

SUSTAINABILITY REPORT 2021



FORTENOVA
GRUPA



WE AT FORTENOVA GROUP THANK YOU FOR YOUR SUPPORT, TRUST AND LOYALTY.

We prepared our first Sustainability report to transparently communicate to you our journey towards sustainability and our dedication to incorporating ESG criteria into our business, our services and our products. Throughout the Report you will read about our strategy, our core values and mission, and gain insight into topics that are material

to both us and our stakeholders. This Report has been prepared with reference to the GRI Standards and it covers Fortenova Group's operations with ESG impact during 2021. Selected initiatives that were launched in early 2022 are included to provide update on the most relevant information regarding our material topics.

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INTRODUCTION

LETTER OF OUR CEO

Our last year's intensive work on setting environmental, social and governance (ESG) sustainability goals has resulted in this first Sustainability Report of Fortenova Group. It not only shows that we are accepting the responsibilities arising from the EU Green Deal in a timely manner, but also that in 2021 we laid down the organizational and activity foundations to integrate sustainability into our internal governance system, making it part of our long-term Group Portfolio Strategy.

We have thereby raised the responsibility not only to ourselves, but also to our consumers, partners, suppliers, the environment, and the society as a whole – to an even higher level.

Everything we have done over the last few years, and particularly in 2021, was part of activities that improved the level of our social and corporate responsibility, which also positively affected the economic development in the communities we operate in. We were able – within a very short time in the life of a company, only two and a half years – to transform Fortenova

Group into an important and strong employer brand in the economies we operate in.

The effects of several major milestones that we achieved during 2021 - the transfer of Mercator to Fortenova Group, the divestment of the Frozen segment and improved operations, are visible in improved sales, EBITDA and for the first time also - in profitability.

The Group's ownership, credit and capital structure have entirely changed since the establishment, and with net operating profits that amounted to HRK 523.5 million for 2021 the Group has transitioned from the zone of severe loss to the zone of profit. We entered the year 2022 with a leverage ratio of 4.2x, and when we had started

A portrait of a middle-aged man with short dark hair, wearing a dark blue suit, white shirt, and a blue patterned tie. He is standing with his arms crossed, looking directly at the camera with a slight smile. The background is a plain, light-colored wall.

"In the last few years, we transformed Fortenova Group into an important and strong employer brand in the economies we operate in."

INTRODUCTION Letter of our CEO and member of the Board of Directors

the comprehensive operation of the Group's capital and financial consolidation that ratio amounted to 7.5x and constituted a huge burden on the operations. Over the course of last year, as mentioned, we completely closed two exceptionally important transactions – the divestment of the Frozen Food Business Group to Nomad Foods and the transfer of Mercator Group to Fortenova Group.

With the refinancing of Mercator's debt with 55 banks in the total amount of EUR 385 million, performed in parallel by Fortenova Group, the company that was acquired back in 2014 has finally been transferred to Fortenova Group's ownership and its integration into the Group started. Mercator is now an integral part of our regional retail business, and the entire process of refinancing was completely secured by a company, in collaboration with its creditors, that had itself undergone its own financial restructuring only two

years earlier. Along with the reduced number of creditors, as part of the ownership consolidation over the period of two years the number of shareholders was significantly reduced and the total number of companies in which Fortenova Group holds shares went down from 150 to 74. We have also met all the goals set in the non-core business divestment strategy.

Regarding sustainability, we have set objectives in the area of environment, social and corporate governance where it has the highest importance for Fortenova Group's operations and where the Group also has the greatest impact. Those are, above all, responsible production and consumption and zero tolerance for hunger, as already demonstrated through our activities in the disposal of waste (food, plastic, packaging) in the

production process and in the supply chain, as well as our concern for the health and safety of our consumers, particularly through product labelling and local sourcing.

Another focus is on activities directed towards decarbonization and the reduction of harmful gas emissions, energy efficiency, and consequently the impact on climate changes.

To illustrate the above sustainability efforts, let me mention some examples. Among our initiatives and continuous investments in green and socially responsible projects, those projects that are intended to reduce the carbon footprint from packaging particularly stand out. Last year, for example, Jamnica CRO introduced 0.5 l Jana bottles made of 100 percent recycled plastic, with a plan to reduce the plastic quantity by the end of the year by 44 tonnes against the year

before, and the CO2 emission by 743 tonnes, but at the end of the year the plastic quantity was reduced by 51 tonnes and CO2 emissions by 872 tonnes. In addition, all the Group's main beverage brands have introduced reduced-weight PET packaging, which has all resulted in the reduction of plastic quantity within the Beverages Group by 621 tonnes and of the total CO2 emission by around eight percent. Similarly, in the launch of the new line of milk and dairy products we paid special attention to environment protection and hence Belje's Kravica kraljica milk products are featuring a packaging made of 82 percent of plant-based material (carton and plastic based on sugar cane), which has reduced the carbon footprint of that packaging by 18 percent. As a company where production

"We have set sustainability objectives in the areas where the Fortenova Group has the greatest impact"

2021 JAMNICA CRO INTRODUCED 0.5 L JANA BOTTLES MADE OF 100 PERCENT RECYCLED PLASTIC



INTRODUCTION Letter of our CEO and member of the Board of Directors

is one of the most important businesses, we have singled out the implementation of activities intended to protect and renew water resources as well as water-related ecosystems as one of Fortenova Group's most important sustainability goals. We had the same motive in emphasizing our focus on natural agriculture and the development of products and services that inherently include economic activities that do not degrade natural ecosystems.

We also have to mention the example of circular economy in the Agriculture Division, the Mitrovac complex (Belje), where we produce tomatoes in a greenhouse heated by the energy from the biogas facility leaning on a farm with 4,000 dairy cows. Additionally, that production only uses biological protection without using any pesticides whatsoever, given our intention to reduce the use of pesticides in our agricultural production and soil tillage as much as possible and to till the soil and produce as naturally as possible.

We take particular pride in the food donating project where Konzum is unrivalled in Croatia, as acknowledged by four Naj donator (The best donor) awards in a row. In the system that on a daily basis involves 14 intermediaries from a total of 47 facilities, more than 1,000 tonnes of food have been collected and donated in total since 2016, which resulted in reduced food waste and thus less waste accumulation.

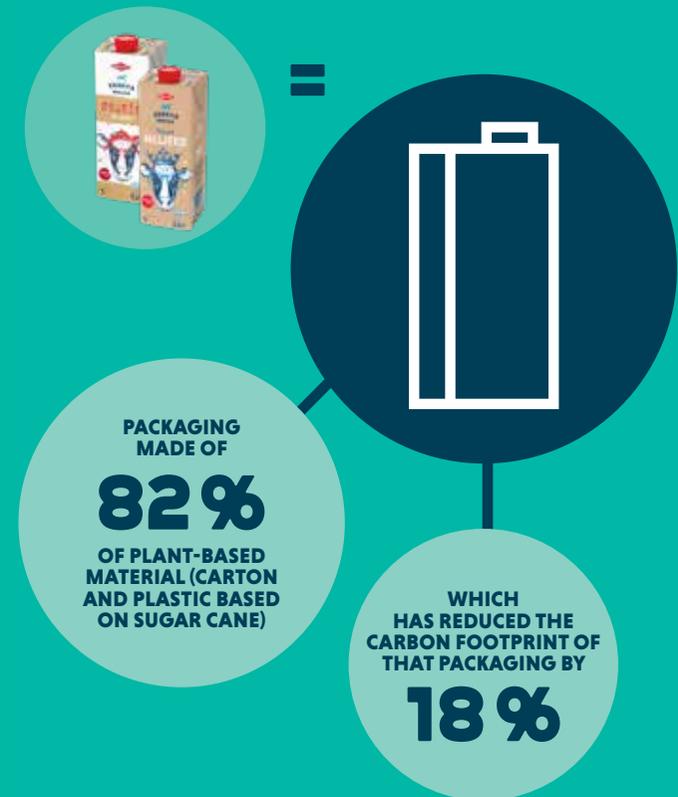
Our Food companies launched new products on the market, with some of which we have taken serious steps into entirely new, innovative categories, such as the development of food products based on plant proteins. Thus, in a trend that strives to increase the share of plant proteins in nutrition and represents the future of the food industry, Fortenova Group was the first in Croatia - through the collaboration of its companies Zvijezda CRO and PIK Vrbovec CRO - to develop an entire line of 100% plant-based products, with no animal-derived ingredients (no meat, milk, eggs or honey). The development and production of healthy products,



encouraging healthy behavior and promoting welfare for employees and the surrounding community through own operations and supply chain operations are Fortenova Group's permanent determination, as is the provision of decent, inclusive and safe work conditions in order to induce the creation of a sound economic environment, the growth of population and reduction of inequalities. In particular, as employer we will support the population policy measures that encourage citizens to create added value and build quality family lives.



BELJE'S KRAVICA KRALJICA MILK PACKAGING



INTRODUCTION Letter of our CEO and member of the Board of Directors

When it comes to corporate governance, we signed the Diversity Charter last year and accepted the responsibility to apply diversity and equal opportunities in the workplace at all our companies, aware of the fact that diversity is one of the main tools to achieve the innovativeness and creativity required to realize the transformation towards sustainability.

In the forthcoming period we will set measurable goals and monitor progress parameters within chosen sustainability areas. I would like to point out that the quantification of goals is not only there to comply with

future regulations, but it rather arises from the genuine wish to be the regional leader in those very areas, just as we already are in some parts of our business.

I am proud of the speed at which Fortenova Group has within a very short time made key strides in accepting sustainable operations and its values. What I believe to be our common goal and value is the wish to pursue our activities in a way that will make our economic environments a desirable area for dignified life and work, sustainable in the long term.

"Responsible production, consumption and zero tolerance for hunger as already demonstrated through our activities in the disposal of waste (food, plastic, packaging)"



INTRODUCTION Navigating the Report

This Report is prepared to showcase Fortenova Group's sustainability efforts for the calendar year 2021 and is the first in a series of the Group's annual sustainability reports. It was prepared with reference to the Global Reporting Initiative (GRI) Standards, Consolidated version 2020, and this first publication has been verified by HR PSOR Expert Committee for sustainability reporting.

The initiative to publish this Report came from our top management, while they soon put the relevant colleagues in the operating companies who deal with ESG topics in practice on a daily basis in the driving seat. Before starting the work on drafting the Report, we identified and assembled the necessary teams (see: [Our Approach to Sustainability](#)), provided them with preliminary education and then we proceeded with data collection, aggregation,

and review processes in accordance with the GRI Standards methodology. As can be seen from the chapter Sustainability Journey, we included our stakeholders early on and throughout the process to receive additional (as compared to our regular stakeholder engagement) feedback on the Group's ESG efforts and activities. In this first communication of the sort, we engaged with 319 stakeholders, which we plan to expand going forward, primarily by including our consumers.

As for the presented information in the following pages, Fortenova Group's consolidated Annual Report comprises 63 companies, while our Sustainability Report contains data from Fortenova grupa d.d. and 45 operating companies. The Report covers Fortenova grupa d.d. (shown separately when data was sufficient) and companies which during

2021 performed business activities and operations, had employees and which were not (yet) merged to another operating company in 2021. For the purpose of this Report, companies are divided into core and non-core, i.e. data and information are presented as referring to three core business divisions – Retail and Wholesale, Food and Agriculture – and the Non-core and Real Estate part of the business.

The image on the following page showcases all operating companies covered in the Report, divided into core and non-core businesses. Some of the companies are further divided in relevant subdivisions (groups), such as Loyalty Card companies, Beverages, Meat and Edible Oils – the grouping that is used throughout the Report, where statements are related to all the companies in the relevant group.

The table below shows a list of key terminology for understanding our Report:

FORTENOVA GROUP



The parent company Fortenova grupa d.d. and its subsidiaries (within the context of this Report referred to as "operating companies")

OPERATING COMPANIES



Subsidiary companies of Fortenova grupa d.d., operating in our core and non-core business segments

FORTENOVA GRUPA D.D. OR HOLDING



Parent company of subsidiaries

PRIVATE LABEL



Private label refers to products manufactured by a contract or third-party manufacturer and sold under a retailer's brand name. Mercator SLO, Konzum CRO, Konzum BIH, Mercator BIH, Mercator SRB, Mercator MNE have more than 4,000 private label products in their assortment under more than 40 different private label brands.

INTRODUCTION Navigating the Report

OVERVIEW OF OPERATING COMPANIES BY DIVISIONS AND SUBDIVISIONS

RETAIL AND WHOLESALE			FOOD				AGRICULTURE	NON-CORE AND REAL ESTATE
RETAIL GROUP	LOYALTY CARD COMPANIES	OTHER RETAIL	BEVERAGES GROUP	OIL GROUP	MEAT GROUP	OTHER FOOD		
Konzum CRO	MultiPlus Card	Mercator-Emba ¹	Jamnica CRO	Zvijezda CRO	PIK Vrbovec CRO	Roto dinamic	Agrolaguna	mStart CRO
Mercator SLO	Super Kartica BIH	Mercator-H ²	Jamnica SLO	Zvijezda SLO	PIK Vrbovec SRB		Belje	mStart SRB
Mercator SRB	Super Kartica SRB	A007	Jamnica HUN	Zvijezda Laktaši	PIK Vrbovec BIH		Belje Agro-vet	Kor Broker
Konzum BIH	Super Kartica MNE	Tisak	MG Mivela	Zvijezda BIH			Energija Gradec	LG Moslavina
Mercator BIH		Žitnjak	Sarajevski kiseljak	Dijamant			PIK Vinkovci	
Mercator MNE				Kikindski mlin			Eko Biograd	
M-Energija ³							Vinka	
Mercator IP							Vupik	
							Vinarija Novigrad	

¹ Mercator-Emba will become part of Food Division in 2022, ² Mercator Emba will become part of Non-core and Real Estate Division, ³ M-Energija will become part of Non-core and Real Estate Division

INTRODUCTION Fortenova Group Sustainability Highlights

During 2021 we had a number of activities and initiatives with positive impacts spread across the markets where we operate. These impacts were felt both externally (with our customers, clients, business partners, local community) and internally (within our organization, with our employees, and other stakeholders). Although no formal sustainability strategy was yet in place, corporate and social responsibility is rooted deeply in our corporate DNA, and we see it as our responsibility to give back to the society and the environment. The events below represent only highlights of which we are especially proud, while the remaining activities are described throughout the Report.

PLANET OF PLANTS

We launched 100% plant-based products with no animal-derived ingredients - they do not contain meat, milk, eggs or honey. The products in this line are also gluten-free and soy-free. The line included seven products in 2021 - burger, salami, oil, mayonnaise, sauce, spread and coconut fat.

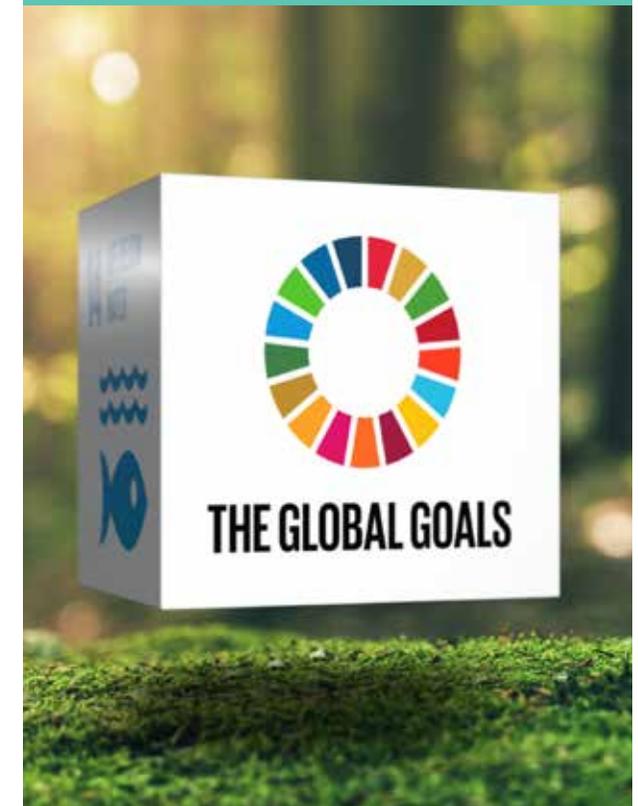


SUSTAINABILITY IN OUR CORE

We kicked off our sustainability journey in 2021. We established relevant bodies at Group level which coordinated and undertook a number of activities resulting in thorough understanding of ESG, and ESG-related needs and areas for improvement at operating companies' and Group level.

UN GLOBAL COMPACT

In October 2021 Fortenova Group formally joined the UN Global Compact, the world's largest sustainable development and corporate sustainability initiative.



INTRODUCTION Fortenova Group Sustainability Highlights

100% RECYCLED JANA BOTTLES

Jamnica CRO introduced 0.5L Jana bottles made of 100% recycled plastic (rPET). Due to that, we reduced the amount of plastic by 51 tonnes vs. 2020, and CO2 emissions by 872 tonnes vs. 2020.



HR PSOR AND DIVERSITY CHARTER

Fortenova Group formally joined HR PSOR in September 2021. We are proud to say that on December 17, 2021, Fortenova grupa d.d. in collaboration with HR PSOR signed the Diversity Charter for all segments of its operations and its operating companies in Croatia and across the region.

DRIVE BEYOND EXCELLENCE EDUCATION PROGRAM

A long-term project to improve the knowledge and skills of Fortenova Group employees, which consists of three separate tailor-made programs: Navigate, Drive and Accelerate. During 2021, training began in all programs, with more than 270 managers from operating companies and Fortenova grupa d.d. being the first generation of participants.



KRAVICA KRALJICA

Belje's Kravica kraljica milk features a packaging made of 82% plant-based material (carton and plastic based on sugar cane), which has reduced the carbon footprint of that packaging by 18%.



COOPERATION WITH SMALL LOCAL PRODUCERS

Within the project "The best from Croatia" Konzum offered 280 different products from 64 local suppliers in 68 stores, while Mercator SLO had 1500 local products in 259 stores, within its project "We love local". Mercator SRB offered 211 products within the line "Tastes of my home region". This product line was awarded with the designation Čuvarkuća 2021, by the Serbian Chamber of Commerce.

WINERY GIFTED TO LOCAL COMMUNITY

Belje gifted its old winery building and the pertaining cadastral plot in the center of the Kneževi Vinogradi municipality. The municipality will revitalize the premises and repurpose it for tourism and as a wine incubator.



BEST EMPLOYER BRAND AWARDS IN THE ADRIA REGION

Jamnica CRO won in the category of Progress in the Development and Implementation of Employer Branding Activities. Fortenova grupa d.d., together with Jamnica CRO and Zvijezda CRO also won as the Best Employer Brand in the FMCG Sector. Mercator SLO achieved notable success, winning both the Grand Prix Slovenia and the award for the Best employer Brand in the Retail sector.



CORPORATE CULTURE AND CLIMATE SURVEY

We conducted the Survey for the third time in a row to identify the current culture and climate and the degree of common values developed in the Group. The average result has improved across all dimensions of corporate culture and climate, with 3.41 out of 5. Like with the two previous surveys, - just by filling in the Survey, our employees took part in raising funds for a donation to their respective communities. Donation amounted to almost HRK 150,000 in total.

KONZUM CRO AGAIN THE BEST DONOR

In 2021, for the fourth year in a row, Konzum CRO was awarded as Naj donator (The Best Donor) for its food donations in 2020 – the donated food was worth more than HRK 5.8 million net of VAT, which is the highest total value of food donations among large companies in Croatia.



The background is a vibrant teal color with a dark teal abstract shape on the left side. On the right side, there are several light teal leaf-like shapes scattered across the background. At the bottom, there are two dark teal rounded rectangular shapes.

FORTENOVA GROUP AT A GLANCE

Fortenova grupa d.d. was formed April 1, 2019, with the successful implementation of the creditors' Settlement Plan in former Agrokor. Fortenova grupa d.d. is a holding company.

Fortenova Group operates in three core activities: Retail and Wholesale, Food and Agriculture, as well as Non-core and Real Estate. By means of vertical integration, through agricultural and food production as well as its own retail network, Fortenova Group is constantly providing consumers with fresh, healthy and local products of controlled origin and superior quality.



"Providing consumers with fresh, healthy and local products of controlled origin and superior quality"



GROUP IDENTITY CARD

Name:
**FORTENOVA
GROUP**

HEADQUARTERS:

Fortenova grupa d.d.,
Marijana Čavića 1,
Zagreb, Croatia

Main
business activities:

**RETAIL AND
WHOLESALE,
FOOD,
AGRICULTURE**

Jurisdictions
in which the
companies are
located:

6

Operating
companies
with potential ESG impact
(those which perform
significant operating activities
and have employees)

45

Number of
retail stores:

**OVER
2500**

Number of
own brands:

**OVER
100**

Companies
within the
Group:

74⁴

Percentage
of total employees
within the Group
covered by collective
bargaining
agreements

87%

Percentage
of total employees within
the Group who are employed
in companies which have
a collective bargaining
agreement in place

92%

(of which 94% are covered
by those collective
bargaining
agreements)

Number of
employees:

44,848⁵

⁴ Number of companies in which Fortenova grupa d.d. holds more than 50% ownership ⁵ Number of employees on December 31, 2021. during the year the total number reaches up to 50,000 due to seasonal workers

During 2021 the Group was continually working on its integration and reorganization to ensure efficiency and focus on the Group's core business activities.

Consequently, the Group was active in the M&A (mergers and acquisitions) segment and has sold some of the companies during 2021, while others were either merged to other companies within the Group or liquidated.



OVERVIEW

OF SOLD, MERGED AND SHELL (NO BUSINESS ACTIVITIES IN 2021) COMPANIES

SOLD COMPANIES

Adriasense d.o.o., Alpin DVA KG, upravljanje z nepremičninami, d.o.o., Alpin ENA KG, upravljanje z nepremičninami, d.o.o., Alpin SUB, upravljanje z nepremičninami, d.o.o., ATLAS plus d.o.o., Beojana d.o.o. Doo Adriatica.net Beograd, Fonyodi Kft., Frikom Beograd DOOEL, Frikom d.o.o. Beograd, Hoteli Koločep d.d., Hoteli Živogošće d.d., ID Riva Tours b.v., INIT d.d. Sarajevo, Investment International DOOEL eksport-import Skopje, IRIDA d.o.o., Jolly Travel d.o.o., Beograd (u stečajju), Kollander World Travel Inc., KOMPAS BEOGRAD d.o.o., Kompas d.d., KOMPAS d.o.o., Kompas Holidays B.V., Kompas Holidays International Fort Lauderdale (Kompas USA), Kompas Montenegro d.o.o., Kompas Nordic APS, Kompas Poland S.p.z.o.o., Kompas Praha CK, spol s.r.o., Kompas s.r.l. Italy, Kompas s.r.l. Italy - novi, Kompas Touristik Espana s.a., Kompas Touristik International Utazasi Iroda Kft., Kompas Touristik Reiseveranstaltung GmbH, Kompas-Sarajevo d.o.o. Sarajevo, Ledo d.o.o. Čitluk, Ledo d.o.o. Ljubljana, Ledo d.o.o. Podgorica, Ledo Kft., LEDO plus d.o.o., Ledo Sh.p.k. Pristine, MLADINA plus d.o.o., Poliklinika Aviva, Solana Pag d.d., TPDC d.d. Sarajevo

MERGED COMPANIES

A.N.P. Energija d.o.o. (into Agrokor-energija d.o.o.), Agrokor-energija d.o.o. (into Energija Gradec d.o.o.), Kikindski mlin a.d. Kikinda (into Dijamant d.o.o.), Mg Mivela d.o.o. Beograd (into Mg Mivela d.o.o. Trstenik), Miracolo Trgovina d.o.o. (into Konzum plus d.o.o.)

COMPANIES TO BE MERGED IN 2022

DB Kantun Veleprodaja d.o.o., Latere Terram plus d.o.o., Pet-prom ulaganja plus d.o.o.

COMPANY IN THE SELLING PROCESS

Sojara plus d.o.o.

