wellbeing				13.18.1, 13.21.1
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of association	b	Not applicable	The freedom of association and bargaining is fully provided and this right has been exercised in 94 % of cases, hence no measures for its provision have been stated.	13.18.2, 13.21.2
Local communities						
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Local community	a	Not applicable	Systematic monitoring of impacts on society and environment has not yet been established at Group level, i.e. currently only part of that segment has been established through the Corporate Giving Policy.	13.12.2

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy, governance, risks and materiality analysis Product quality, safety and sustainability				13.10.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of significant product and service categories	New product launches and improvements of existing assortment				13.10.2
	416-2 Cases of non-compliance concerning the health and safety impacts of products and services	Health safety analyses and inspection controls				13.10.3
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	Product quality, safety and sustainability				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	Labelling of products and services	a-ii, iv, b	Incomplete information	Data are currently not recorded by the criteria of Disclosure 417-1. In labelling products the companies are guided by all applicable laws and regulations, taking care of consumer safety.	
	417-2 Cases of non-compliance concerning product and service information and labelling	Product quality, safety and sustainability				

GRI standard	Disclosure	Reference	Requirements omitted			GRI Sector Standard Ref. No.
			Requirements omitted	Reason	Explanation	
Sustainable agriculture						
GRI 13.4: Soil Health	3-3 Management of material topics	Sustainable agricultural practices				13.5.1
GRI 13.6: Pesticides Use	3-3 Management of material topics	Sustainable agricultural practices				13.6.1
	13.6.2. Use of pesticides by the toxicity hazard levels	Sustainable agricultural practices	13.6.2	Incomplete information	Initiatives were launched to reduce mineral fertiliser and pesticide use at Group level.	13.6.2
GRI 13.9: Food Security	3-3 Management of material topics	Sustainable agricultural practices Waste				13.9.1
	13.9 Weight of food waste generated	Waste				13.9.2
GRI 13.22: Economic Inclusion	3-3 Management of material topics	Local procurement provides benefits for the entire supply chain Creating economic value for stakeholders				
Animal health and welfare						
GRI 13.11: Farm animal health and welfare	3-3 Management of material topics	Farm animal welfare				13.11.1