LIQUIDATED

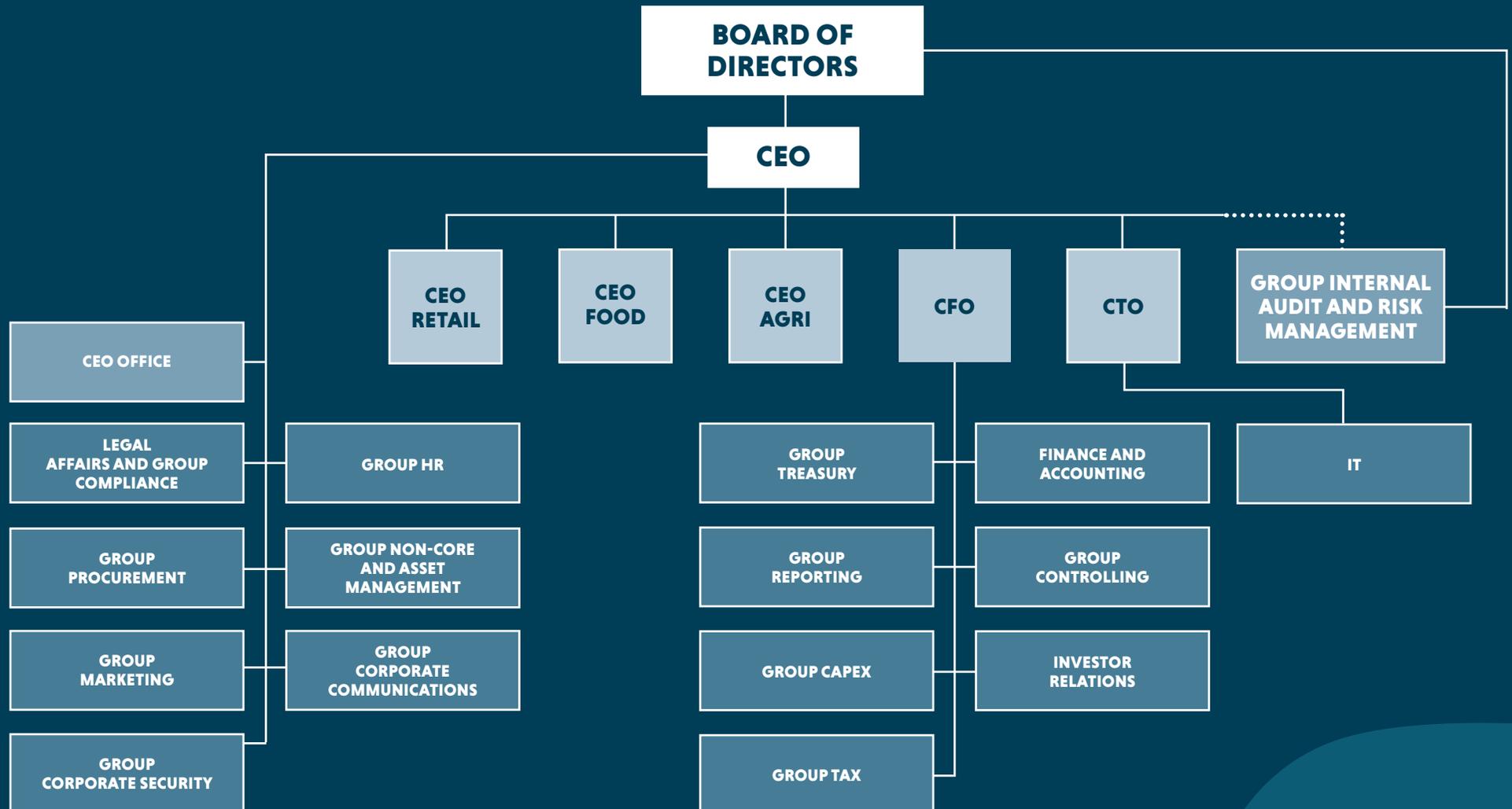
Mondo tera d.o.o. Grude



FORTENOVA GROUP AT A GLANCE Corporate Overview

The relationship between Fortenova grupa d.d. and the operating companies is governed by the incorporation acts, which stipulate that for certain matters (exceeding a specific threshold) the companies require approval of the parent, via General Assembly. Additionally, the Group has established the main corporate functions and units at parent level and Fortenova grupa d.d. coordinates activities at Group level which are common for all operating companies. To further strengthen this, each business division has its own Executive Director leading it. In that sense, the Group as a whole can drive in the same direction, while individual operating companies remain independent in dealing with their daily business operations and have their own governance structure.

THE IMAGE BELOW SHOWS THE CORPORATE STRUCTURE AT PARENT LEVEL OF THE GROUP



Through its operating companies in the core business divisions Retail and Wholesale, Food and Agriculture and the non-core operating companies, Fortenova Group operates on six key markets in Southeast Europe (SEE).

Fortenova Group directly participates with its own business operations in food production, retail chain management and agriculture on the markets of Croatia, Slovenia, Bosnia and Herzegovina, Serbia and Montenegro. Through its affiliated companies Fortenova Group also owns a company in Hungary. Through the export of its food products Fortenova Group is present on the markets of more than 20 countries of the world, where the most significant outbound markets are the states of the region and the European Union. At the same time, in the SEE region it has a retail network featuring more than 2,500 retail stores. The key sectors in which Fortenova Group generates significant impacts on the market are the retail sector, the beverage production sector, the edible oil production sector, the fresh and processed meat production sector, the milk and dairy production sector,

as well as the agricultural sectors of crop husbandry, livestock breeding, viticulture and wine production, olive growing and fruit and vegetable growing. Given the diverse nature of its operations, Fortenova Group places over 4,000 products and provides a large number of services on all the markets where it operates. Given the large share of its retail business and the production of food products in the FMCG category, the most significant user category of Fortenova Group's products and services are consumers on the final consumption market. At the same time, due to the same reasons and the number, size and diversity of markets and operations that it has there, Fortenova Group does business with an exceptionally large number of suppliers and hence suppliers are the second key group of its users, while the third important group is comprised of



customers from the business consumption segment. As already stated, our Sustainability Report contains data from Fortenova grupa d.d. and 45 operating companies divided into three core business divisions and the non-core business segment. Below is a short description of companies covered in the Report by their business segments.

FORTENOVA GRUPA D.D.

Fortenova grupa d.d. is the parent/holding company of its affiliated companies.



RETAIL AND WHOLESALE

KONZUM PLUS D.O.O. (KONZUM CRO) CROATIA

With almost 650 stores, Konzum CRO operates its retail network across Croatia, with more than half a million customers shopping daily in its stores and online. Also, the number of Konzum online store users is constantly growing, with the service available to almost 70% of households in Croatia.

Its multichannel approach and investments in development of logistics operations and technologies have made it a trendsetter on the market.

Furthermore, for years it has been fostering and developing strategic

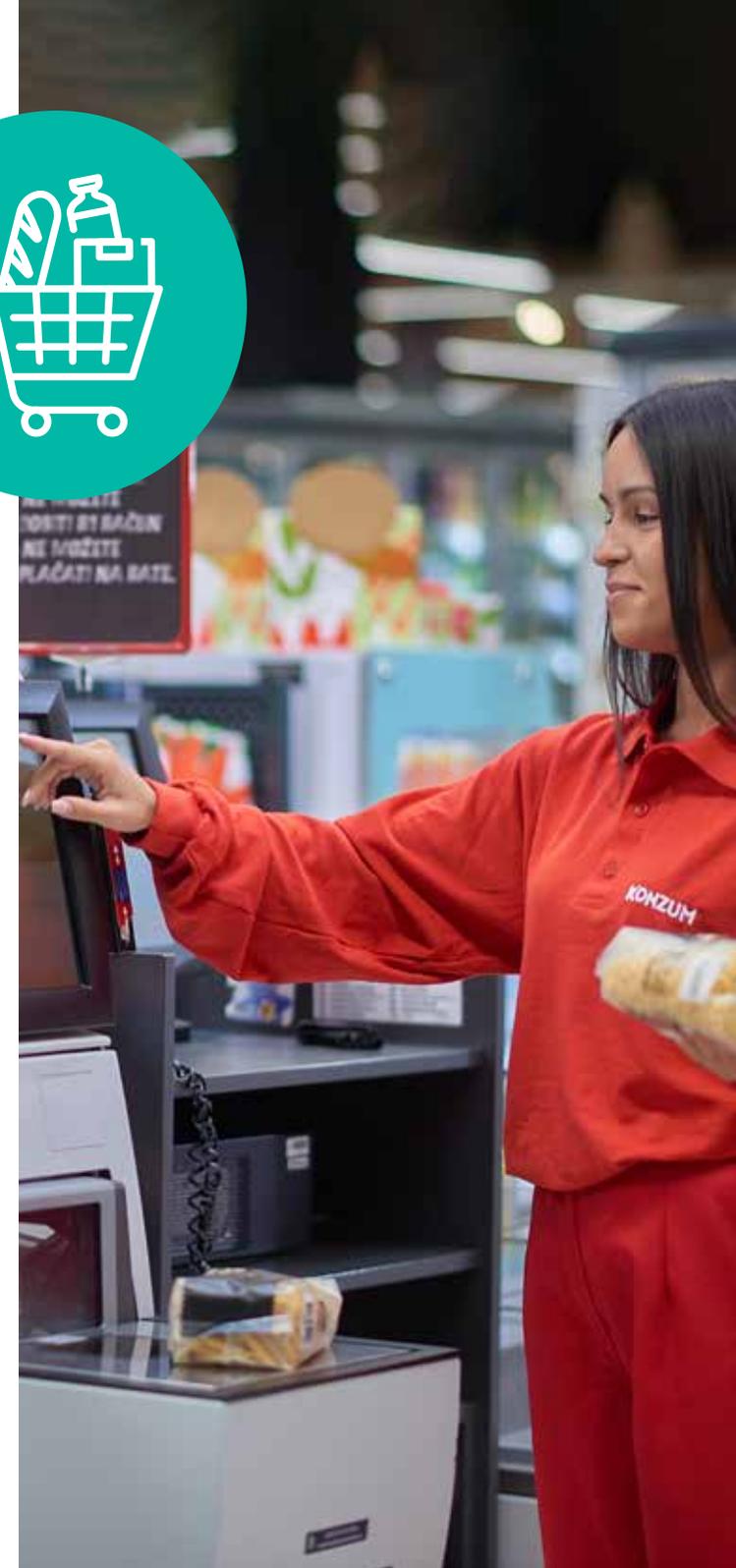
relations with local suppliers, with Konzum CRO's project "Najbolje iz Hrvatske" ("The Best from Croatia") being particularly recognizable in that regard. In 2021 that initiative was especially successful, as the number of stores where customers can find local assortment was significantly increased, and the total turnover from it grew by as much as 90%. Konzum CRO currently offers as many as 280 different local products made by 64 producers. In addition, it is one of the largest food donors in Croatia and has received the "Naj donator" ("The best Donor") award for four years in a row. In addition to these projects, Konzum CRO also invests in customer communication, striving to recognize their wishes and needs.

500.000
customers daily

KONZUM D.O.O. (KONZUM BIH) BOSNIA AND HERZEGOVINA

The operations on the market of Bosnia and Herzegovina started with the opening of the first Velpro Wholesale Center in Sarajevo in 2004, and a year later the retail business started as well through the development and expansion of a retail facility network in Bosnia and Herzegovina. Today Konzum BIH features more than 170 retail facilities where over 100,000 customers daily do their shopping. In accordance with the mission, the operations'

primary goals are customer satisfaction and meeting their needs, as well as the availability and vicinity of stores, with one of the major focuses being on the supply of daily fresh, quality products. The long-term strategic determination is to provide continuous support to the development of Bosnia and Herzegovina's economy by way of a significant long-term cooperation with local producers.



POSLOVNI SISTEMI MERCATOR D.D. (MERCATOR SLO) SLOVENIA

Mercator SLO is Slovenia's largest retail chain. Being a modern retail business, it operates through several different formats with 464 own and 165 franchised stores as well as 13 wholesale centers across the market. For the majority of its customers, it is still the closest family store and hence there are more than 700,000 loyal users of its Pika loyalty card shopping at Mercator SLO stores.

For its younger customers Mercator is also an innovator, being the first retail chain in Slovenia to introduce a loyalty card, an online store, fast cash desks, the use of sustainable shopping bags and smartphone payments – MScan Mobile, for which Mercator received the Websi Award at the 2021 Digital Projects Festival. The service is available at more than 110 Mercator stores, with more than 55,000

MScan transactions carried out over the course of 2021. In 2021 Mercator launched the M Soseska (M Neighborhood) platform, a free online content platform that contains a mixture of digital content in order to support Mercator's business model and innovative distribution strategy.



MERCATOR IP, INVALIDSKO PODJETJE D.O.O. (MERCATOR IP) SLOVENIA

Mercator IP is a company where over 52 % of employees are persons with disabilities. The company mainly caters to the needs of Mercator SLO, with Minute products standing out in particular – delicatessen, sweets, spreads,

sandwiches, snacks and salads as well as bakery and confectionary products. Numerous Minute products won multiple awards for innovation and were selected as products of the year, just as the company's bakery and

confectionary products, too. Thus in 2021 as many as 26 Minute products were awarded at the Agra Fair, while in early 2022 three products from that line won the title as innovative food of the year.

MERCATOR-EMBA D.O.O. (MERCATOR-EMBA) SLOVENIA

Mercator-Emba is a producer of instant cocoa products and dessert toppings, cereal products and packaging for other products. Due to the modern factory and permanent investments in product quality and safety the company has

over the last decade found its place on the demanding European market. The company successfully exports to 25 markets and generates almost 90% of its revenue on foreign markets.

M-ENERGIJA, D.O.O. (M-ENERGIJA) SLOVENIA

M-Energija runs the operations of Maxen automated, unmanned fuel stations, open 24/7. Maxen service stations offer excellent services to customers with the help of innovative architectural design and using state-of-the-art

technology. Maxen services are currently available at 21 locations in Slovenia that are environmentally acceptable and exceed all safety regulations and standards.

MERCATOR-H D.O.O. (MERCATOR-H) CROATIA

Mercator H is a company for the management of its own real estate or leased real estate.



MERCATOR – S D.O.O. (MERCATOR SRB) SERBIA

Mercator SRB is one of the largest retail chains on the Serbian market. Its network covers 80 cities and other locations, and the company features more than 300 brick-and-mortar stores of the IDEA brand, four IDEA online stores, 33 supermarkets of the Roda brand for large family shopping purposes, two centres and hypermarkets of the

Mercator brand, four Velpro Centres and one HoReCa Centre for the hospitality industry. Measured by total revenue, it counts among the top ten companies in Serbia serving more than 300,000 satisfied customers every day. The brand is a synonym for a modern, innovative retail store where one can do a quick purchase.

Mercator SRB is Serbia's only retail chain holding a Family Friendly Enterprise Certificate, which acknowledges that the company implements a number of measures that significantly affect the balance between its employees' professional and private lives.

MERCATOR BH D.O.O. (MERCATOR BIH) BOSNIA AND HERZEGOVINA

Mercator BIH operates through 79 stores and has adjusted to customer needs and expectations with numerous activities and projects. Mercator BIH provides customers

with the best shopping experience and the highest value for money by way of premium service and a carefully selected assortment of quality products with focus on fresh,

healthy and local. It contributes to the development of its community and supports long-term relations with suppliers, by promoting their local and regional brands, as well as own private label products.

MERCATOR-CG D.O.O. (MERCATOR MNE) MONTENEGRO

Mercator MNE operates in Montenegro under the IDEA brand and holds an enviable position on the Montenegrin market, with positive operating results since years. It has 129 stores in 10 Montenegrin municipalities, which makes it one of the largest employers in Montenegro. The company is strongly focused on providing the best services, the widest assortment, competitive prices, safe products, neat stores and a pleasant shopping environment.

TISAK PLUS D.O.O. (TISAK) CROATIA

Tisak is the largest newsstand retail chain in Croatia, featuring a network of more than 900 points of sale of Tisak, Tisak Media Centre and Tisak plus stores. Tisak is also Croatia's leading press distributor, selling over 60 million copies of newspapers

a year, and it is also the route to market for numerous manufacturers, telecom operators, transportation ticket and parking coupon providers, while Tisak annually dispatches a million and a half consignments. Tisak has one of the strongest

distribution networks in Croatia, providing all types of customers, regardless of their size – small family shops, local retail companies as well as the largest national retailers – with daily deliveries of various types of goods from its network.

A007 PLUS D.O.O. (A007) CROATIA

A007 is holder of the Abrakadabra brand, under which Fortenova Group's non-food product web shop operates. The offer of Abrakadabra features over 50,000 active products organized in 12 permanent categories (household appliances, consumer electronics, computers, automotive, sports, fashion, perfumery and drugstore, baby supplies, toys, home and

interior design, garden and tools, books) as well as seasonal product categories and the assortment is complemented daily with new product offers. The company works with more than 350 suppliers, and one of its major advantages on the market is that it makes deliveries to over 800 Tisak newsstands, where the purchased goods wait for their buyer to pick them

up. At the same time, in collaboration with logistics partners, packages and pallets are also delivered to customers' addresses across the territory of Croatia, including the islands. The company assembles a young team of digital professionals that continuously improve the user experience of all visitors, develop new functionalities and work on expanding the assortment.

ŽITNJAK D.D. (ŽITNJAK) CROATIA

Žitnjak has built its reputation as a successful trading company on the long-standing quality of its services. The company is headquartered in Zagreb and its core business is the wholesale of food and non-food products, mainly by way of public procurement. Over the course of many years the company has gained recognizability among customers

and public procurement contracting entities as one of the reliable, high-quality suppliers of state budget beneficiaries – schools, kindergartens, government institutions etc. By continuously following its suppliers, product quality and safety as well as the storing and distribution conditions, Žitnjak has successfully introduced the HACCP system and

the ISO 9001 quality management system in its operations. By offering quality products and timely delivery the company strives to meet customer needs and requirements as much as possible.

LOYALTY CARD COMPANIES

MULTIPLUS CARD D.O.O. (MULTIPLUS CARD) CROATIA

SUPER KARTICA D.O.O. RS (SUPER KARTICA SRB) SERBIA

SUPER KARTICA D.O.O. BIH (SUPER KARTICA BIH) BOSNIA AND HERZEGOVINA

SUPER KARTICA D.O.O. CG (SUPER KARTICA MNE) MONTENEGRO

According to the results of all loyalty programs at Fortenova Group, Pika Slovenia, Pika Bosnia and Herzegovina, Super Kartica MNE, Super Kartica SRB and MultiPlus Card had more than 2.6 million active members in 2021. They registered over 189 thousand new members and all members together performed more than 187 million transactions. In 2021 the programs sent more than 150 million promotional messages to its members. The programs on all markets involve a total of 51 partners, mainly market leaders in their respective industries. In the MultiPlus Card program, more than 1.4 million active user cards have been issued and registered. The card is currently used by more than 70 percent of Croatian households, while over 100,000 members have the MultiPlus Card mobile app. Partners to the program in Croatia are Konzum

CRO, Zagrebačka banka, Tisak, Abrakadabra, Sancta Domenica, Aviva Polyclinic, Meblo and Kare. Partners to the program in Serbia are Mercator SRB, Idea, Roda, Intersport, OMV, Mastercard, DDOR insurance, Galerija podova (Floor Gallery), Tehnomanija, Metro, FitPass, HBC and The Athlete's Foot. In Bosnia and Herzegovina, partners to the program are Mercator BIH, Konzum BIH and Sarajevo Insurance, and in Montenegro IDEA, Hipotekarna banka, Lovćen Insurance, Forest Lounge and Wine Bar, Zoran Fashion and Beauty Salons, the Ramada Hotel, Grand Furniture Salons, Deluxe Lighting, Paradiso stores, Orbis travel, Spa Media, the Physical Therapy and Rehabilitation Centre, Galerija podova (Floor Gallery) and Kids Land. Pika Slovenia is the only loyalty program, among the mentioned ones, still integrated in the retail company (Mercator SLO).



2.6 MILLION
active members

187 MILLION
transactions

FOOD *BEVERAGES GROUP*



JAMNICA PLUS D.O.O. **(JAMNICA CRO) CROATIA**

Jamnica CRO is the leader on Croatia's mineral water and soft drinks market, with a total annual production capacity of more than 590 million liters, which makes it the largest producer in this part of Europe. Jamnica CRO's modern production plants are located in Pisarovina and Gorica Svetojanska in Croatia. During 2021 the Jana production plant saw the installation of a new, state-of-the-art technology aseptic bottling line for refreshing soft drinks. This investment, worth EUR 11.5 million, is Fortenova Group's largest capital investment in the production segment. The line will become operational in 2022. In 2021 Jamnica CRO won the Best Employer Brand Award Adria for the progress made in the development and implementation of Employer Brand activities.

more than
590M
liters
production capacity

JAMNICA D.O.O. MARIBOR **(JAMNICA SLO) SLOVENIA**

Jamnica SLO is a distributor of mineral water and refreshing drinks in Slovenia, where it offers a wide range of Beverages Group's brands.

JAMNICA WATER LLC **(JAMNICA HUN) HUNGARY**

Jamnica HUN is a distributor of mineral water and refreshing drinks in Hungary. It offers a wide range of beverage brands for distribution, such as Jana, Jamnica, Mg Mivela, Jana vitamin, Fruit-flavoured Jana, Jana Ice-Tea and Botanica.



SARAJEVSKI KISELJAK D.O.O. (SARAJEVSKI KISELJAK) BOSNIA AND HERZEGOVINA

With two production plants – in Kiseljak and Kreševo and an overall production capacity of more than 230 million liters, Sarajevski kiseljak is one of the leading producers of water and soft drinks in Bosnia and Herzegovina. The Sara mineral water bottling plant in Kreševo has been operational since 2020 and constitutes Fortenova Group's largest strategic

investment in the company, worth more than EUR 10 million in total. The Foreign Investment Promotion Agency (FIPA) of Bosnia and Herzegovina has listed Sarajevski kiseljak among the 16 most significant investors in Bosnia and Herzegovina, and according to a survey conducted by the portal MojPosao.ba in 2021 the company ranked third on the list of

the Top 10 most desirable employers in the Food sector in Bosnia and Herzegovina for the second year in a row.



MG MIVELA D.O.O. (MG MIVELA) SERBIA

Mg Mivela has grown into one of the most modern mineral water producers in Serbia, with a total annual production capacity exceeding 77 million litres. The Mg Mivela production facility is located in Veluće near Trstenik in Serbia, where the modern factory started its operations in

2016. 2021 the company started bottling its functional water into reduced weight pre-form packaging, whereby it has actively contributed to reducing the quantity of plastics and carbon dioxide emissions. As of February 2021, Mg Mivela and Nova sloga have been merged into one company

and operate under the common name Mg Mivela. The merger of the two companies was carried out with the aim of strengthening market competitiveness and further strengthening the products within the Beverages Group.



OTHER FOOD

ROTO DINAMIC D.O.O. (ROTO DINAMIC) CROATIA

With 15 sales and distribution centers distributing goods on a daily basis to more than 7,000 addresses, and during the tourist season to even more than 10,000, Roto dinamic has become the market leader in the distribution of soft and alcoholic drinks and pertaining assortment for the

HoReCa channel in Croatia and the region. The company was founded in 1992 and its continuous growth and investments in development have opened the doors to the cooperation with more than 130 manufacturers and importers of soft and alcoholic drinks, more than 50 of

which are wineries. It is also the exclusive importer of several prestigious international wine, beer and strong alcoholic drink brands from the artisan category.

FOOD *OIL GROUP*

ZVIJEZDA PLUS D.O.O. **(ZVIJEZDA CRO) CROATIA**

Zvijezda is today, as it was over one hundred years ago, a synonym for quality with a traditional signature. Its brands of edible oil, margarine and mayonnaise are the first choice of Croatian customers, confirmed for many years by research results published by independent agencies. According to data provided by Nielsen from 2021, Zvijezda CRO's brands are bestsellers on the Croatian market in the categories of edible oils, mayonnaise, ketchup and table and spreadable margarines. At the same time, according to data from the BRANDplus survey, Zvijezda CRO's sunflower oil is Croatia's strongest brand and Zvijezda mayonnaise ranks second on the list. Along with its own products, Zvijezda CRO also distributes merchandise goods under its own brand, as well as cheeses produced by Belje and products of the company Dijamant. Zvijezda CRO's capacity in edible oil production amounts to 60,000 litres, in table margarines to 13.8 thousand tonnes and in spreadable margarines to 7,000 tonnes, while the capacity in mayonnaise is 10,000 tonnes and in ketchup 6,500 tonnes. The company exports its products to more than 20 markets.

*Export to
more than*

20
markets



ZVIJEZDA D.O.O SARAJEVO (ZVIJEZDA BIH) BOSNIA AND HERZEGOVINA

In 2021, the company was distributing Zvijezda and Dijamant assortment before the merger process with Sarajevski Kiseljak was initiated (ongoing as at 31 December 2021).

ZVIJEZDA RS D.O.O. LAKTAŠI (ZVIJEZDA LAKTAŠI) BOSNIA AND HERZEGOVINA

In 2021, the company was distributing Zvijezda and Dijamant assortment before the merger process with Sarajevski Kiseljak was initiated (ongoing as at 31 December 2021).

ZVIJEZDA D.O.O. LJUBLJANA (ZVIJEZDA SLO) SLOVENIA

Company for non-specialized wholesale trade, subsidiary of Zvijezda CRO.

DIJAMANT D.O.O. ZRENJANIN (DIJAMANT) SERBIA

Dijamant is the largest producer of edible oils and the leading manufacturer of margarines, vegetable fats, mayonnaise and mayonnaise-based delicatessen products in Serbia. Meeting consumers' wishes and needs, producing healthy food in accordance with the strictest global standards in food industry and permanent innovations in various product categories are the company's main goals. According to the data from 2021 provided by Nielsen, Dijamant is the best-selling brand on the Serbian market in the segments of edible oil, mayonnaise

and table and spreadable margarine. The key brands are Dijamant, Dobro jutro, Način and Omegol. Dijamant annually produces almost 60 million liters of sunflower oil, over 4.6 thousand tonnes of table margarine and 3.3 thousand tonnes of spreadable margarine, more than 6,600 tonnes of mayonnaise and 487 tonnes of dressings. Dijamant exports to around 15 markets. The year 2021 saw the full preparation of one of Fortenova Group's largest investments, soon about to be realized at Dijamant – the new crushing and oil extraction plant, featuring a capacity

of 1,200 t/day, worth EUR 29.3 million. **We would also like to stress that our companies Zvijezda CRO and Dijamant are among the oldest companies on their respective markets – Zvijezda CRO was founded in 1916 and Dijamant in 1939. In terms of market recognition and consumer loyalty their products rank highest on the market. The companies annually process over 160 tonnes of sunflower seeds, they have 9 distribution centers, supply more than 11 thousand distribution locations each month and export their products to more than 20 markets.**

KIKINDSKI MLIN A.D. (KIKINDSKI MLIN) SERBIA

Kikindski mlin merged into Dijamant on December 31, 2021, and is now operating as one of its brands. It is a company with 160 years of tradition in the milling industry. The product portfolio of Kikindski mlin comprises several types of flour – standard wheat flours, special wheat flours for the

bakery and confectionary industries, wheat grits and pasta, and the company also provides wheat storing, keeping and processing services as well as storing and drying services for other agricultural commodities (sunflower, soybeans, maize). Due to the quality system introduced, the company

meets all requirements in terms of preserving the raw materials for the milling, bakery, confectionary and edible oil industries.

FOOD *MEAT GROUP*



PIK VRBOVEC PLUS D.O.O. **(PIK VRBOVEC CRO) CROATIA**

The tradition of meat production and processing at PIK Vrbovec started over 80 years ago. In spite of the meat industry being very challenging and depending on numerous external factors, impacts and market developments, the company has been the leading producer in the meat industry in Croatia and the region and holds the leading position on the domestic fresh and processed red meat market.



Its business strategy is based on local raw materials, and it takes pride in the fact that it is the largest holder of the designation "Meat from Croatian farms". As a result of its commitment to innovations, in 2021 the company launched the innovative PIK&GO meat snacks on the market, thus

entering the 'on the go' segment, and based on this major stride it has become independent of the cold chain for the first time, which has opened numerous new sales channels. Furthermore, together with Zvijezda CRO it developed products based on plant proteins under the brand Planet of Plants – with a total of seven products in the line that are free of animal-origin ingredients. It exports to more than 20 countries of the world, with exports to EU member states accounting for two thirds of the total sales value, while one third is accounted for by exports to CEFTA countries. In 2021 PIK Vrbovec CRO continued its investment cycle, as part of which it will invest over HRK 70 million to increase its production capacities, primarily in the new slaughterhouse, as well as to improve logistics and optimize its operations. The most significant brands are PIK processed meat, PIK fresh meat, Piko Volim roštilj (I love BBQ), PIK& GO, Sljeme and Planet of Plants.



PIK VRBOVEC S D.O.O. BEOGRAD (PIK VRBOVEC SRB) SERBIA

PIK Vrbovec SRB is the base through which PIK Vrbovec CRO develops sales and its overall market presence in Serbia. The main activity of the company is trade and accompanying logistics and administrative operations in the import and distribution of PIK Vrbovec CRO's range on the Serbian market. The company is responsible for the implementation of all aspects of PIK Vrbovec's business policy through direct cooperation with the distributor and other market stakeholders.

PIK VRBOVEC BIH D.O.O. LAKTAŠI (PIK BIH) BOSNIA AND HERZEGOVINA

The primary activity of PIK BIH is trading meat and meat products, selling an assortment of over 30 products on the market of Bosnia and Herzegovina and the region.



AGRICULTURE

BELJE PLUS D.O.O. (BELJE) CROATIA

With a food production tradition lasting over more than three centuries, Belje today operates on 70 locations on the entire territory of Baranja and along the continental part of Croatia. The integrated, rounded-off food production process at Belje starts with the agricultural production on the company's fields and farms and ends in one of the numerous food industry facilities known for the production of indigenous, premium quality products. It features 20,000 ha of arable land and livestock production on 25 pig breeding, cattle fattening and dairy cow farms. Belje also comprises 620 hectares of vineyards, two dairy product factories – in Beli Manastir and

Osijek, a winery and wine cellars as well as a traditional cured meat production. Belje tills around 3% of arable land in Croatia, where it produces wheat, maize, soybeans and other crops mainly intended for the own animal feed production at two animal feed factories, located in Darda and Ivanić Grad.

Belje is Croatia's largest producer of fattening pigs, accounting for 33% of the total domestic production. Belje's major brands are Baranja Kulen, Smoked Bacon, Baranja Sausage, Kravica kraljica, ABC cheese, Belje animal feed, Vina Belje wines (Select, Premium, Goldberg).

BELJE AGRO-VET PLUS D.O.O. (BELJE AGRO-VET) CROATIA

Belje Agro-vet is Fortenova Group's central veterinary organization which provides veterinary services both to Fortenova Group companies (Belje, Vupik and PIK Vinkovci) and to its subcontractors.

PIK VINKOVCI PLUS D.O.O. (PIK VINKOVCI) CROATIA

In terms of storage capacity and the capacity for receiving goods in its silos and for drying, PIK Vinkovci is one of the largest companies in Croatia. The company started its development in 1962 and today it is one of the leaders on the territory of the Vukovar-Srijem County, tilling over 5,000 ha of land, collaborating with more than 500 contractors in the purchase of fruit and vegetables and also processing fruit

and vegetables. In terms of sales structure, PIK Vinkovci is also one of the most significant exporters at Fortenova Group. Its most important goods placed on export markets (EU member states, primarily Italy, Slovenia, Luxembourg and Hungary) include maize, soybeans, edible oil, soya meal, wheat, sunflower and rape seed.

33%
of the total
domestic
production.





EKO BIOGRAD PLUS D.O.O. (EKO BIOGRAD) CROATIA

Eko Biograd plus d.o.o. Vinkovci, is owned by PIK-Vinkovci plus d.o.o. and its core activity is vegetable, melon and watermelon growing.

VUPIK PLUS D.O.O. (VUPIK) CROATIA

Vupik is one of the largest agricultural producers in Croatia. It has been operating in almost all agricultural segments already for over 60 years, with pig breeding accounting for half of the company's revenue. The production takes place in four production units (farms), one reproductive farm and 3 fattening-oriented pig breeding farms. Besides pig breeding, Vupik's core businesses include crop farming and vegetable growing, meat and dairy cattle breeding, viticulture and winemaking, as well as storage services, which are related to silo operations. Vupik also features reloading ports on two locations: the Danube-Vukovar silo and the Bobota silo.

VINKA PLUS D.O.O. (VINKA) CROATIA

Vinka is the only factory in Croatia processing fruit and vegetables by freezing. Its products are intended for three customer categories: industrial customers that use Vinka's products as a raw material for further production, the HoReCa channel and retail customers. Vinka's most significant markets are Croatia and the EU.



ENERGIJA GRADEC D.O.O. (ENERGIJA GRADEC) CROATIA

Energija Gradec engages in electricity generation from renewable sources and owns five standardized biogas facilities with the total power of 9.8 MW. The total value of this greenfield project amounted to over HRK 300 million. The majority of the facilities are located on the territory of Slavonia and Baranja, while one facility was built in the rural part of Central Croatia. All facilities are located on sites controlled by Fortenova Group's agricultural companies that own a number of strategically important locations and an exceptionally large quantity of different resources that enable the operation of biogas facilities while securing quality raw materials for the

production process. The by-products of electricity generation are heat and the soil amendment digestate, which are further used as part of the rounded-off agricultural production process. The entire project is an exceptionally positive example of circular economy. The company has the status of a privileged producer of electricity from renewable sources, issued by Croatian Energy Regulatory Agency (HERA) and an active multiannual Power Purchase Agreement signed with HROTE – the Croatian Energy Market Operator. The electricity production is at a level of more than 8,000 engine operating hours per year, which is an efficiency of more than 90 percent.

AGROLAGUNA D.D. (AGROLAGUNA) CROATIA

Agrolaguna is the leading Istrian food company, the operations of which have been established in three production units - production of wine, olive oil and cheese. The activities take place on around 1200 ha of arable land, mainly olive groves, vineyards and grassland, with the company producing around 4.2 million liters of wine, 150 – 200 tonnes of olive oil and around 350 tonnes of cheese per year. In all three production units Agrolaguna produces high-quality products under the brands "Vina Laguna" (Select, Festigia i Festigia Riserva), "Ol Istria", and "Sir Špin", with its brands guaranteeing the consumers the indigenous nature of the Istrian climate, sustainable production and maximum food production safety. The company holds the protected designation of origin for Ol Istria olive oil

and Istrian sheep cheese as the highest level of product protection that guarantees its absolute authenticity. All Agrolaguna's products have been winning quality awards at prestigious international competitions. Alone in 2021, Agrolaguna won 16 medals for its wines, three medals for its cheeses and three medals for the extra virgin olive oils and has been listed in the olive oils 'Bible' – Flos Olei, where Istria was proclaimed to be the world's best olive growing region for the seventh year in a row. Agrolaguna's red cuvée wine Castello Festigia alone won three gold medals at the most significant global competitions – Decanter, Mundus vini and Emozioni dal Mondo, and over the last ten years Castello Festigia has been adorned with 43 medals, whereof 28 are gold.

VINARIJA NOVIGRAD D.O.O. (VINARIJA NOVIGRAD) CROATIA

Vinarija Novigrad's assets - a vineyard of 80 ha and a winery in Brtonigla are leased to Agrolaguna, which cultivates the vineyard, and uses the winery to process grapes purchased from subcontractors and as a wine storage.

NON-CORE AND REAL ESTATE

MSTART PLUS D.O.O. (MSTART CRO) CROATIA

mStart CRO is a business technology firm that provides the services of developing, implementing, integrating and supporting business IT systems and solutions. It offers a wide range of solutions, from ERP and DMS to business reporting, analytics, as well as solutions for payment transactions, infrastructure and security services. Today the company employs technology professionals with expertise

in the implementation of and support to the world's leading business system technology solutions, based on the collaboration with some of the region's largest companies. It is partner to leading global IT suppliers like SAP, Microsoft, Oracle, IBM, BMC, and its operating processes are aligned with the international ISO 27001 norms for information security management as well as PCIDSS for the security of card payment transactions.

KOR BROKER D.O.O. (KOR BROKER) CROATIA

Kor Broker is registered for insurance and reinsurance brokerage services. The company was founded pursuant to the Insurance Act and has been aligned with the EU Insurance Distribution Directive. It is owned by Fortenova grupa d.d. and performs insurance and reinsurance services for all companies owned by Fortenova grupa d.d. in Croatia and Slovenia and indirectly supervises those activities in other countries where Group companies operate. The company is headquartered in Zagreb and currently employs eight employees.

LOVNO GOSPODARSTVO MOSLAVINA PLUS D.O.O. (LG MOSLAVINA) CROATIA

LG Moslavina plus holds the concession for the hunting ground Zapadna Garjevica VII / 15 in the size of 26,700 ha, which is located in the triangle between Čazma - Popovača - Garešnica. The lease of the hunting ground is valid until 2035, and the concession applies only to commercial

hunting, not to the use of forests and agricultural land. The company has two activities: organization of commercial hunting and processing and sale of meat. The company's headquarters in the hunting ground are in Gornja Garešnica, where the Jelendom facility is located, which includes a cold store for processing and storing meat.

MSTART BUSINESS SOLUTIONS D.O.O. (MSTART SRB) SERBIA

mStart SRB is a business technology firm that provides the services of developing, implementing, integrating and supporting business IT systems and solutions. Today, the company employs technology professionals with expertise in implementing and supporting SAP ERP and SAP S/4 HANA solutions, IT infrastructure and computer equipment management.



We are aware that our businesses, brands, and products are affecting a wide variety of different stakeholders in several countries, which is why we strive to live up to our responsibilities and keep our focus on conducting business in the most ethical and transparent way possible.

All of our companies cherish values of honesty, integrity, transparency, and professionalism in dealings with clients, suppliers, competitors, and government officials, and are fully committed to conducting their business in an ethical and transparent manner, in accordance with all applicable national and international laws, regulations and standards. The corporate values fostered by Fortenova Group are:

EXCELLENCE

we build sustainable and profitable operations that increase the value of our company. We strive for excellence. We surround ourselves with people who are motivated and teamwork-oriented with a view to creating excellent and inclusive working atmospheres where employees can develop their full potential.

RESPONSIBILITY AND INTEGRITY

we are responsible towards the tasks to be performed, the deadlines to be adhered to, the colleagues with whom we collaborate, towards internal and external clients, customers and business partners with whom we are in daily interaction. In any situation we display personal integrity as well as transparency, openness and availability in exchanging information.

COLLABORATION

we encourage togetherness, collaboration and helping. We are proactive. Good collaboration among colleagues in all Fortenova Group companies enables easier work and provides for mutual respect, develops a sense of belonging and contributes to the continuous improvement of business.

INNOVATION AND SUSTAINABLE BUSINESS

we are open to the implementation of innovative ideas that will have a positive impact on operations. We encourage taking initiative, openness to change, exploring new perspectives and taking steps into the unknown. We operate in a sustainable way and thus show our responsibility to the local community, consumers, partners, suppliers, the environment, and the society as a whole.



To commit to high standards of corporate governance we developed the Corporate Governance Code in 2019 based on relevant legislation and sound business practices.

The Code prescribes in detail the principles we commit to, clearly defines the structure, roles and responsibilities of our Board of Directors, its members and committees, the decision-making process, the frequency of board meetings, the remuneration policy, and terms of reference for each committee.

To strengthen our corporate governance, we also adopted our **Code of Ethics in 2019** and developed four compliance policies during 2021 – the general Compliance Policy, the **Anti-Bribery & Anti-Corruption Policy - Gifts & Gratuities**, the **Anti-Money Laundering Policy** and the **Prevention of Conflict of Interests Policy**.

We also developed our **Corporate Giving Policy** in 2021 to clearly define and manage the corporate giving process and activities. The Policy defines guidelines for selecting projects to donate to/sponsor, monitoring, evaluation and reporting. All of our corporate giving initiatives should reflect the corporate values explained above with a profound

respect of all cultures and the unique social needs found in communities. They should have relevance in the countries and markets in which the companies operate and compete. In 2021, for the third time in a row, Fortenova Group conducted a **Corporate Culture and Climate Survey** to identify the current culture and climate and the degree of common values developed in the Group. The anonymous survey was conducted among 46,056⁶ employees, with employees from Mercator Group companies⁷ participating for the first time.

The survey analyzed six key dimensions of the corporate culture and climate – work organization, leadership, attitude towards the employer, career development opportunities, satisfaction with working conditions, salaries and other benefits, and balance between professional and private life, as well as the level of development of key Fortenova Group values.

Compared to the previous year, the results showed an increase in employee identification with the Group's key values, where the value that scored best was 'Take responsibility and be honest', with an average grade of 72 percent, while the greatest improvement has been recorded in the values 'Develop excellence' and 'Innovations and sustainability'. Also, for the third year in a row the average result has improved in all corporate culture and climate dimensions, with the average for 2021 being 3.41 (on a scale from 1 to 5). An improvement has also been recorded in the belief-in-strategy index – with a result of almost 68 percent, while the employee engagement rate is 69.5 percent. Just like in previous years, the highest graded dimensions among Fortenova Group employees were 'Leadership' (3.8) and 'Organization' (3.7).

⁶ At the time of conducting the survey, Frozen Group was part of Fortenova Group as well
⁷ Mercator SLO, Mercator SRB, Mercator BH, Mercator MNE, Mercator Emba, Mercator H, M Energija, Mercator IP



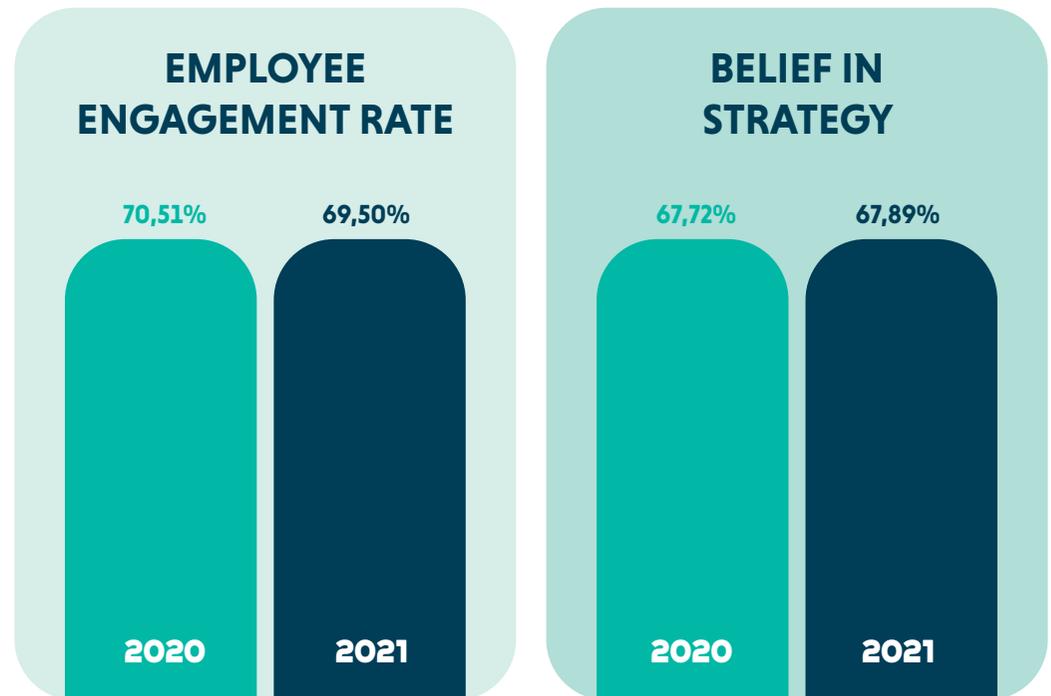
CORPORATE CULTURE AND CLIMATE SURVEY



THE BEST&WORST



Average result - estimate from 1-5 (from I totally disagree to I totally agree)



FORTENOVA GROUP AT A GLANCE Our Values and Mission

We are very proud to say that we linked the Corporate Culture and Climate Survey to social responsibility towards those in direct need in our community. Thus, like with the two previous surveys, in 2021 - just by filling in the questionnaires, our employees took part in raising funds for a donation to children in the SOS Children's Villages in Croatia, Bosnia and Herzegovina and Serbia, Young People's Friends Association in Slovenia and 'Children of the street' project in Montenegro. The total amount of HRK 150,000 was donated to the mentioned associations.

During 2021, Fortenova Group has continued to support the highest standards and norms of behavior in all its organizations.



FORTENOVA GROUP AT A GLANCE Significant Events During 2021

In 2021, Fortenova Group continued to implement most measures related to the preventive care of employees and customers, in order to protect them against the COVID-19 pandemic. All measures were aligned with recommendations of the Civil Protection Authority.

Besides their excellent response to maintaining supply in all key parts of the chain, whether it be manufacturing, distribution or retailing, Fortenova Group companies also managed to organize their operations internally in a way that enabled them to alleviate the impact of the pandemic on their operations to the highest possible extent.

Back in 2020, with the arrival of the coronavirus to Europe and in anticipation of the development of

the epidemic, the companies have in a timely manner, in coordination with the parent company, commenced comprehensive preparations and operational adjustments, particularly in retail and in securing supply chains, which in concrete terms proved to be the most important factor for the functioning of the retail industry. These efforts were continued in 2021. The care for Group employees on all levels was one of Fortenova Group's most important activities during the reporting period which was the key reason for the separation of teams due to implementing preventive health care measures – wherever it was possible, mainly with office jobs, work from home was organized for more than 7,000 Group employees. Of other important events during the reporting period, the transfer of 69.57% of shares of the **Poslovni**

" The care for Group employees on all levels was one of Fortenova Group's most important activities."



FORTENOVA GROUP AT A GLANCE Significant Events During 2021

sistemi Mercator stands out. It has formally become a constituent part of Fortenova Group's Retail and Wholesale Division, with the consolidation process of the largest retail network on the territory of Southeast Europe thus having commenced.

At the same time, in 2021 Fortenova Group carried out a public offering and increased its share in Mercator to over 90 percent, with a view to becoming the sole owner of Mercator following the squeeze-out of the remaining small shareholders (which was eventually finalized in April 2022). With Mercator Group, Fortenova Group consolidated the region's largest retail network, increasing the stability of the supply chain, jobs and tax revenues of the countries in which it operates as well as opening new opportunities and continuing to support the growth of local suppliers. Furthermore, in 2021 Fortenova Group closed an agreement and completed the procedure of divesting the Frozen Food Business Group to the company Nomad

Foods. The divestment included the companies Ledo plus d.o.o. in Croatia, Ledo d.o.o. Čitluk Bosnia and Herzegovina and Frikom d.o.o. in Serbia, as well as several affiliated companies on other SEE markets. The transaction price amounted to EUR 615 million and through it Nomad Foods entered the market of the region as a partner that will continue to develop the businesses and brands, while being an important business partner to Fortenova Group's regional retail going forward.

Following the integration of Mercator Group and the divestment of the Frozen Food Business, Fortenova Group became one of the region's largest employers. Also, by redeeming its shares and squeezing out other shareholders, in 2021 Fortenova Group acquired full control over the company Dijamant and changed the legal form of Dijamant from a joint stock company into a limited liability company. At the same time, in 2021 preparations were made for the merger of Kikinski Mlin with Dijamant, which took place on December 31, 2021, with a view to streamlining and optimizing the operations of both companies.

Furthermore, over the course of 2021 Fortenova Group also divested the Aviva Polyclinic, Kompas Group (tourist agency), Solana Pag (salt pan), Podrum Mladina (wine cellars), its shares in Karisma Hotels Adriatic, TPDC Sarajevo (logistics and warehousing) and the KHA 4 stake (hotel development).

With the first day of January 2021, the production of milk and dairy products in the dairy factory in Osijek began. The first 10,000 liters of milk from Belje's Osijek line were donated to the victims of the earthquake in the Sisak-Moslavina County. Also, in June 2021



Belje sent a truck with Kravica Kraljica milk for children in kindergartens and schools in the area of Sisak, Petrinja and Glina. The milk was intended for children's meals prepared for more than 7,000 children in the area, where the local Red Cross Societies participated in the delivery of milk to each of the locations. Also, 2021 was marked by kicking off our Sustainability project, as explained in [Sustainability Journey](#).



2021

2020

NET SALES

HRK 30,451 MILLION

NET REVENUE

HRK 31,393 MILLION

CORPORATE INCOME TAX PAID

HRK 81.7 MILLION

ASSETS

HRK 33.888.3 MILLION

EQUITY

HRK 1,112.5 MILLION

EBITDA

HRK 1,955.3 MILLION⁸

NET SALES

HRK 18,464.5 MILLION

NET REVENUE

HRK 19,033.8 MILLION

CORPORATE INCOME TAX PAID

HRK 147.8 MILLION

ASSETS

HRK 27,817 MILLION

EQUITY

HRK 340,1 MILLION

⁸ 2020 Frozen food segment was part of the Group, and Mercator was external subject.

MEMBERSHIPS

In October 2021 Fortenova Group formally joined the **UN Global Compact**, the world's largest sustainable development and corporate sustainability initiative. Fortenova Group has thus become part of a large community of more than 18,000 signatories from over 160 countries of the world that have committed to adhering to the Ten Principles of the UN Global Compact. The principles comprise fundamental operating responsibilities in the areas of human rights, labor, environment, and anti-corruption, based on internationally adopted declarations and conventions of the UN and constituting the normative authority for responsible operations.

We also pledged to take actions that support the society around us, push sustainability deep into our DNA, engage locally on all markets where we have presence, and report annually our ongoing sustainability efforts. Through operating strategies in our core businesses, Fortenova Group has opted for sustainable development and efficient management in the long term, thus also driving a stronger involvement of the business sector in activities intended to progress towards sustainable development goals and achieving corporate sustainability in accordance with the principles of the UN Global Compact.

It has also become a member of the Croatian Council for Sustainable Development (HR PSOR), an organization whose

mission it is to raise awareness of sustainable development as the fundamental development of the Republic of Croatia. HR PSOR is the local branch of the World Business Council for Sustainable Development (WBCSD), which is – as explained on their webpage – “a CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive, and more equitable future”. Fortenova grupa d.d. and its operating companies are members of the Croatian Chamber of Commerce and the respective chambers of commerce on the markets of Serbia, Bosnia and Herzegovina, Montenegro, and Slovenia.

Fortenova grupa d.d. is also member of the Croatian Chamber of Architects, the Auditors' Chamber, RIF – Internal Auditors' Section, the Croatian Appraisers' Association, the Croatian Public Relations Association (HUOJ), the Croatian Chamber of Mechanical Engineers, the Zagreb Architects' Association and the Association of Chartered Certified Accountants (ACCA).

The companies are members of various national associations such as entrepreneurs' unions (Croatian Managers' & Entrepreneurs' Association (CROMA), Trade and Logistics Association (Udruga trgovine i logistike), Združenje delodajalcev Slovenije, Managers' Association of Slovenia, Employers' Association of the Federation of Bosnia

and Herzegovina, Managers' Association of Montenegro, Employers' Union of Montenegro, American Chamber of Commerce, British Chamber etc.), professional chambers (e.g. auditors', tax, controllers' chambers etc.), associations (Association of SAP users, Slovenian Personnel Association, Ecommerce Croatia, Association of the Promotion of Protection etc.) and societies (Croatian Society for Quality, Eko ozra etc.). In addition to the above memberships, the companies are also members of numerous interest associations related to the respective business in which they operate. For example, companies from the Agriculture Division – Agrolaguna, Belje, PIK Vinkovci, Vupik, and also PIK Vrbovec (Food division) – are members of the Croatian Association of Pig Producers, the economic interest group Croatia stočar (livestock breeders), the Baby Beef Association for Cattle Breeding and Fattening and the Federation of Associations of Croatian Holstein Cattle Breeders, the Croatian Dairy Association, Vinista, the Cluster of Istrian Winegrowers, Donau soja – the association for promoting the production of soybeans in Europe etc.

Companies from the Food Division are members of the Commercial Interest Association of Drink Producers of Croatia, the Association of Mineral Water Industries, of Žitounija – Association of Serbia's milling, baking and pasta industries etc.

CERTIFICATES

Fortenova Group pays special attention to product and service quality systems, in particular food safety systems, where the systematic control and supervision of the entire production system, from the procurement of raw materials and additional components to the finished product, is secured by way of certification. The requirements of the food safety systems are related to the quality management system.

CERTIFICATES PER DIVISIONS AND OPERATING COMPANIES

RETAIL AND WHOLESALE		
COMPANY	CERTIFICATE	ISSUER OF THE CERTIFICATE
KONZUM CRO	ISO 14001:2015	Bureau veritas
	ISO 50001:2018	Bureau veritas
	IFS Logistics 2.2	Quality Austria
	HACCP	Quality Austria
	ISO 22000:2018	Bureau veritas
	Employer Partner Certificate	Selectio
MERCATOR SLO	ISO 9001:2015	SIQ
	ISO 14001:2015	SIQ
	AEO	Customs office Ljubljana
	Family Friendly Enterprise	Ekvilib Institute
	Organic production	Institute for Control and Certification of the University in Maribor (IKC-UM)
	Izbrana kakovost Slovenija – meso (Selected Quality – Slovenia – meat)	Institute for Control and Certification of the University in Maribor (IKC-UM)
	Izbrana kakovost Slovenija – sadje (Selected Quality – Slovenia – fruit)	Institute for Control and Certification of the University in Maribor (IKC-UM)
FSC	Soil Association Woodmark	
MERCATOR SRB	ISO 9001:2015	Quality Austria
	ISO 14001:2015	Quality Austria
	HACCP	Quality Austria
	ISO 10002:2018	Quality Austria
	PCI DSS	Dot.Bit d.o.o
	Family Friendly Enterprise FFE	TMS CEE d.o.o.
	Zaštićen potrošač (Protected consumer)	Republican Union of Consumers
MERCATOR-EMBA	IFS Food	Bureau veritas
	UTZ	SGS
	SQMS	Bureau veritas
MERCATOR MNE	HACCP	Bureau Veritas
MERCATOR IP	Family friendly enterprise	Ekvilib Institute
ŽITNJAK	HACCP	TÜV NORD CERT
	ISO 9001:2015	TÜV NORD CERT
MULTIPLUS CARD	ISO 27001:2013	SGS Adriatica d.o.o.

FORTENOVA GROUP AT A GLANCE Memberships, Certificates and Recognitions

FOOD			FOOD			
COMPANY	CERTIFICATE	ISSUER OF THE CERTIFICATE	COMPANY	CERTIFICATE	ISSUER OF THE CERTIFICATE	
ZVIJEZDA CRO	ISO 9001:2015	Bureau Veritas	JAMNICA CRO	ISO 9001:2015	Bureau Veritas	
	ISO 14001:2015	Bureau Veritas		ISO 14001:2015	Bureau Veritas	
	ISO 50001:2018	Bureau Veritas		ISO 50001:2018	Bureau Veritas	
	ISO 27001:2013	DNV-GL		IFS 6.1	SGS-ICS GmbH	
	IFS 7	SGS Adriatica d.o.o.		HACCP	Bureau Veritas	
	HACCP	SGS Adriatica d.o.o.		NSF International Certification for Bottled Water	NSF INTERNATIONAL	
	KOSHER	Chief Rabbi Dr. Kotel DaDon		Directory of Sanitarily Approved Food Establishments for Armed Forces Procurement	US –RMY - Department of the Army, Public Health Activity Italy	
	RSPO	Bureau Veritas Slovenija d.o.o.		SQMS	SGS-ICS GmbH	
	ISCC EU	Bureau Veritas Slovenija d.o.o.		SWA	Bureau Veritas	
DIJAMANT	ISO 9001:2015	TÜV SÜD	MG MIVELA	Employer Partner Certificate	Selectio	
	ISO 14001:2015	TÜV SÜD		ISO 9001:2015	TMS	
	ISO 45001:2018	TÜV SÜD		ISO 14001:2015	TMS	
	HALAL	Islamic community of Serbia		HACCP	TMS	
	KOSHER	The Rabbi of Serbia		KOSHER	Rabbi Isak Asiel	
	HACCP	TÜV SÜD		SARAJEVSKI KISELJAK	ISO 14001:2015	Bureau Veritas
	IFS 7	TÜV SÜD			ISO 22000:2018	Bureau Veritas
	GMP+	TÜV SÜD		ROTO DINAMIC	HACCP	TÜV
	RSPO	CONTROLUNION			ISO 14001:2015	Bureau Veritas
KIKINDSKI MLIN	ISO 9001:2015	TMS CEE d.o.o.	PIK VRBOVEC CRO	ISO 50001:2018	Bureau Veritas	
	ISO 14001:2015	TMS CEE d.o.o.		ISO 45001:2018	Bureau Veritas	
	HACCP	TMS CEE d.o.o.		IFS Food 7.0	SGS	
	ISO 22000:2018	TMS CEE d.o.o.		HALAL	Islamic Community in Croatia - Halal Quality Certification	
	HALAL	Islamic community in Serbia		IFS Logistics	SGS	
	KOSHER	Badatz Chug Chasam S–fer - Bnei Brak		Dobrobit životinja (Animal Welfare)	SGS	
			ISO 9001:2015	Bureau Veritas		
			Employer Partner Certificate	Selectio		

FORTENOVA GROUP AT A GLANCE Memberships, Certificates and Recognitions

AGRICULTURE			
	CERTIFICATE	ISSUER OF THE CERTIFICATE	
BELJE (CERTIFICATES MARKED WITH "*" ARE HELD BY CERTAIN PRODUCTION LINES WITHIN BELJE)	ISO 9001:2015	Bureau Veritas	
	ISO 14001:2015	Bureau Veritas	
	ISO 50001:2018	Bureau Veritas	
	ISO 45001:2018	Bureau Veritas	
	OZP*	Bureau Veritas	
	KOSHER*	Jewish community BET ISRAEL in Croatia	
	IFS*	SGS	
	ISCC EU*	Bureau Veritas	
	GLOBAL G.A.P.*	Bureau Veritas	
	DONAU SOJA*	Bureau Veritas	
	HALAL*	Islamic Community in Croatia - Halal Quality Certification	
	PIK VINKOVCI	ISO 9001:2015	Bureau Veritas
		ISO 14001:2015	Bureau Veritas
ISO 50001:2018		Bureau Veritas	
ISO 45001:2018		Bureau Veritas	
HACCP		Bureau Veritas	
KOSHER		CHIEF RABBI DR.KOTEL DA DON	
ISCC EU		Bureau Veritas Slovenija d.o.o.	
DONAU SOJA		Bureau Veritas Slovenija d.o.o.	
GLOBAL G.A.P.		Bureau Veritas Slovenija d.o.o.	
GRASP		Bureau Veritas Slovenija d.o.o.	
VINKA	ISO 9001:2015	Bureau Veritas	
	KOSHER	CHIEF RABBI DR.KOTEL DA DON	
	FSSC 22000 V5	Bureau Veritas	
	GLOBAL G.A.P.	Ceres GmbH	
VUPIK	ISO 9001:2015	Bureau Veritas	
	ISO 14001:2015	Bureau Veritas	
	ISCC EU	Bureau Veritas	
	GLOBAL G.A.P.	Bureau Veritas Slovenija	
	DONAU SOJA	Bureau Veritas Slovenija	

AGRICULTURE		
	CERTIFICATE	ISSUER OF THE CERTIFICATE
AGROLAGUNA	ISO 9001:2015	Bureau Veritas
	ISO 14001:2015	Bureau Veritas
	IFS 6.1	Bureau veritas
	KOSHER	CHIEF RABBI DR. KOTEL DA DON
ENERGIJA GRADEC	HACCP	Quality Austria
	ISO 9001:2015	Quality Austria
	ISO 14001:2015	Quality Austria

NON-CORE AND REAL-ESTATE		
	CERTIFICATE	ISSUER OF THE CERTIFICATE
LG MOSLAVINA	HACCP	Biotechnicon
MSTART CRO	ISO/IEC 27001:2013	DNV - Business Assurance
	Employer Partner Certificate	Selectio

HQ		
	CERTIFICATE	ISSUER OF THE CERTIFICATE
FORTENOVA GRUPA D.D	Employer Partner Certificate	Selectio



RECOGNITIONS



In 2021 Fortenova Group's products, projects and services won a total of **138 awards, medals and acknowledgements for quality in international and national competitions**. The most significant recognitions are listed below.

Belje's Vina Belje and Agrolaguna's Vina Laguna alone received over 60 medals for quality, 20 of which were gold, whereof three were awarded at the world's most significant wine evaluations – Decanter, Mundus vini and Emozioni Dal Mondo.

In 2021, Konzum CRO won the acknowledgements **Naj donator** (The best Donor) and **Zlatna košarica (Golden Basket)**, while Fortenova grupa d.d., Jamnica CRO, Zvijezda CRO and Mercator SLO are holders of the **Best Employer Brand Award**. Mercator SRB received the Family Friendly Enterprise Certificate and Dijamant holds the designation **The Best from Vojvodina**.

Our companies also won Effie marketing awards - Konzum CRO and Jamnica CRO Idea X awards for the creativity of their campaigns in the Best of Ad-Making category, Mercator SLO was awarded a Silver Effie in Services - Retail category. Jamnica CRO also won the Best on Market award.



SUSTAINABILITY JOURNEY

In 2021 we decided to take a comprehensive approach towards sustainability and kicked off our sustainability journey at Group level.

Our plan was to understand where we stand in terms of ESG topics in order to use that knowledge and make necessary changes towards a more sustainable way of doing business. Moreover, this provided the basis for future steps - to develop our Group-wide sustainability strategy and it has also helped us prepare our first sustainability report at Fortenova Group level⁹.

We started off with establishing the **Sustainable Development Committee (SD Committee)** and Steering Committee at Group level, which coordinated and undertook a number of interlinked activities which ultimately resulted in a more thorough understanding of ESG, and ESG-related needs and areas for improvement at operating companies' and Group level.

As a new separate governance entity, the SD Committee was established with the purpose of uniting sustainability efforts across the Group into one governance entity which would hold regular meetings and work on Group sustainability topics. The SD Committee's role is two-fold: (1) it makes sure that all organizational units (e.g. HR, Finance, Marketing, Corporate Communication, Compliance/Legal) are involved in discussions and development of ESG matters, and (2) it supports sustainability reporting and assessment processes. Each operating company has its representative in the SD Committee, while meetings are chaired and activities coordinated by Group Marketing, which manages sustainability on operational level and is in continuous contact with the persons in charge of sustainability at operating companies' level. To ensure the SD Committee's

enhanced understanding of the topic, we organized formal education on GRI reporting (held by HR PSOR), carbon footprint calculations (Hrvoje Požar Institute), followed by internal workshops on EU Taxonomy (supported by EY). During 2021 the SD Committee was primarily in charge of collecting and analyzing ESG data, while in the forthcoming period they will have a crucial role in defining ESG action plans and monitoring their fulfilment.

As mentioned, our sustainability journey as a continuous project and all related efforts as a whole are managed by the Steering Committee composed of all Executive Directors of the Fortenova grupa d.d., as well as two members of the Board of Directors, who meet on a bimonthly basis or more often as necessary. Decisions regarding sustainability, as well as assessments of opportunities and risks related to ESG topics are made by the Executive Directors, who are also the approvers of this Report.

At the outset of our sustainability journey, to be better prepared for the upcoming challenges and to understand the complexity of our tasks, internal trainings and workshops on sustainability in general (benchmarks and methodology), EU regulation framework, EU Taxonomy were organized for Fortenova Group management.

"We started off with establishing the Sustainable Development Committee (SD Committee)"



⁹ Note that some of the companies in our portfolio already issued separate sustainability reports in previous years (Zvijezda CRO, Jamnica CRO, Belje).

Once the SD Committee was up and running, data collection in line with GRI Standards for 2020 started for 31 companies identified as the most significant in terms of ESG impacts. The purpose of such exercise was to:



During our journey we strive to be aligned with the ESG principles and existing best practices. We also held two separate events in the form of workshops where we included representatives from our operating companies subject to analysis. That way we gathered valuable inputs from our companies, enabling the future sustainability approach to have a bottom-up element. During these workshops, the peers' benchmarks were presented, and the desired future direction was discussed at the level of business divisions and also collectively, at Group level.

This several months long process yielded various results and conclusions – both in terms of data quality, and actual ESG status and perspective – depending on the ESG topic in question and the company or business division. Having compared data from many companies working in different business divisions, our immediate conclusion was that we must primarily develop and implement internal processes regarding data monitoring, collection and aggregation. Another equally important result reflects our ESG impacts as seen from the perspective of our internal and external stakeholders, further explained in the section [Materiality Assessment](#). As part of the above-mentioned impact analysis, we

analyzed our value chain per business divisions and for the Group as a whole and used the benchmark as one of the tools. By doing so we have identified our major positive and negative impacts in terms of ESG and thus performed the so-called “SDG mapping”, as described in the section [Sustainable Development Goals](#). This enabled us to further identify material topics which are crucial to be focused on in this Report and in our future sustainability efforts.

Our goal is to build Fortenova Group as a reliable partner in the community that has sustainability built into its integral business model. That is why over the course of 2021 strong focus was placed on education and raising awareness of the management and employees regarding sustainability, with special education courses held for the SD Committee related to the GRI methodology, sustainability in general, as well as the ways of measuring and monitoring greenhouse gas (GHG) emissions.

Finally, at the end of 2021 we held our Group-wide “Strategy Days” which gathered 300 participants from across the Group and at which occasion we presented the preliminary results from our sustainability journey analysis and have announced the new sustainability direction we are taking.

SUSTAINABILITY JOURNEY Sustainable Development Goals

The UN's 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) present a global call for action aiming to end poverty and other deprivations, improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our environment, oceans and forests.

We want to contribute to making the 2030 Agenda a reality by not only committing to the selected SDGs, but by implementing them through our various initiatives and projects.

Based on the thorough impact analysis and SDG mapping conducted as its integral part, we identified the following SDGs as those we are either already contributing to or can contribute the most at Group level:

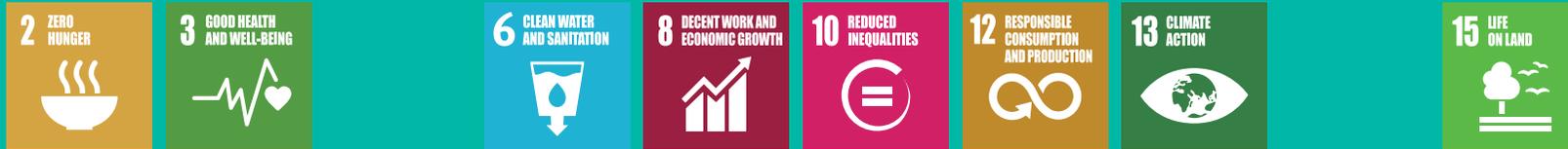


UN SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABILITY JOURNEY Sustainable Development Goals

GROUP LEVEL



And the following at our core business divisions' level:

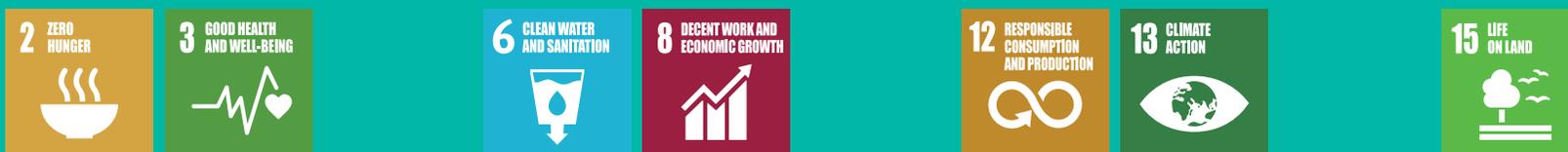
RETAIL AND WHOLESALE



FOOD



AGRICULTURE



Each of these SDGs will be referenced throughout this Report when speaking of a particular material topic so that the interconnection between material topics and SDGs is easily available to the reader.

ENGAGING OUR STAKEHOLDERS

Due to us being one of the largest groups in Southeast Europe, and having three core businesses – Retail and Wholesale, Food, and Agriculture, it is necessary for us to consider the needs of many different stakeholders. We aim to engage with our stakeholders throughout the year and consult with them depending on the topic and type of process in question.

For this reporting period Fortenova Group has for the first time identified and introduced an extensive list of all our stakeholders per operating company and through a detailed analysis identified 319 stakeholders to whom we addressed a detailed questionnaire related to our material topics asking for their feedback. The key stakeholders were divided into the following groups:

- 1. CONSUMERS/CUSTOMERS**
- 2. EMPLOYEES, TRADE UNIONS, AND MANAGEMENT**
- 3. SUPPLIERS** **4. CREDITORS**
- 5. STATE INSTITUTIONS AND REGULATORS**
- 6. LOCAL GOVERNMENT AUTHORITIES**
- 7. ACADEMIA**
- 8. INDEPENDENT EXPERTS AND PROFESSIONAL ASSOCIATIONS**
- 9. NON-GOVERNMENT ORGANIZATIONS AND MEDIA**

For the purposes of this report, we singled out characteristic examples of cooperation with specific groups of stakeholders.

When it comes to topics such as employee status rights, and processes related to labor law and organizational changes consultations are obligatorily carried out between HR, workers' councils, and trade unions. In procurement processes consultations take place between the procurement department and the governance bodies of the companies or the directors of the respective area and suppliers, institutions, and others. Consultations with representatives of local government authorities take place whenever Fortenova Group takes part in projects of public interest, and with institutions such as HR PSOR when it participates in projects with environmental and broader social impact.

Fortenova Group also takes part in the consultation process (e-consultation) related to new legislative initiatives or amendments to existing regulations. It also participates in various economic initiatives sponsored by interest associations such as the Croatian Chamber of Commerce (HGK) on national and regional levels in Croatia and the respective Chambers of Commerce on the markets of Serbia, Bosnia and Herzegovina, Montenegro and Slovenia, etc., as well as manager associations and other professional associations acting on the markets where Fortenova Group operates.

Our companies worked intensively on further improving communication with employees in 2021 through regular meetings of employees with the managements through virtual or in-person townhall meetings and using various channels of communication like newsletters, internal magazines, web pages, company's intranets od applications for internal communication etc. Several internal one-day and two-day video conferences in modern, virtual form as team buildings of a sort, were organized in divisions or in companies, enabling employees to exchange ideas

about new growth models in their respective industries. For example, for operating companies in Food we had the Food Forum, while in Retail and Wholesale Division Konzum CRO organized the Konzum Insight Day.

As already mentioned, our employees as stakeholders are represented in the Board of Directors by their representative whom they nominated through the Workers' Council.

For consumer communication purposes almost all companies use all the available channels – mail, info email addresses and contact forms published on the websites, free consumer telephone lines as well as company and brand profiles on social networks. Consumers' and other users' queries are replied to depending on the topic – for example, contact centres in the retail companies reply to queries related to stores, queries related to online shopping are replied to by colleagues from the online store customer service, the respective companies' HR departments reply to employment-related queries, while communication and marketing departments handle questions related to donations and sponsorships.

A large number of operating companies collaborate with universities and scientific institutions. Thus, for example, Zvijezda CRO collaborates on a monthly basis with the Faculty of Food Technology and Biotechnology (PBF) that performs the olive oils analyses for the company. The oil delivered to Zvijezda CRO in tanks is handed over to PBF, which analyses it and determines whether it meets all the parameters set forth by the regulations on the respective olive oil category. For the second year in a row Jamnica CRO is partner to the Digital Incubator project, initiated by the Institute for Innovations and participating in developing new generations of creative minds, talents and leaders of the future. The project involves young people of various age groups, from primary and secondary schools to universities, from across Croatia. Through various activities such as lectures and work on specific tasks they develop their creative potential and

SUSTAINABILITY JOURNEY Engaging our Stakeholders

focus on devising innovative solutions to the challenges of the future, while experts and talents from Jamnica CRO share their practical experience with them.

Practical education at Jamnica CRO is also provided to students of the Rochester Institute of Technology (RIT), where Jamnica CRO has for three years in a row supported lectures on the topic of career management. One of the forms of collaboration with RIT is the possibility provided to its students to pursue their internship, with three RIT students having realized their internship at Fortenova grupa d.d., and mStart CRO even provides paid internship for them. mStart CRO also has an intensive collaboration and communication with students of the Faculty of Electrical Engineering and Computer Science (FER) in Zagreb (as silver sponsor to the Faculty), the Varaždin-based Faculty of Organisation and Informatics (FOI) and Zagreb's Faculty of Science (PMF), presenting its operations at their career days and providing internships for students as well.

For the purpose of presenting itself to potential employees during their university education as well as in order to improve its business activities, Belje has been collaborating on various projects with the Osijek Faculty of Agro-Biotechnology Sciences, the Zagreb Faculty of Agronomy, the Osijek Faculty of Food Technology, the Osijek Faculty of Philosophy and the Lavoslav Ružička Polytechnic School in Vukovar, while collaborations with other scientific institutions are established at need for specific projects.

Konzum CRO is expert partner to the Zagreb Faculty of Economics (EF) in the specialist graduate programme "Retail Management and Marketing", where along with organising internships we also provide the possibility of preparing projects and graduate theses. A similar form of collaboration is in place between Mercator Slovenija and the Ljubljana Faculty of Economics, where the Faculty's large lecture room is even called Mercator Hall. Both Konzum's and Mercator's experts are regularly featured as guest lecturers and participants in

various events of the EF, with presentations in the areas of marketing, logistics, finance, leadership and so on. In addition, Konzum CRO at need engages various education companies to conduct inhouse education programmes for all employee levels.

Most of the companies also have long-standing cooperation programmes with vocational schools. Konzum CRO, for example, cooperates with 46 secondary commercial schools across Croatia on obligatory internships and with ten of them it has been taking part in the dual education programme for the last three years. Currently 217 students pursue their regular internships at Konzum, whereof 193 in stores for the job as salespeople, 10 students pursue internships as butchers and 14 of them in the transportation department. Currently there are also 60 students pursuing their internships at Konzum stores under the dual education programme.

Besides through organising and providing student internships, Mercator stores in Slovenia, Serbia and Montenegro also help by equipping training/learning stores. Mercator in Slovenia collaborates with 15 secondary schools and it has helped to form a total of nine completely equipped training stores that are supplied with products and also feature functional checkouts, thus providing for quality learning, while Idea Mercator Montenegro provided a store simulation to the Nikšić-based Secondary Commercial and Hospitality School. Over the course of the year instructors from Mercator hold lectures to the students and take part in the teaching process by presenting the sales profession, sales skills and modern sales tools.

Several years ago, in collaboration with the Secondary School in Beli Manastir, Belje initiated the introduction of the veterinary technician programme and provides a scholarship throughout their education to all students who enrol in that programme. Besides that continuous collaboration, Belje also cooperates with

the Agriculture and Veterinary School in Osijek and the Secondary School in Vrbovec and organizes student internships at farms and other production facilities. The most common form of collaborating with NGO's is through donations and sponsorships for specific projects organized by the NGO's. Zvijezda CRO for example collaborates with the Animal Friends Association that holds the licence for the European vegan label borne by some Zvijezda products (V label). The company renews the contract it has with them on an annual basis and pays a flat annual fee for the use of the label on its products. At the same time, the collaboration with and membership in the Baranjski Kulen Association have made it possible for Belje to use the protected geographical indication for its product Baranjski kulen and the company has also actively taken part in the work of the Graševina Croatia wine producers' association, that also constitutes the regional organization of winegrowers and wine producers for the winegrowing region of Slavonia and the Croatian Danube region.

In 2021 Jamnica CRO initiated a collaboration with the association Open Media Group (OMG) that helps young people without appropriate parental care to go to the labour market and find their first job. The company donated funds for the development of an online platform for the direct communication with employers and mentors, as well as for the organisation of culinary workshops with a professional chef, where they learn to prepare healthy and cost-effective meals. We are also considering the possibility to extend the collaboration by providing student internships or seasonal jobs at Jamnica CRO for those young people. Belje and the Kopački rit Nature Park together take care of a herd consisting of 17 pieces of cattle of the Slavonian-Syrmian Podolian breed (slavonsko-srijemski podolac), owned by the Kopački rit Nature Park. It is an indigenous breed at the verge of extinction and hence the project is extremely important for the conservation of the species and the biodiversity of the area. Employees of Belje daily take care of the animals' feeding, health and welfare.

MATERIALITY ASSESSMENT

In this Report we have focused on data important to appropriately describe and present information regarding our material topics and those that constitute an opportunity or a risk in the future. The topics that are now in our focus will be quantified in detail over the course of the upcoming periods, while monitoring will be extended and introduced for additional ESG indicators.

As already mentioned, one of the main steps on our sustainability journey was to identify ESG topics that were

essential for our Group and our core businesses to focus on. To do this properly, it was also necessary to identify and engage our stakeholders to provide us with insights and topics that matter to them (see: [Our Approach to Sustainability](#), [Sustainable Development Goals](#), [Engaging our Stakeholders](#)).

Tools used when choosing our material topics included a variety of analyses and benchmarking with our selected peers to see how we compare with ESG topics they and their stakeholders already identified. The results were at

the same time positive and a call for immediate action – as we realized there are already so many practices and projects of ours that were contributing to a better world – but there were also many outstanding items we still needed to address properly to become predominantly sustainable. To gain perspective from our operating companies and Fortenova Group's top executives, we conducted the previously mentioned interactive workshops where the participants worked through specialized digital platform, a digital collaboration platform, to express their concerns and inspiring plans.

THE SURVEY COVERED 319 KEY STAKEHOLDERS

THE OUTCOME OF THE FIRST WORKSHOP WAS THE FOLLOWING:

SEVEN MATERIAL TOPICS CHOSEN BY EXECUTIVES AND PARTICIPANTS IN RETAIL AND WHOLESALE,

SIX MATERIAL TOPICS CHOSEN BY EXECUTIVES AND PARTICIPANTS IN FOOD,

FIVE MATERIAL TOPICS CHOSEN BY EXECUTIVES AND PARTICIPANTS IN AGRICULTURE.

Following the above feedback received, we have carried out a survey to inquire our key stakeholders' attitude regarding Fortenova Group's ESG impacts. We were very pleased to see they took the opportunity to provide us with their honest feedback. Material topics covered in the survey included the topics confirmed in the workshops and by the Group's top management.

The survey covered 319 key stakeholders from the groups described in [Engaging our Stakeholders](#), 159 of which

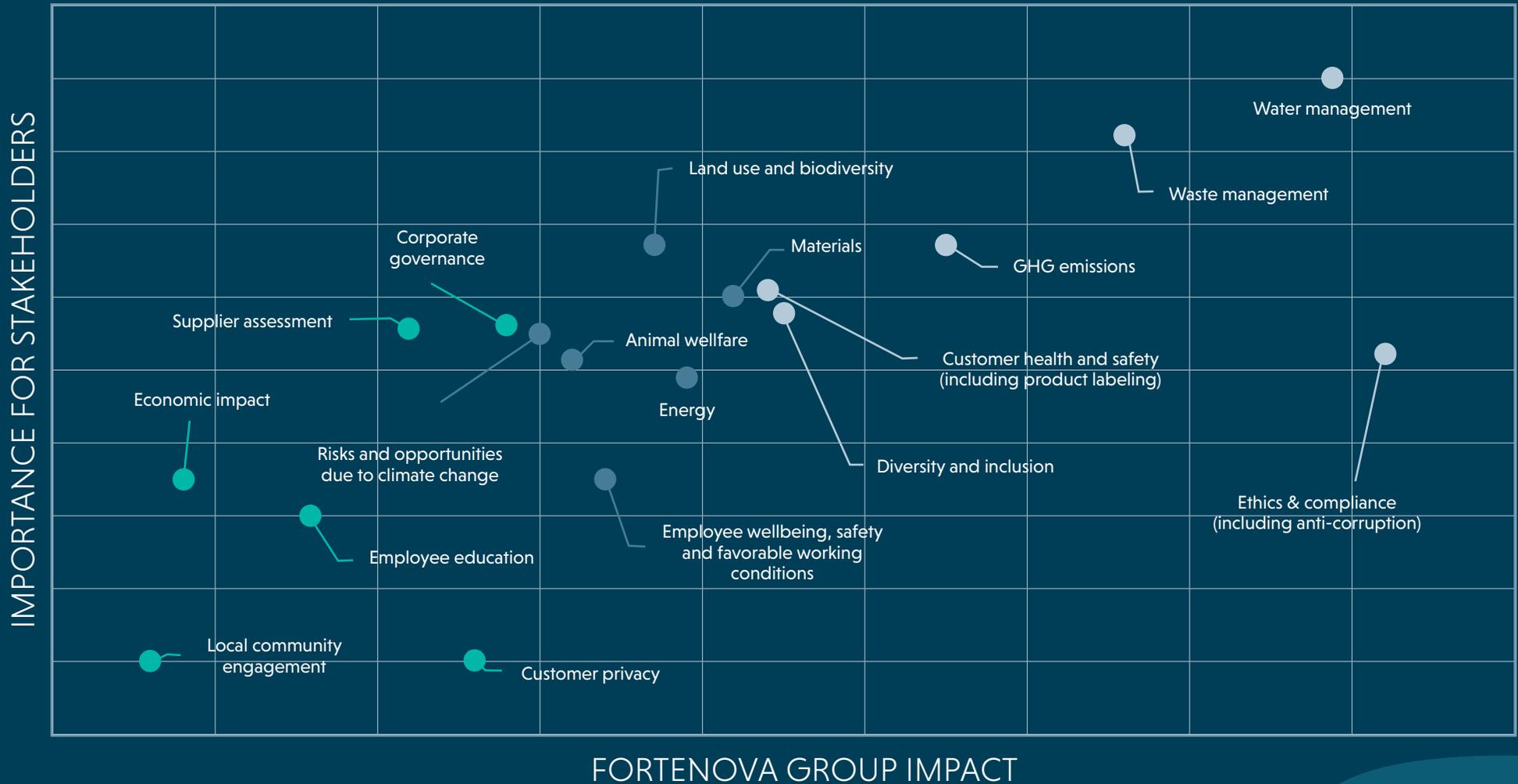
replied to the questionnaire (50% of total number). They were able to express their standpoint on Fortenova Group's positive or negative impacts on ESG topics through 12 questions. In terms of environmental topics, the questions were related to their attitude regarding Fortenova Group's efforts regarding carbon neutrality, energy efficiency, waste management, impact on soil and water, impact on biodiversity, animal welfare, deforestation, food production and quality. When it comes to social topics, stakeholders were asked about Fortenova Group's approach towards

diversity and social inclusion, community and supplier relations, relationship to children's rights and human rights and other similar topics, while governance topics covered their opinion on Fortenova Group's approach to risk management and responsible management, working conditions for employees, and anti-corruption policies. Based on the inputs given by internal and external stakeholders, material topics were classified as follows, and special focus was put on topics of the highest priority throughout the report.

SUSTAINABILITY JOURNEY Materiality Assessment

Combining the results from the prementioned workshops and survey, we classified material topics into three focus categories, **Category A (grey)**, **Category B (blue)** and **Category C (green)**. **Category A** are topics of the highest priority, **Category B** are high priority, and **Category C** are medium priority topics.

FORTENOVA GROUP MATERIALITY MATRIX



ESG RISKS AND OPPORTUNITIES

During the undertaken ESG analyses, our approach to ESG risks and opportunities was also covered, where risks and opportunities arising from climate change emerged as a specific material topic to be tackled in the future. Risks and opportunities due to climate change can be physical, regulatory (transitional) and other (e.g. new technologies, products, or services required) and they require implementation of appropriate methods to manage them. The European Union is currently adopting many regulations as part of its net zero plan, which also require adaptation and certain actions on our end.

Based on the analyzed data and the fact that our Group was established only 3 years ago, we still do not have a defined climate-related approach at Group or operating companies' level or procedures addressing and managing those risks and opportunities. Consequently, we do not have a consolidated system in place to calculate the financial implications or costs due to climate change risks and/or opportunities. On the other hand, we noticed that some of our companies are already implementing a lot of climate-related initiatives and are very much aware they are affected by climate change. In particular, water scarcity and droughts, just to name some of the risks, can completely change the way our Agriculture Division or Food companies conduct their businesses.

We are also aware of many regulatory risks with the potential to affect us, as necessary adjustments will require additional resources and time for implementation. One of them is the announced EU Corporate Sustainability Reporting Directive (amending the Non-Financial Reporting Directive currently in force) which will, among other, require public disclosure of the Group's business model resilience and strategy to tackle risks related to sustainability, as well as the description of principal risks regarding sustainability matters, including

the principal dependencies on such matters, and how these risks are managed. To be ahead of regulatory requirements and to prepare timely for future challenges, our plan going forward is to perform a climate change risk assessment, i.e., analyze our current procedures, measures taken, and actions planned to be able to quantify them and to showcase their effects. Building upon that knowledge will help in preparing a comprehensive approach towards climate-related risks and opportunities. Our goal for the future is to be in line with TCFD recommendations and good practices in order to be able to report these risks and opportunities in a coherent manner.

Furthermore, our ESG analysis also showcased there are opportunities stemming from ESG and climate-related changes regarding creation of more diverse teams, development of new products, or more products due to longer warm seasons. Also, our non-core companies mStart CRO and SRB can support the Group in developing and introducing digital ESG tools and products.

At the end of 2021, we already started with activities in the mentioned direction and have incorporated a number of ESG-related risks in our Risk Register and Risk Matrix – both on Fortenova grupa d.d. and business divisions' level. We introduced ESG risks in the following categories: strategic, IT, legal, operational and hazard risks.

To mention a few, these ESG risks include regulatory risks related to tax regulation changes due to sustainability and environmental requirements, social risks connected to health and safety of our workers and risks of losing talented employees due to lack of engagement, risk of targeted cyberattacks, and energy risks due to loss of energy supply, risks associated to supply chain interruption.



“Our goal for the future is to be in line with TCFD recommendations and good practices in order to be able to report these risks and opportunities in a coherent manner.”

FUTURE PLANS

Our 2022 ESG plans include further development of internal processes, policies and procedures and the establishment of a sustainability organizational unit at Group level. We will continue working on the quantification of ESG goals and specific targets defined within the boundaries of individual material topics.

Also, in 2022 Fortenova Group plans to start a comprehensive project of determining all sources of GHG emissions from Scope 1, 2 and 3 and setting up an action plan for their reduction. A framework for monitoring and reporting on all set targets would be established as well. That is the prerequisite for a systematic measurement and approach to decarbonization in order for the Group to successfully turn to achieving carbon neutrality in the forthcoming decades.

We want to continue improving the way in which we use resources and manage waste, ranging from food production, assortment to packaging (by reducing the use of plastic in favor of other less harmful materials and increasing the share of recycling and recovery).

Also, we aim to improve the quality of life through the quality of food that we offer and produce, focusing on increasing the share of healthy and functional food, on short supply chains and on strengthening the role of local producers. Through our retail brands and chains, we already have recognizable projects in place, such as "Najbolje iz Hrvatske" ("The best from Croatia") or "Radi imamo domaće" ("We love local"), which we strive to improve from year to year by opening opportunities to an ever-increasing

number of local suppliers and expanding the offer to our customers. Additionally, in 2021 our Food companies Zvijezda CRO and PIK Vrbovec CRO launched the first Croatian plant-based product brand, "Planet of Plants".

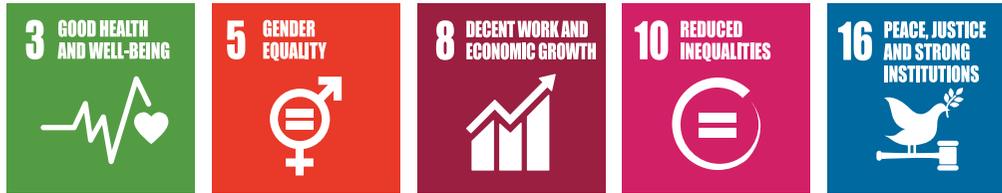
Our goal is to more efficiently manage and reduce the impacts that we have on the soil and water that we use for our production processes and, through our social influence, to keep having a positive impact on the regeneration of the region where we operate (through the entitlements and the work-life balance of our workers and the community, fostering inclusion and diversity, positioning ourselves as an employer of "equal chances" and achieving a higher representation of women in management).

OUR FORWARD-LOOKING SUSTAINABILITY AGENDA SET FOR FORTENOVA GROUP AS A WHOLE IS THE FOLLOWING:



CORPORATE GOVERNANCE





OUR APPROACH TO CORPORATE GOVERNANCE

Fortenova Group is comprised of its parent (holding) company Fortenova grupa d.d and operating companies.

Fortenova grupa d.d. is governed by the Board of Directors consisting of nine members, of which eight are non-executive members and one is an executive member who is at the same time the Chief Executive Officer (CEO). **The Board of Directors** appoints **Executive Directors** who represent the company and manage the affairs of the Group. The Board of Directors and the Executive Directors as the highest governance bodies make and approve decisions, adopt business plans and policies with regards to strategy and goals related to all business operations, including ESG topics.

All members of the Board of Directors have equal rights in the decision-making process, and the term of office of each member lasts up to 4 (four) years. They are appointed by the General Assembly of the company by the majority of votes. The basic criteria for the selection of a Board of Directors' member is to ensure that the structure of the Board of Directors constitutes a combination of various

types of knowledge, professional and practical experience, which reflects a balance of qualifications aligned with the corporate structure and core operating business. Those criteria also secure that the members of the Board of Directors are persons who possess the appropriate personal qualities reflecting high moral standards and willingness to participate in the activities and decision-making process in an active and unbiased manner, that they have specialized professional expertise related to the management of our company and that no conflict of interest exists between them and the company or that potential or actual conflict of interest is properly mitigated in accordance with the company corporate governance regulation and other internal regulation (policies).

The General Assembly of Fortenova grupa d.d. is the only governing body whose work is open to participation by all equity holders. The main function of the General Assembly is to ensure that the equity holders' will is expressed. As

opposed to the Board of Directors, the General Assembly is not a permanent governing body and is convened ad hoc, but at least once a year. Shareholders are involved in the company's operations by participating in the General Assembly, while employees as stakeholders are represented in the Board of Directors by their representative (nominated by the employees through the Workers' Council).

The shareholders select the Board of Directors' members in accordance with the Corporate Governance Code and the Executive Directors of Fortenova grupa d.d., in the capacity of shareholders, select the Management Boards of the Group companies.

The Board of Directors selects the Executive Directors of the Fortenova grupa d.d. according to the same principles, considering the candidates' prior work, competencies and expertise, as stipulated in the Corporate Governance Code. The selection procedure also involves neutral specialized agencies with relevant experience in recruiting strategic management, according to the inputs provided by the shareholders or the Board of Directors or the Executive Directors, depending on the respective highest governance body to be selected. The selection process is run by Group HR. When selecting among the applying candidates, it is important to take care 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 mentioned principles of the Corporate Governance Code. The Board of Directors is supported in its work by four key committees: the Audit and Risk Committee, the Finance Committee, the Nominations, Remuneration and Corporate Governance Committee and the Strategy and Transformation Committee. 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 Board after every meeting.

CORPORATE GOVERNANCE Our Approach to Corporate Governance

PROCESSES FOR EVALUATING THE HIGHEST GOVERNANCE BODY'S PERFORMANCE

A Management Remuneration Policy has been adopted on Group level, and the key performance indicators (KPIs) for the Executive Directors, with particular focus on the results of the corporate climate and culture survey, are defined by Board of Directors' decision. The annual KPI's of members of the highest governance bodies are defined by decision of the Board of Directors and cascaded down from the Executive Directors of Fortenova grupa d.d. to the operating companies' Management Boards. In the KPIs of members of the highest governance bodies of a particular company special emphasis is placed on the criterion of occupational health and safety of employees and organizational climate and culture results, which account for a share in the goals. The Board of Directors acts in accordance with the Group's Corporate Governance Code and Code of Ethics. Members of the Board of Directors make a self-estimation and submit a report on the review of their activity and management to the General Assembly of the Company. The review/audit of their activities takes into account the contribution of each member, common activities of the Board of Directors and the work of the entire Board of Directors. The accomplishment of company goals and other relevant considerations are taken into account, taking care of the owners' determination to achieve the highest standards in the Group's activities in accordance with its presence in the local community by supporting social, health precaution and occupational safety topics.

The Board of Directors conducts a performance KPI evaluation of the Executive Directors, by applying self-assessment and assessment methods. The Executive Directors conduct the same performance KPI realization for the Management Boards of operating companies The

assessments carried out to date have shown satisfactory results for members of the highest governance bodies. In discussions with the respective member, agreements are reached, and possible suggestions made with regards to what can be improved in relation to the previous period under review.

Performance assessments of the highest governance bodies in the key companies¹⁰ are carried out pursuant to the Regulations on the conditions and criteria for the exercise of bonus rights for the management, with exactly specified performance evaluation criteria. The evaluation principles apply at key Group companies and the criteria for bonus qualification generally include the realized EBIT, cash flow, market share, corporate culture and personal contribution, with the annual bonus amount for disbursement established depending on the level of company success, the level of individual success, the period actively spent in the position that qualifies for the annual bonus and the solidarity factor. For each participant an individual annual bonus plan is determined and signed (contracted), consisting of the goals to be achieved, including common goals defined by the Company's General Assembly and personal goals.

"Over the course of 2021, at Fortenova Group 355 decisions were submitted to the Board of Directors for adoption in the regular procedure."

¹⁰ Fortenova grupa d.d., Konzum CRO, Konzum BIH, Tisak, Mercator SLO, Mercator BIH, Mercator SRB, Mercator MN, Dijamant, Zvijezda CRO, Sarajevski Kiseljak, Jamnica CRO, MG Mivela, Roto dinamic, PIK Vrbovec CRO, PIK Vinkovci, Vupik, Belje, Agrolaguna, m-Start CRO



COMMUNICATING CRITICAL CONCERNS, NATURE AND TOTAL NUMBER OF CRITICAL CONCERNS

The **Articles of Association** of Fortenova grupa d.d stipulate that shareholders can request the holding of the General Assembly at any point in time by sending a notification in writing to the Executive Directors. Among other matters, the General Assembly decides on appointing and/or recalling members of the Company's Board of Directors, the remuneration for their work or any other benefits (e.g. insurance) based on their function as well as on giving approval on matters that require approval of the General Assembly pursuant to the regulations in force or the Articles of Association.

The General Assembly is held at least once a year and whenever the Company's interests so require. Shareholders may request for the General Assembly to be held at any point in time by sending a notification in writing to the Executive Directors.

The communication process essentially takes place by proposing decisions and holding sessions of the Board of Directors and sessions of the Executive Directors of Fortenova grupa d.d.

Over the course of 2021, at Fortenova Group 355 decisions were submitted to the Board of Directors for adoption in the regular procedure, whereof 123 decisions were submitted for adoption by operating companies. 31 decisions were made in extraordinary procedures, whereof the operating companies submitted six decisions for adoption.

At the operating companies the communication on key matters takes place at Management Board sessions and in communication of the Management Boards with

the Executive Directors of Fortenova grupa d.d., orally in direct contacts in meetings and in writing via email, newsletter etc., in the form of decisions, instructions, policies, rulebooks, recommendations and the like, while the Job Systematization with job descriptions as well as internal decisions clearly stipulate the obligations and responsibilities of managers and other employees for economic, environmental and social topics.

The companies' Supervisory Boards submit reports on the supervision of the Management Boards to the respective General Assemblies. The General Assembly appoints and recalls Management Board members and gives discharge to the members of the respective company's Management Board.

Communication on key matters also takes place via statutory annual reports on the work performed, such as annual financial statements and other statutory reports.

MANAGING CONFLICT OF INTERESTS

Due to managing operating companies in several markets, we are engaged in many activities which increase the possibility of conflict-of-interest situations.

Thus, Fortenova Group adopted a **Prevention of Conflict of Interests Policy** and the pertaining **Ultimate Beneficial Owner Procedure**. They define examples of potential conflicts of interest, key personnel, roles and responsibilities, reporting procedures, procedures of dealing with reported conflicts and mitigation measures. Any reported conflict of interest and any reasonably suspected conflict of interest are adequately documented in the Conflict-of-Interest Register.

According to the Policy, all of our employees and key personnel¹¹ have a responsibility to avoid any conflict of interest that may affect their duty. Where a conflict is identified, reasonable steps must be taken without hesitation to address it in order to protect the Group's and operating companies' interests. Key personnel are obliged to provide information about their own connections and the connections of their spouses and blood relatives in the direct line to ownership over business entities (of more than 5 percent), managerial positions in legal entities or employments with any other business entity.

Statement of Conflict of Interest is filed once a year, and potential conflicts of interest are reviewed by Internal Audit as well. Besides that, the Ultimate Beneficial Owner Procedure also governs potential conflict of interest related to third parties. That Procedure also stipulates the establishment of an Ultimate Beneficial Owner database at Group level, to be used by all Group companies, and the project of establishing such base is under way.

The Prevention of Conflict of Interests Policy and the pertaining procedures have been adopted by all key companies having compliance officers¹², as well as some smaller subsidiaries¹³. Operating companies that have not adopted the Policy are aligned with the respective national regulations., For companies without proper procedure the establishment of a compliance process is planned to take place.

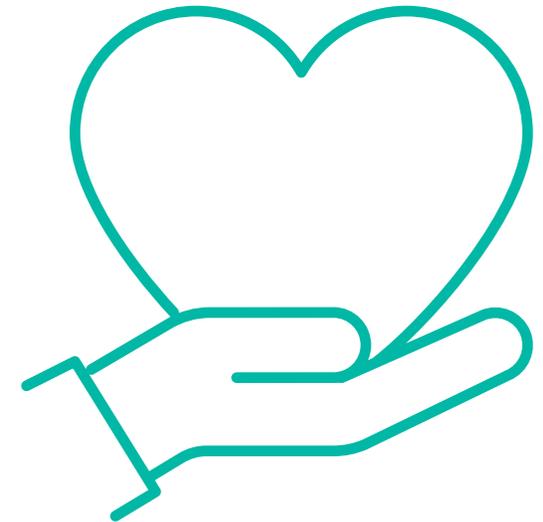
¹¹ Pursuant to our Prevention of Conflict of Interests Policy key personnel includes Executive Directors and B-1 directors/managers of Fortenova grupa d.d members of Management Board, B-1 directors/managers and members of Supervisory Board in operating companies. ¹² Konzum CRO, Konzum BIH, Mercator SLO, Mercator SRB, Tisak, Jamnica CRO, Mg Mivela, Sarajevski kiseljak, Zvijezda CRO, Dijamant, Kikindski mlin, PIK Vrbovec CRO, Belje, Agrolaguna, PIK Vinkovci, Vupik, mStart CRO ¹³ Mercator Group subsidiaries

ETHICS AND COMPLIANCE

Our Code of Ethics was developed in 2019 and since then it has served as basis and guidance for all of our decisions and ways of conducting of our day-to-day activities.

The Code is publicly available on our [web page](#)¹⁴ to all of our stakeholders and interested parties. As the main addressees of the Code, all of our employees receive it as an integral part of the documentation provided by the Group as employer,

upon joining the Group. The Code is also published on the internal network and is made available on the bulletin board of Fortenova grupa d.d. and its subsidiaries.



OUR CORE PRINCIPLES ACCORDING TO THE CODE ARE SHOWN ON THE IMAGE BELOW

THE PRIMARY CORE PRINCIPLE TO BE PROTECTED AND UPHELD UNDER THIS CODE	OUR OTHER CORE PRINCIPLES		
PROTECTION OF DIGNITY & RESPECT FOR HUMAN RIGHTS	FREEDOM OF LABOR, AND THE PROHIBITION OF CHILD OR FORCED LABOR	PROFESSIONAL AND PERSONAL DEVELOPMENT OF EMPLOYEES	PROTECTION OF ENVIRONMENT, HEALTH & SAFETY
Respect and Trust	Protection of children and family life	Employee welfare	Minimizing adverse effects of our businesses
Diversity	Zero tolerance to any form of child labor	Optimal Work-life balance	Reducing carbon print
Inclusion	Zero tolerance to any form of forced labor	Education and training	Health & safety of each human being

¹⁴ https://fortenova.hr/wp-content/uploads/2022/06/Eticki-kodeks_Code-of-Ethics-bilingual.pdf

Also, values such as protection of property, intellectual property rights and protection of confidential and privileged information enjoy special protection through the application of the Code of Ethics.

We also expect from all of our stakeholders to integrate and apply these principles. When it comes to protection of the environment, health and safety, we specifically call on our stakeholders to work on reducing the carbon

footprint of their respective business operations by observing, developing and implementing the appropriate environmental protection measures, guidelines, good practices and habits, as well as work on reducing any health and safety risks, while observing the applicable legislation regulating health and safety measures in a business environment and abiding by the appropriate health and safety standards; in particular, but not exclusively, any prescribed rules and procedures ensuring occupational

health and safety must be observed at all times without any exceptions.

In 2021 we started to develop our compliance policies – the general Compliance Policy, the Anti-Bribery & Anti-Corruption Policy - Gifts & Gratuities, the Anti-Money Laundering Policy and the Prevention of Conflict of Interests Policy.

The **Compliance Policy** sets out basic requirements for the compliance framework across the Group and the minimum safeguards and standards that should be applied. The Policy defines our main compliance principles as shown below.



We strive to work in compliance with the current legislation, professional ethics, and internal acts, and keep our focus on maintaining the highest level of integrity and reputation at all times – which is why we require from all of our companies to have a good understanding of and comply with all applicable laws, regulations and standards in the markets and jurisdictions in which they operate.

We believe all of our employees play an important part in keeping our businesses compliant and that it is our companies' Top Management's responsibility to set a good example and take all appropriate measures to ensure that all employees conduct their business activities in an ethical manner, consistent with laws and other external regulations and in line with all internal policies and procedures. That is why it is the Top Management's responsibility to ensure that their compliance function has the necessary authority, resources and expertise to carry out its duties, appropriate to the size, complexity, structure and operations.

OUR COMPLIANCE FUNCTION

Our Compliance Function was established at the level of Fortenova grupa d.d. at the end of 2020, and since January 1, 2021 it has been established in the following operating companies¹⁵, as shown per divisions:

RETAIL AND WHOLESALE –
Konzum CRO, Konzum BIH, Mercator SLO, Mercator SRB, Tisak

FOOD – *Jamnica CRO, Mg Mivela, Sarajevski kiseljak, Zvijezda CRO, Dijamant, Kikinski mlin, PIK Vrbovec CRO*

AGRICULTURE – *Belje, Agrolaguna, PIK Vinkovci, Vupik*

NON-CORE AND REAL ESTATE –
mStart CRO

All mentioned companies have also appointed their compliance officers.

APPLICATION OF COMPLIANCE POLICIES IN OUR OPERATING COMPANIES

Due to our Group Compliance Function still being fairly new and "under construction", when it comes to establishing the compliance framework, preparing policies, designing activities, collecting and analyzing data, it is currently focused on the above-mentioned companies.

The plan is to implement compliance policies in more operating companies, and to further develop our compliance policies.

So far, compliance officers have been educated and trained regarding compliance policies through individual and group meetings and educational materials, as well as through daily communication in cases of questions regarding the implementation.

We are constantly striving to improve our compliance system in order to ensure legal conformity and adopt best practices, aiming to ensure that legislative changes are taken into consideration as quickly as possible.



HOW WE MANAGE CONFLICT OF OUR GROUP POLICIES WITH LOCAL LAWS AND OTHER IMPLEMENTATION ISSUES

If a conflict with local laws arises or implementation is not possible due to other reasons, our prescribed procedure requires for the respective compliance function in companies to immediately contact the Group's Compliance Function to address a disclaimer or request exclusion from a certain provision in a group policy. The Group's Compliance Function provides feedback within five working days following the contact.

When it comes to Mercator Group companies¹⁶, due to them having become part of Fortenova Group in 2021, if their policies are in conflict - during the adjustment phase, which is still ongoing – they are required to seek the approval of the Executive Directors of Fortenova grupa d.d. (and, if necessary, the Board of Directors) for exceptions to the policy. So far, Mercator companies were requested to comply with our policies and no exceptions were granted.

¹⁵ At the time of introduction these included Ledo plus, Ledo Čitluk, Ledo Podgorica and Frikom. Note that Kikinski mlin was merged with Dijamant on December 31, 2021.

¹⁶ Mercator SLO, Mercator SER, Mercator BH, Mercator MNE, Mercator IP, Mercator Emba, Mercator H, M Energija

REPORTING OF IRREGULARITIES AND UNETHICAL BEHAVIOR IN FORTENOVA GRUPA D.D. AND OPERATING COMPANIES

The procedure for reporting unethical behavior in Fortenova Group is carried out based on the **Rules of Procedure of the Ethics Committee and Code of Ethics**.

Every stakeholder may submit a complaint against unethical behaviors regarding the business operations of Fortenova Group via e-mail, by post or by phone. It is also important to note that all employees can anonymously report irregularities to the Ethics Committee.

Immediately upon receipt of a stakeholder's complaint, the Chairman of the Ethics Committee shall examine whether the complaint is sufficiently reasoned, i.e., whether it contains a description of the nature of the unethical behavior and a factual description of the unethical behavior.

The Committee is obliged to carry out the procedure and to adopt an opinion on the complaint against unethical behavior within a maximum of 60 (sixty) days from the date of receipt of the complaint.

Should the Committee find that a complaint is founded, and that unethical behavior occurred, it shall propose appropriate measures and/or sanctions in proportion to the unethical behavior, while considering all the circumstances of the unethical behavior. Measures that may be implemented in case of violation of the Code of Ethics range from warning letters, orders to correct the behavior, and terminations of contracts up to pecuniary fines and initiation of criminal prosecution against the perpetrator of unethical behavior, in accordance with the applicable legislation.

The final decision on determining and implementing appropriate measures and/or sanctions pursuant to the

Committee's proposal is adopted by the Executive Directors of Fortenova grupa d.d.

Fortenova grupa d.d. also adopted **Regulations on the procedure of internal reporting and resolution of irregularities**, with irregularities being violations of law and other regulations in connection with the performance of work in Fortenova grupa d.d.

Based on this regulation, every stakeholder may also submit a complaint to the Confidant and/or Deputy Confidant of Fortenova grupa d.d. and provide the Confidant and/or Deputy Confidant with all necessary information which is connected to the report and at their disposal. The Confidant and/or Deputy Confidant is obligated to perform the procedure of investigating the grounds of the report within 60 days of receiving the report. In case the Confidant, upon completing the procedure of investigating the grounds of the report, determines the irregularity report is well-founded, they are obligated to deliver to Fortenova grupa d.d.'s Executive Directors, for verification, a written report on the completed procedure with a decision proposal for sanctioning the employee's irregular conduct. Fortenova grupa d.d.'s Executive Directors are obligated

to consider the Confidant's report and to confirm the Confidant's decision proposal or render a different decision within the following 3 working days.

The potential sanctions for irregular conduct are warning, warning with notice of possibility of employment contract termination, monetary fine, and termination of employment contract.

All our operating companies in Croatia that employ over 50 persons also adopted their individual regulations on the procedure of internal reporting and resolution of irregularities, as required pursuant to national legislation.

In addition, our **Work Regulations** prescribe the procedure and measures for the protection of workers' dignity during work, prohibiting any direct or indirect discrimination in terms of work and working conditions, including recruitment criteria and conditions for employment, promotion, career guidance, professional qualification and training as well as retraining, in compliance with special legislation. Fortenova grupa d.d. and its operating companies appointed a Representative authorized to receive and address complaints related to the protection of workers' dignity.

During the reporting period, at Group level a total of 31 complaints were reported to the Fortenova Ethics Committee. The complaints were related to business irregularities and internal relationships with superiors and other colleagues. All 31 (100%) complaints were addressed and referred to the responsible person for investigation. 28 out of 31 (90%) complaints were resolved, while 3 are pending and expected to be closed in 2022.

ANTI-CORRUPTION



FORTENOVA GROUP HAS ZERO TOLERANCE FOR CORRUPTION AND ANY OTHER ILLEGAL ACTIVITIES.

As stated in our **Code of Ethics**, Fortenova Group does not tolerate abuse of power, nor does it engage in any form of corruption or bribery in order to attain unfair advantage or gain. Any kind of wrongful use of influence to procure personal benefit or benefit for any other person or group is prohibited, including, but not limited to:

ACTIVE BRIBERY – promising, offering or giving something of value or as a favor to civil servants, government officials or third parties related to the decision makers in order to gain a business advantage

PASSIVE BRIBERY – unlawfully soliciting, demanding, accepting or receiving anything of value or as a favor to provide an advantage in any form in return for or as a condition of fulfilling duties or influencing a third party to do so

INDIRECT BRIBERY – contributing to an intermediary third party committing the mentioned wrongful doings on behalf of or for the benefit of a corrupted party

MISUSE OF FUNCTION OR POSITION – pretending to unduly influence someone and by this deception request or receive unlawful advantage or accept a promise of such an advantage

NEPOTISM – using power or influence to grant positions or unfair advantages to members of one's family or other groups.

We expect from our employees to be aware of and abide by any anti-corruption rules and procedures while ensuring that Fortenova Group's business partners and suppliers understand them and accept them, and to avoid any circumstances that may appear as misconduct. They have to ensure and facilitate only fair and transparent procurement procedures, agreements, compensations, and remunerations, and never offer, promise, pay, solicit or accept, directly or indirectly, any improper payment, gift or favor in order to gain business advantage, preferential treatment, as well as to never influence business outcomes or attempt to induce, help or permit someone to do anything illegal or break these rules on behalf of our Group.

Corruption is regarded as an extremely serious breach of our Code of Ethics and may result in termination of the stakeholder's respective relationship with Fortenova Group.

As already stated, in September 2021 we adopted the **Anti-Corruption and Anti-Bribery Policy - Gifts and Gratuities**, which supplements the Code of Ethics by prescribing a threshold for high value gifts, appropriate course of action in cases of giving and receiving gifts, prohibition of advantages as prescribed hereinbelow, as well as the obligation to report such events and the consequences in case of non-compliance. The Policy also provides the Group and its employees with tools and support necessary to identify and combat anti-corruption and anti-bribery risks in general. This Policy will be reviewed each year and updated according to new best practices or if regulatory and market changes or changes in the Group's strategy and organizational structure so require.

"Corruption is regarded as an extremely serious breach of our Code of Ethics"

CORPORATE GOVERNANCE Anti-corruption

We are proud to say there were no incidents of corruption nor legal cases regarding corruption brought against any company in our Group in 2021, as seen in the table below.

TOPIC	RETAIL AND WHOLESALE	FOOD	AGRICULTURE	NON-CORE AND REAL ESTATE
Total number and nature of confirmed incidents of corruption.	0	0	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.	0	0	0	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.	0	0	0	0
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.	0	0	0	0

Within the scope of the governance part of our ESG analyses (see: [Our Approach to Sustainability](#)) we noticed that one of our improvement points should be defining the procedure for assessing risks related to corruption on the level of operations and individual companies, since such a procedure is not included in our overall risk assessment. Being in lack of such a specific procedure, in 2021 no operations were assessed for risks related to corruption.

Consequently, our plans for 2022 include implementation of the risk assessment across our operating companies by including corruption risks in our general risk register. We will report on our efforts and results in next year's sustainability report. Also, our Group Compliance is planning to measure the efficacy of the implementation of our Anti-Corruption and Anti-Bribery Policy - Gifts and Gratuities.

TAX



We adopted the first Fortenova Group Tax Policy in November 2020. The Policy determines the Group's tax strategy, with its objectives as follows:

<p>OUR TAX OBJECTIVES</p>	<p>OBSERVING APPLICABLE LAWS IN MEETING TAX COMPLIANCE AND REPORTING OBLIGATIONS IN ALL COUNTRIES OF OPERATION</p>	<p>MAINTAINING RELATIONSHIPS WITH TAX AUTHORITIES AND OTHER GOVERNMENT BODIES WITH A PROACTIVE AND TRANSPARENT APPROACH THAT MINIMIZES DISPUTES</p>	<p>ENSURING THAT TAX STRATEGY IS ALIGNED WITH THE BUSINESS STRATEGY</p>
<p>ENSURING THAT TAX OPTIMIZATION AND PLANNING OPPORTUNITIES ARE EVALUATED IN LINE WITH THE LAW AND WITHIN CLEAR RISK PARAMETERS</p>	<p>MAINTAINING A TAX CONTROL FRAMEWORK WHICH ENABLES PROACTIVE TAX RISK MANAGEMENT</p>	<p>DISCLOSING TAXES IN ACCORDANCE WITH THE RELEVANT DOMESTIC REGULATIONS, AS WELL AS APPLICABLE REPORTING REQUIREMENTS AND STANDARDS SUCH AS IFRS</p>	<p>SUPPORTING THE BUSINESS IN CREATING, BUILDING AND PROTECTING THE SHAREHOLDER VALUE</p>

The Policy is approved by the Board of Directors of Fortenova grupa d.d. and is updated when circumstances so require.

On Fortenova Group level the tax function is organized in Group Tax within Group Finance and is responsible for the strategic and group-relevant tax matters, whereas departments and relevant persons in operating companies are responsible for their designated day-to-day and

specific tax matters. The Group Tax Director is held responsible for the management of tax matters on Group level, whereas the Group CFO is held accountable. On the level of our operating companies, their tax function is typically organized in Finance Departments within Accounting. In most cases, operating companies do not have employees dealing exclusively with tax matters, therefore tax activities are managed by designated employees in Finance/Accounting departments. With

respect to this Policy, CFOs/Finance Directors are held accountable for operating companies' tax matters, whereas Accounting Directors are held responsible. The internal auditor may check annually whether the operating companies have acted in accordance with the principles of the Fortenova Group Tax Policy, and in accordance with the tax strategies defined at the level of operating companies.



TAX RISK MANAGEMENT

Central management of tax risks at Group level is the responsibility of Group Tax. For the purpose of tax risk analysis, the tax function liaises with other organizational units to obtain relevant inputs when needed. Tax risks are always reviewed by the tax function in advance, prior to entering into significant transactions. We must stress that the analysis and management of tax risks is a continuous exercise in our Group. Transactions implying serious tax risks and connected processes must be identified and analyzed by operating companies. Following that, risk mitigation actions should be proposed and executed. Group Tax is always involved in the analysis and decisions.

Tax risks are linked to our Group's size and complexity, and include non-compliance, legal, transactional, operational and reputational risks.

TAX RISK MANAGEMENT PRINCIPLES ARE THE FOLLOWING:

- Acting in compliance with applicable tax laws,
- Monitoring and acting in line with changes in tax laws,
- Collecting and documenting information required to calculate and report tax liabilities,
- Paying tax liabilities in total on their due dates,
- To avoid reassessments in tax audits, errors identified must be self-corrected, or defense files have to be prepared,
- To achieve certainty, advice from tax advisors and/or ultimately the rulings from tax authorities should be obtained, and
- Education of employees involved in taxation activities, focusing especially on changes in tax laws.

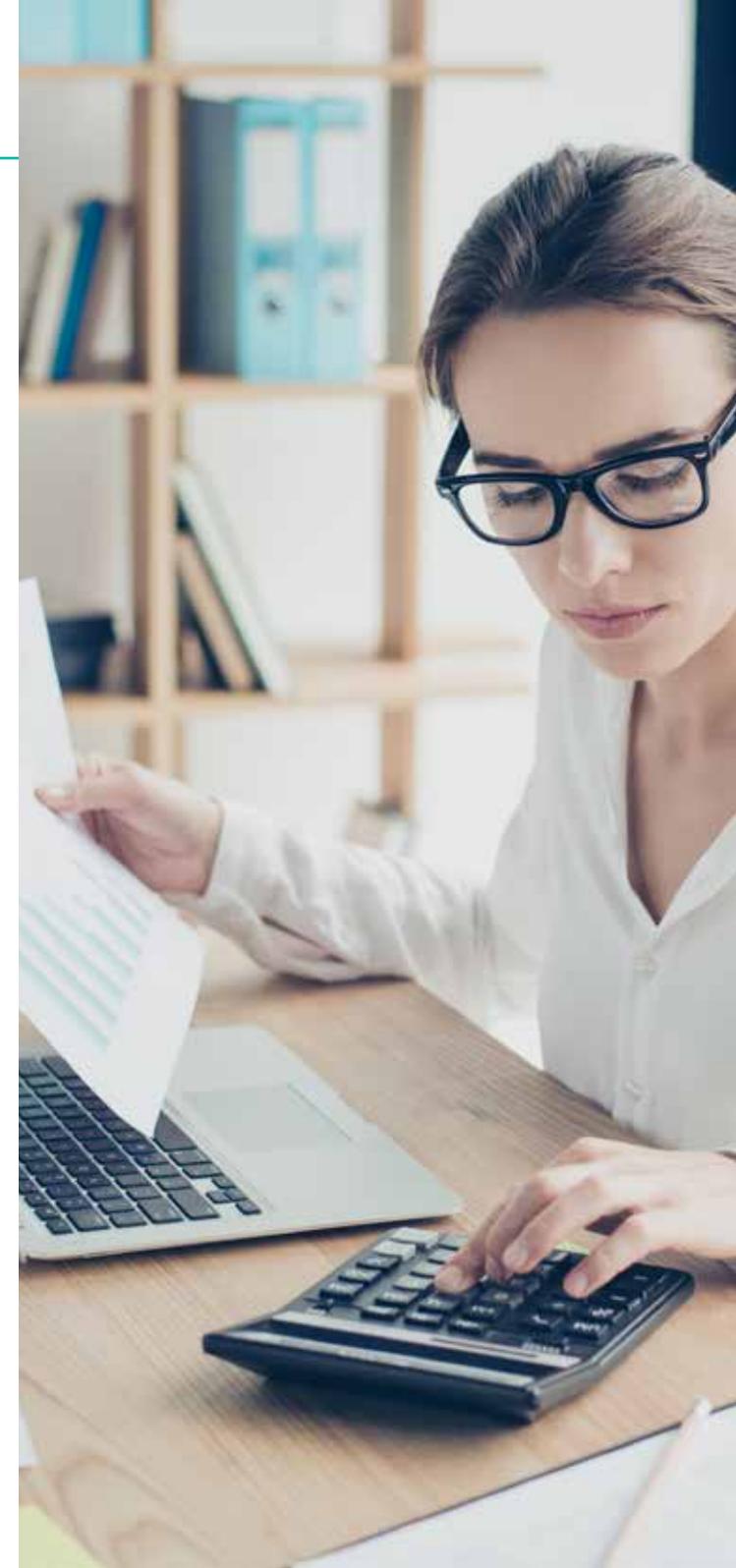
COMMUNICATION WITH TAX AUTHORITIES

When it comes to the communication with tax authorities in all countries we operate in, Fortenova Group is committed to open and transparent communication regarding tax matters.

Group Tax manages communication with tax authorities involving common group topics. Our operating companies manage day-to-day operational communication with tax authorities in matters such as resubmission of tax returns, technical questions, etc., and involve Group Tax on a case-by-case basis, in circumstances connected to group-level matters, issues, and similar.

Cooperation of Mercator SLO with the Financial Administration of the Republic of Slovenia

Mercator SLO was the first Slovenian company to be awarded by the Financial Administration of the Republic of Slovenia, in March 2016 for a period of three years, a special status within the program for encouraging voluntary fulfillment of liabilities and decreasing the administrative burden of financial control. In March 2019, the special status of the company was extended until March 2022. Mercator and the Financial Administration of the Republic of Slovenia (FURS) are executing the program based on the principles of transparency, cooperation, understanding, and mutual trust. FURS grants the company fast and responsive resolution of any problems in fulfillment of its tax liabilities with willingness to cooperate. Such form of cooperation with tax authorities allows greater certainty regarding taxes for the company.





CREATING VALUE FOR OUR EMPLOYEES

CREATING VALUE FOR OUR EMPLOYEES Our Approach to Employees



OUR APPROACH TO EMPLOYEES

Our employees are the foundation of our success and our strength. Recognizing their importance, we strive to provide them with a safe and stimulating work environment and the opportunity to achieve professional goals.

Although Fortenova Group has around 45,000 employees¹⁷, we have the tools to make their contribution recognized and appropriately valued. As explained in [Sustainability Journey](#), during the analyses that we conducted in 2021, we noticed that there were areas with improvement potential we needed to address as soon as possible and put our employees, their wellbeing, diversity, equity and inclusion (DEI) at the top of our priorities. The conducted benchmark analysis introduced us to positive examples in the market – with our peers also putting employees in focus and setting various goals to reach in terms of DEI, as well as regarding working conditions and wages. We also identified many positive practices and initiatives of ours which serve our commitment to provide an inclusive work environment and support the work-life balance – which

we believe helped us to retain a talented workforce and create a competitive advantage. We will strive to adopt the best practices in the market, as well as introduce new initiatives and benefits for our employees. For the purpose of this part of the Report, we defined “top management” as those persons who are either members of the highest governing body in the company or are B-1 executives, while “middle” and “line” management are defined in each company per their internal organizational schemes and job systematizations. “Other workers” are those that are not part of any of the mentioned groups. Due to our size and the differences among operating companies, we did not break down employees by functions within the “other workers” category.

¹⁷ Total number of employees throughout the year reaches up to 50,000 due to seasonal workers.



CREATING VALUE FOR OUR EMPLOYEES Our Approach to Employees

EMPLOYEE MANAGEMENT

Our Group's Human Resources (HR) strategically manages the HR business area at Group level and is responsible for creating, standardizing, and controlling key processes in

human resource management in all organizational business units in Fortenova grupa d.d. and its operating companies, including planning of labor, overall salaries and rewarding

policies, key employee development, and improvement of corporate climate and culture. Our HR Strategy is based on five key areas, as shown below.

HR STRATEGY KEY AREAS

DEVELOPMENT
OF WAGE AND
REMUNERATION
POLICY

IMPROVING THE
EXPERIENCE OF
EMPLOYEES

DEVELOPMENT OF
ORGANIZATION
AND OPERATIONAL
MANAGEMENT
MODELS

PROMOTION
SYSTEM, CAREER
MANAGEMENT OF
KEY EMPLOYEES

EMPLOYMENT AND
RETENTION OF
EMPLOYEES

CREATING VALUE FOR OUR EMPLOYEES Our Approach to Employees

Thus, when it comes to employee development, Fortenova Group's long-term strategy is focused on employee excellence in everything they do, on the development of leadership skills, internal promotion instead of external employment, and employee engagement.

As already shown in the section [Ethics and Compliance](#), **the professional and personal development of employees** is one of the core principles upheld and protected by our Code of Ethics, which means that Fortenova Group nurtures the welfare of its employees and always strives to ensure and promote their professional and personal development. In this respect, the Group encourages its employees to proactively maintain an optimal work-life balance, while observing their guaranteed rights and freedoms under the applicable legislation. Also, our employees are encouraged to bring to their superiors' attention any opportunity for gaining additional professional education or training, which may be reimbursed, should the policies of the Group prescribe and allow for such a reimbursement.

To live up to our principles, our Group HR and HR departments in our operating companies are devoted to employee development through life-long learning. Thus, they actively plan and provide education and training for our employees to support their professional and personal growth and prepare them to take on more complex jobs in the organization. Also, our large companies¹⁸ have one or more employee training specialists actively cooperating with Group HR.

When it comes to work organization, we strive to maintain the highest standards of professionalism in the working environment, and promote a work culture of independence, excellence and accountability while

keeping a policy of equal opportunities and striving for an optimal work-life balance - meaning that every employee should be assigned to a workplace that suits his or her professional qualifications, abilities, and goals. We believe that an employee's workload should be distributed in such a manner to allow for him or her to fully enjoy their free time and improve the quality of life.

In 2019 we have started the **Grading and Compensation Structures Project**. The aim of the Project is to evaluate and assess job positions within our Group to establish a new model of salary calculation and compensation structures, with the ultimate goal of achieving the same range of salaries and remunerations for the same employee positions at Group level¹⁹. During the project over 4,500 job positions were evaluated in accordance with a selected job evaluation methodology, and over 230 interviews were conducted with the companies' managements. The Project has continued in 2021 and its implementation has opened up possibilities for active management of compensation and benefit structure on Group level and in operating companies.

RECOGNITIONS

We take our responsibility very seriously and it makes us proud when our efforts are recognized.

In March 2022 Fortenova grupa d.d. and its operating companies Jamnica CRO, Konzum CRO, PIK Vrbovec CRO and mStart CRO were presented with **the Employer Partner Certificate (Certifikat Partner Poslodavac – CPP), awarded by the Selectio Group**. With this Certificate, Selectio Group experts have been comparing domestic

HR practices with global trends for more than 15 years, thus improving standards in human resources management and promoting practices that are an example of excellence in HR. Fortenova Group and its operating companies achieved excellent results in the analysis of HR conducted at all levels of organizations, and the certificate confirmed the highest quality of management in five key areas of human resources - Strategy, Recruitment and Selection, Performance Management, Training and Development and Employee Relations.

When it comes to awards and recognitions received as an employer in 2021, our companies won awards at Best Employer **Brand Awards in the Adria region**. Jamnica CRO won in the category of **Progress in the Development and Implementation of Employer Branding Activities**, which means that the quality of numerous activities for further development of the human resources function in Jamnica CRO was recognized not only by its employees, but also by the HR community. Fortenova Group, together with Jamnica CRO and Zvijezda CRO also won in the **Best Employer Brand in the FMCG** sector, by standing out with projects of education and development of people and building organizational culture, innovative activities and internal communication. Also, Mercator SLO achieved notable success, winning both **Grand Prix Slovenia** and the award for the **Best Employer Brand in the retail sector**. Sarajevski Kiseljak ranked third on the list of the most desirable employers in Bosnia and Herzegovina in the Food sector, according to a survey conducted by the MojPosao.ba portal.

¹⁸ In the Retail and Wholesale Division those are Mercator SLO, Mercator MNE, Mercator SRB, Mercator BIH, Konzum CRO, Konzum BIH and Tisak, in the Food Division Jamnica CRO, PIK Vrbovec CRO, Dijamant, Zvijezda CRO, Sarajevski Kiseljak, Roto dinamic, and Mg Mivela, Agriculture Division Agrolaguna, Belje, Eko Biograd, PIK Vinkovci, Vupik, and Vinka, and the Non-core company mStart.

¹⁹ Which also includes operational companies included in the previous footnote.

APPROACH TO DIVERSITY, EQUALITY AND INCLUSION

As already mentioned, human dignity and the protection of human life is the primary principle protected and upheld under our Code of Ethics, requiring from all of our stakeholders to respect and promote the diversity of human beings by openly accepting, respecting, and proactively helping every person, regardless of their race, gender, nationality, ethnicity, personal belief systems, religion, social status and/or background, color of their skin, sexual orientation, union membership, education, health condition, or any other feature that might distinguish them from others for whatever reason.

We are dedicated to implementing and maintaining fair employment policies based on professional qualifications, merit, performance and dedication and strive to promote and uphold the policy of adequate wages for the work done with regards to responsibilities, duties, and requirements of a certain workplace, while in compliance with the applicable regulations.

When selecting talent to employ, our HR bases their decisions purely on merit, performance, qualifications, and other work-related criteria, while avoiding conflict of interest and/or personal differences to influence their decision-making process.

We are proud to say that on December 17, 2021, Fortenova Group in collaboration with HR PSOR signed the *Diversity Charter for all segments of its operations and its operating companies in Croatia and across the region.*

The Charter was signed by Fabris Peruško, Fortenova Group's CEO and Member of the Board of Directors, and Mirjana Matešić, Director of HR PSOR. The signing of the Charter followed the Group's formal admission to HR PSOR and UN Global Compact, the most significant local and global sustainable development and corporate sustainability initiatives, respectively.

With the adoption of the Diversity Charter, we have publicly accepted the responsibility to support, develop and apply diversity and equal opportunities at the workplace in all of our operating companies and our business environment in general. As stated by our CEO, the signing of the Diversity Charter was a logical upgrade of Fortenova Group's commitment to sustainable development as both sustainability and diversity are Fortenova Group's fundamental values and a constituent part of our corporate culture.

We also expect from all our employees to be open to accept all differences that may arise from different cultural and national backgrounds.

Following the adoption of the Diversity Charter, we started working on Fortenova Group's Diversity & Inclusion Policy.

Pursuant to our Corporate Governance Code, our Board of Directors' **Nomination, Remuneration and Corporate Governance Committee** will be responsible for supervising and reporting on the future policy, its objectives and linkage to Fortenova Group's strategy, its implementation and progress in achieving the future policy's objectives.

We are committed to implementing and promoting gender equality and aim to increase the share of women in management positions at Group level and at the level of individual companies.

In our report, data on our employees by gender are disclosed under Employees in Numbers – Categories, Contract Types, Gender and Age, as well as under Talent Management and Educations and Employee Compensation and Benefits.

CREATING VALUE FOR OUR EMPLOYEES Approach to Diversity, Equality and Inclusion

ZERO TOLERANCE FOR DISCRIMINATION

It should be stressed that Fortenova Group has a policy of zero tolerance for discrimination, harassment and mobbing - each of the aforementioned is strictly banned and regarded as an extremely serious breach of our Code of Ethics and addressed with the strictest possible measures.

We expect from our employees to avoid and take firm action against any undesirable behavior that could be construed as discriminatory, hostile, insulting, intimidating or malicious in any way, which especially includes, but is not limited to such actions that could be interpreted as harassment, discrimination or mobbing under the applicable legislation.

During 2021 there were three cases of alleged discrimination reported at our operating companies – two in Belje and one in Mercator SRB. All cases were appropriately assessed in accordance with internal acts and the relevant national legislation. After having conducted internal examinations, it was confirmed that there was no discrimination in the cases in question.

SUPPORTING INCLUSION OF PERSONS WITH DISABILITIES

We strive to be an employer of equal opportunities. Thus, we are proud to have Mercator IP as part of our community. *Mercator IP, as part of the Retail and Wholesale Division, is a service and manufacturing company operating according to a modern concept of employing persons with disabilities. Over 52% of its employees are persons with disabilities.*

Our Food company **Zvijezda CRO** is also known for its work with people with disabilities, both by adapting jobs to its own employees with disabilities and in cooperation with the Inclusion Association, through which it has employed people with intellectual disabilities. Zvijezda CRO was previously awarded with the Employer of the Year award for people with disabilities thanks to the application of innovative practices in the employment and integration of people with disabilities.

Moreover, both Zvijezda CRO and **Dijamant** are dedicated to supporting diversity & inclusion practices even beyond their own operations, through collaboration with Down syndrome associations. You can find more information in the section [Impacting Local Communities](#).

PIK Vinkovci, although not directly employing persons with disabilities, concluded a Cooperation Agreement with integrative workshops which employ disabled individuals (at least 40% of the total workforce). You can find more information in the section [Impacting Local Communities](#).

“Dedicated to supporting diversity & inclusion practices even beyond their own operations, through collaboration with Down syndrome associations”



CREATING VALUE FOR OUR EMPLOYEES

EMPLOYEES IN NUMBERS – CATEGORIES, CONTRACT TYPES, GENDER AND AGE

The average number of employees in Fortenova Group in 2021 was **45,289 employees**. Given the seasonal character of individual business activities, this number varied throughout the year, depending on the seasonal needs of each business division. Croatia accounted for the largest number of Fortenova Group's employees - 21,148 or 47%.

The rest of the Group's employees were located in other markets of Southeast Europe: Slovenia (21%), Serbia (20%), Bosnia and Herzegovina (8%), Montenegro (4%) and a very small percentage in Hungary (0.03%).

Most of our employees or 81% were employed in the Retail and Wholesale Division, 11% were employed in the Food Division, and 7% in the Agriculture Division, whereas our non-core operating companies and Fortenova grupa d.d. together employed around 1% of our employees.

At the level of the whole Group, around 65% of employees were women and 35% were men. In terms of age and gender, 14.8% of our employees were under 30 years old, out of which 59% were women and 41% men. The largest share of our employees or 55.2% were aged between 30 and 50, out of which 66% are women, and 34% are men, while 30% of employees were older than 50 years, with women accounting for 67% of that number.

45,289
employees



CREATING VALUE FOR OUR EMPLOYEES Employees in Numbers – Categories, Contract Types, Gender and Age

EMPLOYMENT CONTRACT AND TYPE AND WORKFORCE STRUCTURE

Looking at the reporting period, the tables below show that the majority of 38,455 or 84.9% of our employees were permanently employed, with the majority being women,

while the remaining 6,834 employees had fixed-term contracts. Please note that we do not separate the data regarding employment contract and employment type

by gender, thus the respective data is shown solely per country.

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, EMPLOYMENT TYPE, REGION AND BY GENDER

Country	GENDER		EMPLOYMENT CONTRACT		EMPLOYMENT TYPE	
	Men	Women	Permanent	Temporary	Full-time	Part-time
Croatia	8,743	12,405	17,668	3,480	21,024	124
	41.3%	58.7%	83.5%	16.5%	99.4%	0.6%
Slovenia	2,312	7,225	9,404	133	8,793	744
	24.2%	75.8%	98.6%	1.4%	92.2%	7.8%
Serbia	3,392	5,826	7,412	1,806	9,152	66
	36.8%	63.2%	80.4%	19.6%	99.3%	0.7%
Bosnia and Herzegovina	1,118	2,620	2,764	974	3,734	4
	29.9%	70.1%	73.9%	26.1%	99.9%	0.1%
Montenegro	395	1,239	1,193	441	1,632	2
	24.2%	75.8%	73%	27%	99.9%	0.1%
Hungary	7	7	14	0	14	0
	50%	50%	100%	0%	100%	0%
Total at Group level	15,967	29,322	38,455	6,834	44,349	940
	35.3%	64.7%	84.9%	15.1%	97.9%	2.1%

Looking into the workforce structure, the most significant share of work in the Group is performed by employees of Fortenova Group companies. Exceptions to this rule include engagement of an average of 579 agency workers, students, and retirees in the Group's operating companies. This is our response to the persistent problem of labor shortages and fluctuations in supply, and a way of meeting the needs for operational workers. We also consider it a measure of

social investment, as we try to employ retirees in less work-intensive jobs throughout the Group to support this labor category in their wish to continue working and earn income on top of their pensions. For example, besides high school and university students, Belje regularly employs local retirees during seasonal works in agriculture. Several processes aimed at the Group's capital strengthening in 2021 had an important impact on the movement in the

number of employees - the process of divesting the Frozen Food Business Area, selling companies and shares in non-core business companies - and in particular, the integration of Mercator Group to Fortenova Group and the acquisition of the production plant of the Osijek Dairy. Note that not all these movements are shown in the tables herein, as we only included the companies still operating within the Group and the integrated numbers from Mercator Group.

CREATING VALUE FOR OUR EMPLOYEES Employees in Numbers – Categories, Contract Types, Gender and Age

EMPLOYEE CATEGORIES BY AGE AND GENDER

When it comes to employee categories at Fortenova Group level in 2021, 64.49% of the top management were men and 35.51% were women. The middle management was composed of 59.79% men and 40.11% women, while women constituted 64.14% and men 35.86% of the workforce in line management. In the other employee category, there were 65.78% women and 34.22% men. Breakdown per employee categories in core, non-core and Fortenova grupa d.d in the diversity categories age and gender is shown in detail below.



EMPLOYEE CATEGORIES BY AGE AND GENDER

Employee category	Age	Fortenova grupa d.d.		Retail and Wholesale		Food		Agriculture		Non-core and Real Estate	
		M	W	M	W	M	W	M	W	M	W
Top Management	under 30	0.002%	0%	0.003%	0%	0%	0%	0%	0%	0%	0%
	30 - 50	0.25%	0.14%	0.11%	0.07%	0.52%	0.36%	1.04%	0.40%	0.95%	0%
	over 50	0.10%	0.06%	0.04%	0.02%	0.18%	0.26%	0.44%	0.10%	0.47%	0.24%
Middle Management	under 30	0.01%	0.02%	0%	0.01%	0.04%	0.08%	0.13%	0.10%	0%	0%
	30 - 50	0.58%	0.37%	0.29%	0.19%	1.89%	1.04%	1.64%	0.87%	1.18%	1.65%
	over 50	0.18%	0.13%	0.05%	0.07%	0.68%	0.40%	0.70%	0.47%	1.42%	0%
Line Management	under 30	0.24%	0.39%	0.19%	0.43%	0.32%	0.12%	0.70%	0.40%	0.47%	0%
	30 - 50	1.92%	3.56%	1.59%	3.98%	2.91%	1.16%	3.38%	1.84%	4.73%	2.60%
	over 50	0.68%	1.14%	0.49%	1.24%	1.06%	0.40%	2.38%	1.07%	1.18%	0.71%
Other Employees	under 30	5.76%	8.34%	4.61%	9.48%	12.09%	3.45%	8.37%	2.68%	11.58%	10.64%
	30 - 50	16.06%	32.34%	12.34%	36.44%	33.87%	16.90%	28.88%	11.51%	32.86%	17.97%
	over 50	9.06%	18.67%	7.28%	21.07%	13.99%	8.29%	22.99%	9.91%	5.91%	5.44%
Total per gender		43.48%	56.52%	26.99%	73.01%	67.56%	32.44%	70.65%	29.35%	60.76%	39.24%

As shown in the table above, the Food and Agriculture Divisions employed more men than women, with men representing 67.56% and 70.65% of workforce, respectively. On the other hand, around 73% of workforce in the Retail and Wholesale Division – which employs most of Fortenova

Group's employees - were women, with men representing 27% of employees. Regarding age groups, the majority of the workforce in all divisions is between 30 and 50 years old (55% in Retail and Wholesale, 58.65% in Food, 49.65% in Agriculture). As shown in the table above, 56.52% of

employees in Fortenova grupa d.d. are women, with most of the workforce being 30-50 years old (79%). Our non-core operating companies have 60.76% male employees, with around 62% of workforce being 30-50 years old.

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE AND GENDER

In line with our D&I policies and practices, we aim to attract all types of employees without discrimination regarding gender or age. In 2021, 62% of all new hires throughout the Group were women (primarily in retail where we have a trend of female employees, their share amounting to 73%)

and 88% of new employees were below 50 years of age. It is also visible that the rate of new hires is steady across the countries where we operate, the largest naturally being in Croatia, the country with the most Fortenova Group employees.

TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES BY COUNTRY, AGE GROUP AND GENDER

Country	NEW EMPLOYEE HIRES DURING REPORTING PERIOD					Total new hires at country level
	Men	Women	Under 30	30 – 50	Over 50	
Croatia	1,791	2,186	1,817	1,618	547	3,977
	45%	55%	46%	41%	14%	19%
Slovenia	286	785	518	486	67	1,071
	27%	73%	48%	45%	6%	11%
Serbia	930	1,652	1,041	1,183	358	2,582
	36%	64%	40%	46%	14%	28%
Bosnia and Herzegovina	267	761	471	487	70	1,028
	26%	74%	46%	47%	7%	28%
Montenegro	154	315	297	138	34	469
	33%	67%	63%	29%	7%	29%
Hungary	4	3	0	5	2	7
	57%	43%	0%	71%	29%	50%
Total new hires per category	3,432	5,702	4,144	3,917	1,078	
	38%	62%	45%	43%	12%	

CREATING VALUE FOR OUR EMPLOYEES Employees in Numbers – Categories, Contract Types, Gender and Age

Despite running their operations during the pandemic that lasted throughout the entire reporting period of 2021, our companies managed to retain their focus on job creation and minimizing the effects of the COVID-19 pandemic

situation on the countries and sectors in which the Group operates, showing only a slight drop of new employee hires against turnover as shown below.

TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY COUNTRY, AGE GROUP AND GENDER

Country	EMPLOYEE TURNOVER DURING REPORTING PERIOD					Total turnover at country level
	Men	Women	Under 30	30 – 50	Over 50	
Croatia	2,225	2,316	1,580	1,845	1,116	4,541
	49%	51%	35%	41%	25%	21%
Slovenia	401	1,076	380	623	474	1,477
	27%	73%	26%	42%	32%	15%
Serbia	1,077	1,683	963	1,326	471	2,760
	39%	61%	35%	48%	17%	30%
Bosnia and Herzegovina	388	662	376	566	108	1,050
	37%	63%	36%	54%	10%	28%
Montenegro	169	358	291	192	44	527
	32%	68%	55%	36%	8%	32%
Hungary	3	3	0	5	1	6
	50%	50%	0%	83%	17%	43%
Total turnover per category	4,263	6,098	3,590	4,557	2,214	
	41%	59%	35%	44%	21%	

CREATING VALUE FOR OUR EMPLOYEES

Employees in Numbers – Categories, Contract Types, Gender and Age

TOTAL NUMBER AND RATE OF EMPLOYEE HIRES AND TURNOVER PER BUSINESS SEGMENTS

Division	Men	Women
Retail and Wholesale	7,433	8,681
	81%	84%
Food	914	925
	10%	9%
Agriculture	687	706
	8%	7%
Non-core and Real Estate	80	36
	0.9%	0.3%
Fortenova grupa d.d.	20	13
	0.2%	0.1%
Total	9,134	10,361
	100%	100%



The data shown in this section are kept and managed by the HR departments of operating companies and were collected and provided to the Group HR for the purpose of this Report.

TALENT MANAGEMENT AND EDUCATIONS

Part of our investment into the professional and personal development of our employees is the continuous effort to provide them with necessary trainings and educations to upgrade their skills.

We generally divide trainings into internal and external. Internal ones are held either by an operating company employee who is a trainer or an employee from another operating company within the Group that provides training services (inter-company cooperation). Internal trainings usually aim at providing the necessary knowledge and skills for a particular job or educate employees regarding relevant regulations and standards (e.g., occupational health and safety).

External trainings are organized by the Group HR or by operating companies in accordance with their specific needs. Usually, those employees who have been recognized through a defined internal annual evaluation process as talents for a potential promotion or for assuming more complex jobs are referred to external trainings, in line with their individual development plan. One of these programs is Drive Beyond Excellence, explained further below. In the second phase of our **Grading and Compensation Structures Project**, our aim was to

280
of "talents" were identified
at Group level

identify key employees through the Talent Management Program – a necessary step to develop our Group's grading and compensation structures and career management systems.

Thus, in late 2020 and in early 2021, Fortenova Group carried out a **Talent Management Program** that comprised all managers within the Group (more than 1,200), with 27 companies having taken part in the project: Fortenova grupa d.d., Konzum CRO, Konzum BIH, Tisak, Mercator SLO, Mercator Emba, Mercator IP, M-Energija, Mercator SRB, Mercator BIH, Mercator MNE, Pik Vrbovec CRO, Jamnica CRO, Sarajevski kiseljak, Mg Mivela, Zvijezda CRO, Dijamant, Roto dinamic, Belje, Pik Vinkovci, Vupik, Agrolaguna, mStart CRO, and Nova Sloga, Ledo plus, Frikom, Ledo Čitluk.

Hence by way of a standardized methodology of performance assessment for the previous period, 280 or 23% of "talents" were identified at Group level, and for the first time the Group got a comprehensive analysis of leadership potential at the level of all operating companies.



This was the foundation to prepare and elaborate in detail a leadership competency development project, which resulted in the DRIVE Beyond Excellence program developed and conducted in collaboration with leading expert organizations. The Program consists of three different, tailor-made programs for Fortenova Group managers, each lasting for 18 months:



NAVIGATE

a program intended for senior managers recognized as a potential to assume more complex positions within very short time. The program started in May 2021 and has been attended by 35 Group managers.



ACCELERATE

a program intended for middle managers recognized as a potential to assume more complex positions within the next 1-2 years. The program started in May 2021 and has been attended by 98 Group managers.



DISCOVER

a program intended for junior managers recognized as a potential to assume leading positions for the first time. The program started in September 2021 and has been attended by 140 Group managers.

CREATING VALUE FOR OUR EMPLOYEES Talent Management and Educations

Throughout the DRIVE Beyond Excellence program attendees gain insight in the areas of finance, supply chains, sales, building customer relations or comprehensive project management, with particular emphasis on strengthening the skills in team leadership, recognizing specific personal traits of team members and encouraging their creativity, agility and inclination to thinking outside the box. The key management has thus been enabled to develop their careers, with a successor defined for each key position within the Group, that is undergoing training through the DRIVE Beyond Excellence programs and getting prepared for new roles in the Group.

The DRIVE Beyond Excellence program is managed by Group HR. The success of the program is being monitored through criteria defined in advance. The first benefits and improvements will be visible in first half of 2022, by following previously defined performance criteria. So far, our quarterly survey on the degree of satisfaction with the Drive Beyond Excellence conducted among 2021 attendees showcased that they were extremely satisfied with the Program.



HOW DO WE INCLUDE DIVERSITY IN DRIVE BEYOND EXCELLENCE?

Participation in DRIVE Beyond Excellence programs is available to all managers regardless of age, gender, religious affiliation and other personal characteristics. Furthermore, given that participants in the program come from different countries, each participant receives a personalized welcome letter in the language of the country they come from, and all materials are translated according to their needs.

EDUCATIONS AND TRAINING IN OUR COMPANIES

During 2021, Fortenova grupa d.d. and all non-core companies had educations and trainings. When it comes to our core business divisions, only four companies out of 40 in those divisions did not have any educations and trainings - in the Agriculture Division, only Vinarija Novigrad (it has one employee), in the Food Division – Zvijezda Laktaši and PIK BIH, and in the Retail and Wholesale Division – Super Kartica MNE.

Due to our size, we cannot include all the great examples of educational and training programs that were held in 2021 but we will highlight here the most important examples across all of our divisions.



OVERVIEW OF EDUCATIONS AND TRAININGS IN OUR DIVISIONS

RETAIL AND WHOLESALE

KONZUM CRO

Konzum CRO started its *Konzum Academy* in 2005 – with over 180,000 employees having participated in over 14,500 trainings and educations since then. In 2010 Konzum CRO also opened its *Konzum Academy - Center for Selection and Education*.

The Konzum Academy's educational process is in line with the company's business needs and strategy. In 2021 Konzum CRO continued to encourage knowledge-sharing among its employees, where it primarily used its internal resources for training purposes. In addition to full-time internal trainers, there were also trainings held by professionals of

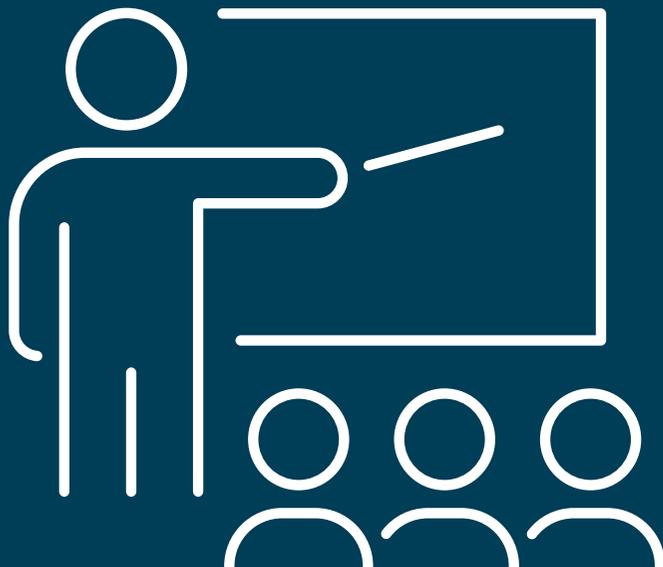
relevant expertise. In 2021 the Academy offered dozens of different educations (including professional trainings, legally required topics, IT courses, training related to the development of professional and interpersonal skills, talent development, seminars, conferences, coaching and other relevant soft and hard skills).

All new employees in administrative positions underwent the structured onboarding training program *KABeCeDa*. Other operational employees are assigned a mentor employee who introduces them to their new roles and basic processes.

In 2021, for the third year in a row, an internal conference – *Konzum Insights Days* – was organized for the company's management, which brought together the world's leading experts. It was attended by about 400 employees through the Zoom platform.

The company also made available all regulations, procedures, instructions and educational materials on its intranet portals, and in 2021 a new intranet portal was launched for employees working in stores.

14,500
trainings and
educations



CREATING VALUE FOR OUR EMPLOYEES Talent Management and Educations

MERCATOR SLO

Same as in previous years, Mercator SLO prepared an internal catalogue of educational content listing all obligatory and facultative educations and trainings – conducted by both external partners and internal experts. Internal programs were designed to cater to the needs of the targeted employees.

Mercator SLO has its own **education center** with three classrooms, situated within its headquarters in Ljubljana, Slovenia. In addition, educations were provided at 15 other internal locations in Slovenia. Since 2012, the company also has an **e-classroom** where employees conduct e-seminars.

Employees at Mercator SLO have the possibility to attend dozens of different educations and trainings, including those required by law, introductory seminars, professional trainings (product groups, business processes, new professional knowledge, language and computer training), training for the development of personal skills (leadership, communication), individual coaching for leaders at all levels in order to improve the quality of leadership and managerial skills, workshops for raising sales skills for retail associates who are in daily contact with our customers, and various external educations and conferences. In addition, the company's key and promising staff attended the **Mercator Retail Academy**.

In 2021, Mercator SLO also developed the **Knowledge Point**, its e-library providing employees with central access to all educational materials.

Employees from Mercator-IP and Mercator H also attended these educations.

MERCATOR MNE

Mercator MNE regularly prepares internal educational catalogues – usually at the level of certain target groups, such as trainings for front liners, regional coordinators, managers, etc. Each year, these catalogues become more advanced and include a wider variety of topics.

Mercator MNE also developed so-called School Facilities within our retail network in 2018. In 2021 three new School Facilities were opened at the stores Idea Bečiči, Idea Center Herceg Novi and Idea Portonovi.

To sum up, in 2021 the following educations were held at the School Facilities:

- **Internal Retail Coaching Network, a six-day introductory training for new employees**
- **Butcher Training lasting from one to three months, depending on the employee's experience – with 70 employees in attendance**
- **Training for 15 new coaches of the Internal Retail Coaching Network**
- **Bakery Training which introduced employees in retail to planograms, procedures, as well as communication and successful sales skills**
- **Training for candidates for managers and mentors throughout which mentors were monitoring the progress of candidates. The duration of training per candidate is 14 weeks (about 3 months). Under this program, a total of 12 new managers were trained during 2021.**

Mercator SLO developed the **KNOWLEDGE POINT** its e-library providing employees with central access to all educational materials.



CREATING VALUE FOR OUR EMPLOYEES Talent Management and Educations

MERCATOR SRB

The training plan for 2021 was made at the end of the previous year for all employees in the company, with necessary adjustments during the year.

Since 2013, Mercator SRB has its own **IDEA Academy - Center for Education and Development** in Belgrade, as well as mini training centers in Subotica, Novi Sad, Čačak and Niš in Serbia.

Educational programs held at the Academy are a combination of the best internal and external knowledge and practices. In addition to standard trainings, Mercator SRB's employees learn and develop their skills through many other tools, such as the LinkedIn learning platform, mentoring, CEO club, and various workshops.

Mercator SRB developed an **M HUB Talent Program** to prepare talented employees for the roles they will take on in the future, through individual and group development plans – aiming to develop

leadership, business and innovation skills. In 2021 each of the 44 participants spent over 100 hours in various educations, including developing problem solving, negotiation and sales skills, and brand communication. They also attended ICT HUB workshops - external workshops on innovations. The M Hub program of Mercator-S has been proclaimed to be the best talent initiative in Serbia in the category "The best talent initiative" in 2022.

In addition to various certifications and obligatory educations, employees at Mercator SRB, depending on their workplaces, also attended educations to upgrade their interviewing, mentoring and leadership skills, educations on public and media appearance, logistics and sales trainings. – A **retraining program for work in the butcher's department** - conducted in cooperation with the professors of the School of Chemical and Food Technology in Belgrade - was also held for all retail department employees who wanted to retrain for the position of butcher.

Also, all new employees of the Management Board attended the introductory program **Welcome to Mercator S**, and all employees in management positions also attended **We Listen to You** – an education on courtesy and kindness.

"44 participants spent over 100 hours in various educations within M Hub Talent Program"



FOOD

BEVERAGES GROUP COMPANIES

In 2021 a total of 133 Beverages Group managers, from different markets, functions and management segments, have successfully completed **ALPHA, a leadership academy** that aims to develop the full potential of managers by investing in their knowledge and skills in leading their people. In addition, the ALPHA program strengthens their self-awareness through feedback and introspection tools, as well as their managerial competencies.

The Beverages Group also continued with their **GAS Academy (Gladiator Academy of Sales)** - a comprehensive educational program for sales employees. About 70 of them were trained in Croatia, and the GAS Academy successfully started in the markets of Bosnia and Herzegovina and Serbia. After graduating from the GAS Academy, the sales employees are fully prepared for their roles with their newly acquired advanced sales, negotiation and communication skills.

Also, the Beverages Group's structured onboarding program for new employees called **H2O (Hello to New Opportunities)** was held. The program is intended for all new employees – with sets of activities being different depending on the employee category. What really makes this Program stand apart is the fact that it is also intended for those who are returning to work from long-term sick leave and parental leave. Under the slogan Ready.Steady. Grow., H2O facilitates the adjustment of employees to a new job and ensures they get the right information at the very beginning of their career at a new company, helping

them fully understand their role and gain experiences that will drive their further growth.

In addition, another important step forward was taken and - under the slogan "Your source of knowledge and inspiration" - in mid-2021, the Beverages Group launched its **WoW! academy**, an educational program with 23 internal coaches who shared their knowledge and experiences with other colleagues.

The Beverages Group continued to encourage the **exchange and sharing of knowledge** and experiences between Beverages Group companies by organizing strategic workshops and regular meetings. Also, employees from companies within the Beverages Group had the opportunity to go on temporary assignments to other Beverages Group companies and meet other markets, learn something new, and share their knowledge and experience.



“ Beverages Group launched its WoW! academy, an educational program with 23 internal coaches who shared their knowledge and experiences with other colleagues.”

AGRICULTURE

BELJE AND BELJE AGROVET

Belje and Belje Agrovet's employees were able to attend 436 internal educations and trainings in 2021. These educations were divided in six areas:

- *Production*
- *Records management*
- *Hygiene and disinfection*
- *Dealing with emergency situations*
- *Waste management and environmental protection*
- *Management systems.*

Depending on the needs of employees, various external trainings were conducted, including those obligatory by law, diploma and certification trainings, and a specialized training for negotiation and guidance of key customers for the sales department.

Professional training trips were organized for 15 employees, while other employees attended various seminars or webinars as needed.

In addition, the online training *"Infosec: Raising Awareness About Information Security"* was organized in almost all operating companies to educate our employees on safe and secure work on a computer. Also, our company mStart CRO held *Excel Courses – Beginner and Advanced* for all interested employees in Fortenova Group's companies in Croatia, regardless of whether it was related to their job or not. These Excel courses are great examples of inter-company cooperation in education in 2021.



"Belje and Belje Agrovet's employees were able to attend 436 internal educations and trainings in 2021."



EDUCATION AND TRAINING HOURS

In 2021 our employees in Fortenova Group received 366,588 hours of training in total, which is on average 8.22 hours per employee. As shown in the table below, on average, employees of Fortenova grupa d.d. and the non-core companies received the most training hours, 38.21 and 33.16 hours, respectively, while those employed in the Food and Retail and Wholesale Divisions received the fewest hours of training – 5.23 and 7.87 hours, respectively.



TRAINING HOURS - TOTAL FOR ALL EMPLOYEES AND AVERAGE PER EMPLOYEE²⁰

	Fortenova Group	Fortenova grupa d.d.	Retail and Wholesale	Food	Agriculture	Non-core and Real Estate
Total Training Hours of All Employees in 2021	366,588 h	5,273 h	283,751 h	26,224 h	37,312 h	14,028 h
Average Training Hours per Employee in 2021	8.22 h	38.21 h	7.87 h	5.23 h	12.49 h	33.16 h

²⁰ Average Training Hours per Employee = Total number of training hours provided to employees / Total number of employees

CREATING VALUE FOR OUR EMPLOYEES Talent Management and Educations

At Group level, the top management received the most training hours (24.61 hours), followed closely by middle management (19.3 hours). Other employees received the fewest hours of training in 2021 - 7.92 hours, with line management having received slightly more with 8.62 hours. The situation differs when data is shown at the level of Fortenova grupa d.d. since middle management received the most training hours on average compared to the rest of

employee categories. Also, in the Agriculture Division other employees received more average training hours than those in the middle and line management. On the other hand, non-core companies provided all employee categories with a similar number of average training hours, with middle management having received the fewest average training hours (27.22). Detailed data per employee categories is shown in the table below.

AVERAGE HOURS OF TRAINING PER EMPLOYEE CATEGORY ²¹

	Fortenova Group	Fortenova grupa d.d.	Retail and Wholesale	Food	Agriculture	Non-core and Real Estate
Employee Category	Average Training Hours per Employee Category					
Top Management	24.61 h	45.04 h	12.28 h	17.77 h	42.68 h	38.29 h
Middle Management	19.3 h	84 h	20.39 h	18.15 h	9.79 h	27.22 h
Line Management	8.62 h	33.48 h	8.1 h	8.9 h	6.14 h	31.17 h
Other Employees	7.92 h	27.03 h	7.76 h	4.19 h	12.64 h	33.59 h

²¹ Average Training Hours per Employee Category = Total number of training hours provided to each category of employees / Total number of employees in category



EMPLOYEE COMPENSATION AND BENEFITS

As we already stated, employees are our key stakeholders, and we believe our success relies on their strength. As one of the largest employers in the markets we operate in – which all have well-defined social systems in place – Fortenova Group is following relevant legislation changes to ensure continuous and timely compliance, as well as to ensure that our employees receive all the rights they are entitled to by law.

On top of that, we are committed to providing our employees with the greatest and most productive work environment, which is why we strive to constantly introduce, and upgrade the benefits they receive. We believe this is a continuous process and hence we try to listen to our employees' feedback, learn from both our mistakes and our positive actions, and keep up with market trends.

EMPLOYEE COMPENSATIONS

Our Group HR is responsible for defining the standards, methodology and processes of job evaluation and market comparison of employee compensation (comprising fixed salary and variable compensation such as managers' bonuses) and benefits in the companies which were part of the *Grading and Compensation Structures* project²².

In all relevant jurisdictions, *we regularly follow legislation changes regarding minimum wage and take them into account when defining and adjusting wages for our employees and other workers*. Our employees are not paid below minimum wages. In some of our companies such as Mercator SLO, Mercator Emba and Mercator IP wages of those employees with basic wages defined below minimum (due to changes in legislation entering into force after the employment contract), are adjusted through payment of additional remuneration so that their wages reach or exceed the prescribed minimum wage. In the table below we provide an overview of the benefits that our companies offer to employees, which are paid as part of the remuneration.

Due to a large number of companies covered in this Report, it is not possible to showcase all benefits that are offered to our employees, thus selected examples will be also shown in the further text.

BENEFIT	COMPANIES OFFERING THE BENEFIT
Christmas bonus	Most of the companies (not offered only in the Retail and Wholesale companies Mercator BIH, Mercator SRB, Super Kartica MNE, and the Food company Jamnica SLO)
Annual allowance	Most of the companies (not offered only in the Retail and Wholesale companies Konzum BIH, Mercator H and Super Kartica CG, and the Agriculture company Energija Gradec)
Reimbursement of transportation costs	All companies
Per diem for field work	Most of the companies (not offered in the Retail and Wholesale companies Konzum BIH, Konzum CRO, Super Kartica BIH and Žitnjak, the Agriculture companies Vupik and Energija Gradec, the Food companies Zvijezda CRO, Zvijezda SLO, Kikindski mlin, the non-core company mStart SRB)
Per diem for business trip	All companies

²² These are (in terms of this Report): Fortenova grupa d.d. and companies in Retail and Wholesale: Konzum CRO, Konzum BIH, Tisak, Mercator SLO, Mercator Emba, Mercator-IP, M-Energija, Mercator SRB, Mercator BIH, Mercator MNE; Food: Pik Vrbovec CRO, Jamnica CRO, Sarajevski kiseljak, Mg Mivela, Zvijezda CRO, Dijamant, Roto dinamic; Agriculture: Belje, Pik Vinkovci, Vupik, Agrolaguna; and Non-Core: mStart CRO

MANDATORY PENSION AND HEALTH SCHEMES

All countries we operate in had mandatory pension and health insurance contributions prescribed in 2021, as well as other prescribed contributions. In accordance with relevant national legislations, these contributions were either borne by the employees (calculated by employers and withheld from employees' gross salaries) or our companies as employers (calculated by employers on top of gross income). These prescribed contributions for 2021 are showcased in the Table below.

COUNTRY	CONTRIBUTIONS PRESCRIBED BY NATIONAL LEGISLATION IN 2021		
Croatia	Employee Contributions		Employer Contributions
	Pension – Pay-as-you-go state pension system (Pillar I) – 15% Pension – Individual Capital (Pillar II) – 5%		Health Insurance – 16.5%
Slovenia	Employee Contributions		Employer Contributions
	Pension and disability insurance – 15.5% Health insurance – 6.36% Unemployment insurance – 0.14% Parental insurance – 0.1%		Pension and disability insurance – 8.85% Health insurance - 6.56% Unemployment insurance - 0.06% Injury at work – 0.53% Parental insurance - 0.1%
Serbia	Employee Contributions		Employer Contributions
	Pension and disability insurance – 14% Health insurance – 5.15% Unemployment insurance – 0.75%		Pension and disability insurance – 11.5% Health insurance – 5.15%
Bosnia and Herzegovina	Federation of Bosnia and Herzegovina and Brčko District		Republic of Srpska
	Employee Contributions	Employer Contributions	Employee Contributions
	Pension and disability insurance – 17% Health insurance – 12.5% Unemployment insurance – 1.5%	Pension and disability insurance – 6% Health insurance – 4% Unemployment insurance – 0.5%	Pension and disability insurance – 18.5% Health insurance – 10.2% Unemployment insurance – 0.6% Child Protection – 1.7%
Montenegro	Employee Contributions		Employer Contributions
	Pension and disability insurance – 15% Health insurance – 8.5% Unemployment insurance – 0.5%		Pension and disability insurance – 5.5% Health insurance – 2.3% Unemployment insurance – 0.5%
Hungary	Employee Contributions		Employer Contributions
	Pension insurance – 10% Health insurance – 7% Unemployment insurance – 1.5%		Social contribution tax – 15.5% Vocational training fund – 1.5%

CREATING VALUE FOR OUR EMPLOYEES Employee Compensation and Benefits

As shown above, pursuant to relevant legislation, pension and health insurance contributions in 2021 were paid by our companies as employers in all countries except Hungary, where both of those contributions were solely borne by employees. In Slovenia, in accordance with national legislation it was also mandatory to pay 8.2% of the gross income into the Occupational Pension Insurance Plan for those employees who work in special conditions.

More about investment in our employees' health can be found in [Health and Safety of our Workers](#).

VOLUNTARY PENSION SCHEMES

Our Retail and Wholesale Division companies Mercator SLO, Mercator-IP and M-Energija in Slovenia implemented a supplementary pension scheme. Pursuant to the collective agreement, employees enter the supplementary pension scheme after one year of working for the companies. The companies pay a defined minimum amount (above the legal minimum) for both employees within the collective agreement and those with individual employment contracts at company expense, but the employees can decide to pay a higher amount, up to 5.84% of their gross salary – at their own expense. At Mercator Emba employees decide for themselves whether they want to join the supplementary pension scheme or not – the option is available to those having a permanent contract.

According to the national legislation in Croatia, Pillar III is a voluntary pension scheme based on individual capitalized savings, with incentives from the state. Anyone can decide to invest in such schemes from their net salary but with some companies employees can opt to join the company scheme. In such cases, payments to Pillar III are calculated by the employer and withheld from the employees' gross income and as such present a benefit for employees, due

to a more beneficial net effect. Our Food Division company Roto dinamic offers such possibility for its employees - if the employee decides to pay contributions to the Pillar III, the amount is withheld from their gross income, but on top the company subsidizes 25% of the net effect. Our other companies in Croatia do not offer such option, but Group HR is currently working on providing that option in the future.

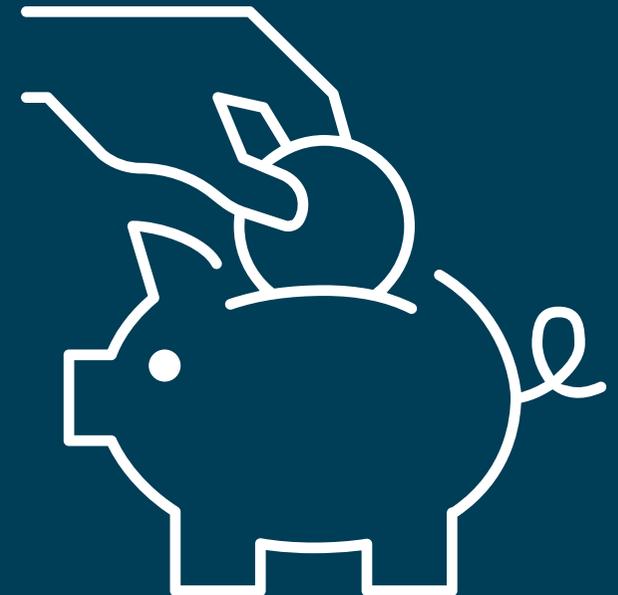
Our companies in Montenegro, Serbia and Bosnia and Herzegovina do not offer voluntary pension schemes. Our only company in Hungary (in terms of this Report), Jamnica HUN also offers employees the possibility to calculate and withhold the contribution to a voluntary pension scheme on their behalf, which – like in Croatia – is a benefit for employees when done by employer.

RETIREMENT SEVERANCE PAY

In Croatia, although it is not prescribed by national legislation, employees in most of our operating companies - especially those that have signed collective agreements (for example in Agriculture: Agrolaguna, Belje, Agro vet, Eko Biograd and PIK Vinkovci, in Food: Jamnica CRO, PIK Vrbovec CRO and Zvijezda CRO) are granted the benefit of retirement severance pay. The amount differs depending on the length of the employment relationship – if an employee has worked at the company for up to 10 years, he/she is entitled to three average net salaries paid to them by the employer in the preceding three months before the termination of the employment contract. If the employee has worked in the company for more than 10 years, he/she is entitled to four average net salaries paid to them by the company in the preceding three months before the termination of the employment contract.

Konzum CRO and Vupik also grant its employees the benefit of retirement severance pays in the amount of three average net salaries paid to the employee by the employer in the preceding three months before the termination of the employment contract, regardless of the number of years of continuous service with the companies. Tisak's employees are entitled to HRK 8,000 in retirement severance pays.

In Serbia, the law prescribes the obligation to pay two average monthly salaries in Serbia, which our companies abide to - with Mg Mivela paying two company average monthly salaries - which is more favorable to the employee. In Bosnia and Herzegovina, Slovenia and Montenegro the retirement severance pay is prescribed by either national law or general collective agreement, and all our companies respect the set minimum.



FAMILY LIFE AND PARENTING

All of our employees are entitled to parental leave in accordance with national legislations and are expected to return to work after the parental leave ends. In addition to prescribed rights, we strive to offer various benefits to our employees who are working parents. We believe these benefits can also give assurance to those employees who are thinking about becoming parents, so that they do not have to worry about their decision adversely affecting their career. Also, various other family-related benefits are offered across the Group, with some mentioned in the table below.

All of our companies offer paid leave in the events of marriage, childbirth and serious illness or funeral of a family member in accordance with national legislations, when prescribed. To mention some of our finest examples when it comes to benefits related to family life, **Mercator SRB is Serbia's only retail chain holding a Family Friendly Enterprise Certificate**, which acknowledges that the company implements a number of measures that significantly affect the balance between its employees' professional and private lives. Besides other benefits in terms of working arrangements and gradual return to work, Mercator SRB not only offers a paid leave for their child's first day of elementary school and kindergarten to its employees, but also a benefit of 4 days of part-time working following that day. Also, fathers are entitled to additional 5 days off in relation to the legally granted ones in the first three months following their child's birth. In February 2022, **Fortenova grupa d.d. received the acknowledgement "Family Friendly Employer" for 2021**, awarded by the Central Government Office for Demographics and Youth to companies with best quality solutions in achieving a friendly atmosphere towards employees and their families, particularly taking into account the adjustment of the employers to employees'

families over the period of the COVID-19 pandemic. Fortenova grupa d.d. received this recognition because it is focused on employees with children, by providing parents with benefits such as flexible working hours and four-hour workdays for parents of children with special needs, the

possibility of gradual return to work following maternity or parental leave, use of days off for the child's first day at school or kindergarten – up to subsidized sporting activities for its employees.

BENEFIT	COMPANIES OFFERING THE BENEFIT
Paid leave for the child's first day at elementary school	Fortenova grupa d.d.: Fortenova grupa d.d. Retail and Wholesale: A007, Konzum CRO, Konzum BIH, Mercator SLO, Mercator Emba, Mercator IP, Mercator MNE, Mercator SRB, M-Energija and MultiPlus Card Food: Jamnica CRO, Sarajevski kiseljak, Mg Mivela, Zvijezda CRO, Zvijezda SLO, Zvijezda Laktaši and Zvijezda BIH, Roto dinamic Agriculture: Agrolaguna, Belje, Belje AgroVet and Energija Gradec Non-core and Real Estate: Kor Broker, LG Moslavina and mStart CRO.
Gifts for children	All companies Also, Retail companies Mercator SLO, Mercator IP, M-Energija, Mercator BIH, and Mercator Emba prepare special gifts for children for their first day at elementary school.
Gifts for childbirth	Retail and Wholesale: Konzum CRO, Mercator IP, M-Energija, Mercator SLO, Mercator SRB, Tisak, Super Kartica SRB and Žitnjak Food: Zvijezda CRO, Zvijezda Laktaši, Mg Mivela, PIK Vrbovec CRO, Jamnica CRO, Jamnica SLO and Dijamant, Roto dinamic Agriculture: Vupik, PIK Vinkovci, Eko Biograd, Belje, Belje AgroVet, Agrolaguna
Tuition fee to minor children in cases of death of an employee	Retail and Wholesale: Mercator H, Mercator IP, Tisak Food: Dijamant, Jamnica CRO, Zvijezda BIH, Zvijezda Laktaši, Mg Mivela, Roto dinamic Agriculture: Agrolaguna, Belje, Belje AgroVet, PIK Vinkovci, Energija Gradec, Eko Biograd Non-core and Real Estate: mStart CRO
Financial support to children following the death of an employee as a result of a work-related injury or illness	Retail and Wholesale: Konzum CRO, Mercator H, Mercator IP, M-Energija, Mercator SLO, Mercator SRB, Mercator BIH, Tisak Food: Dijamant, Jamnica CRO, Jamnica SLO, PIK Vrbovec CRO, Zvijezda CRO, Zvijezda BIH, Zvijezda Laktaši, Mg Mivela, Roto dinamic Agriculture: Agrolaguna, Belje, Belje AgroVet, PIK Vinkovci, Energija Gradec, Eko Biograd, Vupik Non-core: Kor Broker, mStart CRO, LG Moslavina

HEALTH AND SAFETY OF OUR WORKERS

The Group is aware that employees' health and safety come first. As in previous years, in 2021 we continued the practice of promoting preventive annual medical exams.

In Croatia, companies that have concluded collective agreements²³ were obligated to contract a **voluntary health insurance plan** for their permanent contract employees. The plan was contracted through Kor Broker and was free for the employees. It covered annual medical exams in contracted private healthcare institutions, which included a set of exams depending on the employee's age and gender, as well as certain specialist examinations. It was monitored whether or not the health insurance was used, and employees were reminded on a quarterly basis that they can take advantage of the benefit. These companies also offered their employees an option to purchase a supplementary health insurance plan for themselves and their family members on more favorable terms than those offered to other insurance buyers.

The Retail company Tisak, the Food company Roto dinamic and the Agriculture companies Vupik and Vinka did not offer the benefit of voluntary health insurance, but their employees were also able to purchase a supplementary health insurance as explained above.

Considering preventive healthcare to be a basic standard, we strive to incorporate it as an employee's right into collective agreements. For example, in 2021, we included in Mg Mivela's collective agreement the employer's obligation to cover the cost of an annual medical exam per employee's request, although the Trade Union did not require that. In 2022, Mg Mivela's plan is to offer its permanent employees a voluntary health insurance. When it comes to other companies operating in Serbia,

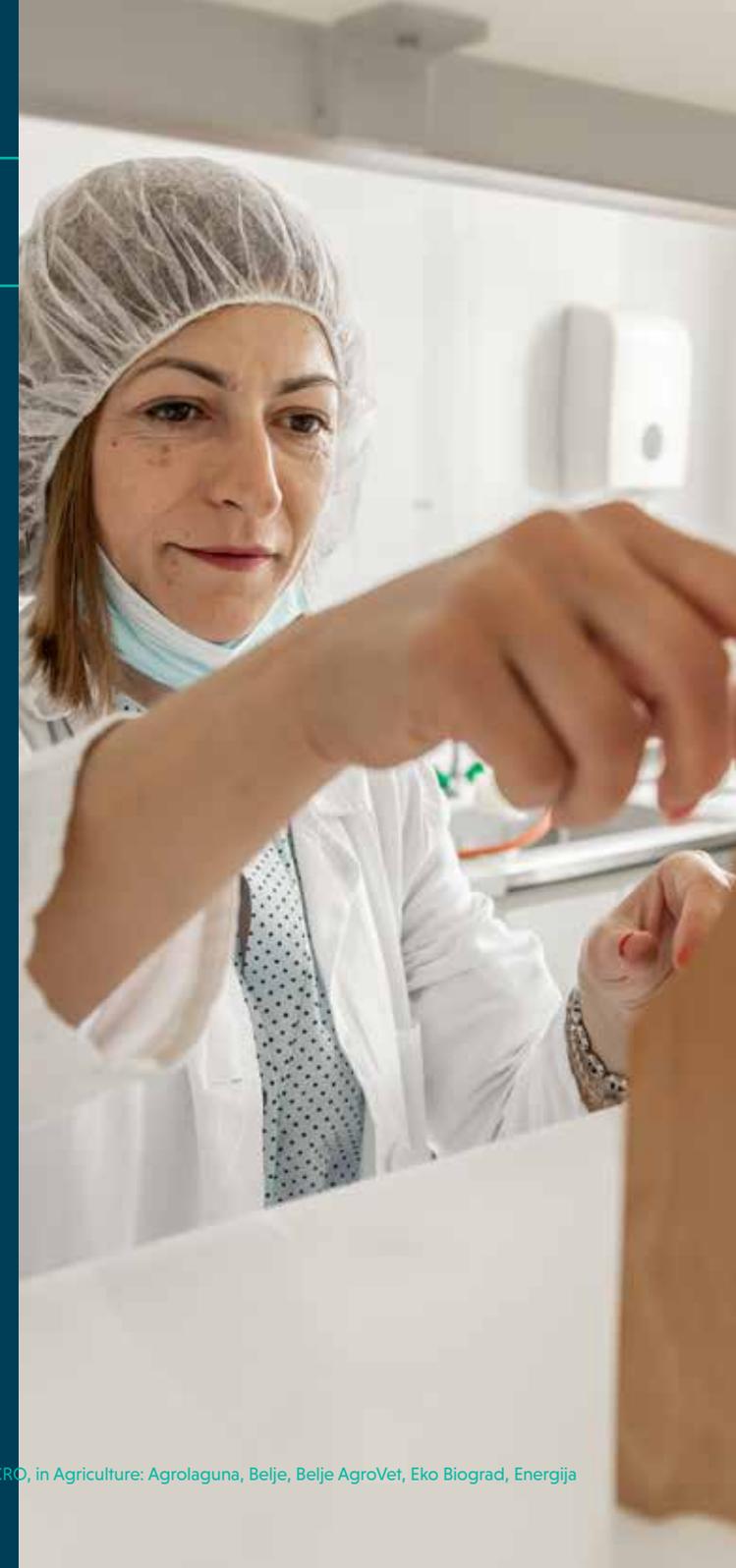
only Super Kartica SRB did not offer similar voluntary health insurance or medical exams, while mStart SRB, PIK Vrbovec SRB offered such benefits to all their employees. Mercator SRB offered its employees an annual medical exam and one specialist examination of their choice. When taking the annual medical examination, all employees have the right to a day off work.

In Bosnia and Herzegovina²⁴, only PIK Laktaši offered such benefits as the company covered costs of annual medical exams. Companies in Montenegro did not offer such benefits, while Jamnica HUN grants the employees the right to undergo occupational health examination during working hours once a year and it offers voluntary health insurance.

OCCUPATIONAL HEALTH AND SAFETY IN GENERAL

We already mentioned in [Ethics and Compliance](#) that our Code of Ethics prescribes that implementation of health and safety standards in the workplace shall be the Group's continuous effort and a part of all its business processes and development programs, as well as a permanent responsibility of all the stakeholders.

For the purpose of disclosures in this part of the Report, companies are divided into Agriculture, Food, Retail and Wholesale, and Non-Core & Small Companies. The latter also includes companies from the three core business divisions and Fortenova grupa d.d. Such grouping was made for the purpose of easier monitoring and tracking of the occupational health and safety (OHS) status and progress within companies of similar characteristics (regarding the number of employees and/or nature of economic activities performed).



²³ Those included: Fortenova grupa d.d., in Retail and Wholesale: A007, Konzum CRO, MultiPlus Card, Žitnjak, in Food: Zvijezda CRO, Jamnica CRO, PIK Vrbovec CRO, in Agriculture: Agrolaguna, Belje, Belje AgroVet, Eko Biograd, Energija Gradec, PIK Vinkovci, in Non-core and Real Estate: Kor Broker, mStart CRO and LG Moslavina ²⁴ Does not include data on Zvijezda BIH and Zvijezda Laktaši.

CREATING VALUE FOR OUR EMPLOYEES Health and Safety of our Workers

COMPANIES COVERED BY DISCLOSURES ON OCCUPATIONAL HEALTH AND SAFETY

COMPANIES INCLUDED			
RETAIL AND WHOLESALE	FOOD	AGRICULTURE	NON-CORE AND SMALL COMPANIES
Konzum CRO Konzum BIH Mercator SLO Mercator SRB Mercator BIH Mercator MNE Tisak Mercator Emba Mercator IP	Jamnica CRO Sarajevski kiseljak Mg Mivela Dijamant Zvijezda CRO PIK Vrbovec CRO Roto dinamic	Agrolaguna Belje Pik Vinkovci Vupik Vinka	Kor Broker LG Moslavina mStart CRO Fortenova grupa d.d. Belje AgroVet Eko Biograd Energija Gradec A007 M-Energija Mercator-H MultiPlus Card Super kartica BIH Žitnjak

Regarding the rest of the companies covered in this Report but not included in the above list, please note that their business activities are very limited (e.g. administration, office work), they employ less than 10 people and are hence not covered within the Group OHS system outlined herein.

The OHS management system has been implemented in accordance with relevant national legislations. Moreover, Dijamant, PIK Vrbovec CRO, Belje and PIK Vinkovci have a certified OHS management system in accordance with the *ISO 45001 standard*.

When it comes to the scope of workers covered by the OHS system, it is in accordance with legal requirements in all of the countries of operation to include all workplaces and all workers in the company in the risk assessment based on which the OHS supervision is performed.

For the purpose of OHS disclosures, the term "workers" includes both employees and "other workers" (those who do not work under an employment contract).

"The OHS management system has been implemented in accordance with relevant national legislations."



HAZARD IDENTIFICATION, RISK ASSESSMENT, AND INCIDENT INVESTIGATION

Internal supervision, i.e., hazard identification and verification of the effectiveness of occupational safety measures in the companies is carried out by OHS experts. Out of 53 of them, 41 have a master's degree, 6 have a bachelor's degree and 6 high school education. Based on 629 conducted internal supervisions, 1,879 corrective measures were ordered. Further controls were used to determine the implementation and effectiveness of these measures (based on the PDCA model²⁵).

Our companies have well-defined processes used to identify and investigate work-related incidents. Analyses of these incidents are prepared in accordance with the European Statistics on Accidents at Work (ESAW) methodology. We have defined a required set of data which we systematically monitor since June 2020. Procedures for reporting work-related injuries to the labor inspectorate are in line with legal requirements in all countries.

The basic OHS training provided to the workers educates them on the obligation to verbally report immediate danger and/or another irregularity at the workplace to their immediate supervisor. For incidents, i.e., potentially dangerous events ("near-miss") our companies operating in accordance with the ISO 45001 system also developed event reporting forms.

NUMBER OF OHS EXPERTS, INTERNAL SUPERVISIONS AND CORRECTIVE ACTIONS

	RETAIL AND WHOLESALE	FOOD	AGRICULTURE	NON-CORE AND SMALL COMPANIES
OHS experts	16 master's degree 3 bachelor's degree	12 master's degree 3 high school education	7 master's degree 3 bachelor's degree 3 high school education	6 master's degree
Number of internal supervisions	350	9	182	0
Number of corrective actions	1,211	81	587	0

All our workers are also informed during the basic training that they have the right to refuse to work when it comes to violating safety conditions or when their health and/or life is endangered.

When it comes to work-related injuries in 2021, presented in the table below is all relevant data for employees. No such cases were recorded for other workers, which is why no data is presented.



²⁵ PDCA model (Plan-Do-Check-Act) is a management method used in business for the control and continuous improvement of processes and products.

CREATING VALUE FOR OUR EMPLOYEES Health and Safety of our Workers

WORK-RELATED INJURIES

	RETAIL AND WHOLESALE	FOOD	AGRICULTURE	NON-CORE AND SMALL COMPANIES
	DATA FOR EMPLOYEES			
Number and rate of fatalities as a result of work-related injury	Number: 0 Rate: 0	Number: 0 Rate: 0	Number: 0 Rate: 0	Number: 0 Rate: 0
Number and rate of high-consequence work-related injuries	Number: 42 Rate: 0.1	Number: 8 Rate: 0.2	Number: 9 Rate: 0.3	Number: 0 Rate: 0
Number and rate of recorded work-related injuries	Number: 825 Rate: 2.3	Number: 105 Rate: 2.2	Number: 86 Rate: 2.5	Number: 0 Rate: 0
Main types of work-related injury	Worker falling (fractures/ contusions)	Collision of a worker with an object (hand tools - cuts)	Unpredictable animal behavior (contusions)	None
Number of hours worked²⁶	72,562,424	9,737,464	6,958,512	1,536,216

The above-mentioned rates showcase how many work-related injuries occurred per 100 employees. All work-related hazards, exertions and harms are identified and assessed during the preparation of the Risk Assessment – the main document based on which our companies as employers implement measures to prevent and reduce the exposure of workers to the identified risks in order to eliminate or minimize the likelihood of injury at work, occupational disease or work-related illness. The work-related hazards that pose a risk of high-consequence injury depend on the type of activities the companies perform. In

the Retail and Wholesale Division those are usually slippery and clogged passages and surfaces where the work is performed, in the Food Division those include working with knives (meat industry) and usage of other tools/work equipment, whereas in Agriculture, these are related to unpredictable animal behavior (pig farming, cattle breeding).

When it comes to actions taken to eliminate other work-related hazards and minimize risks using the hierarchy of controls, each occurrence of work-related injury is analyzed and its cause is determined. Following the analysis, the OHS

experts agree on corrective actions with responsible persons in order to prevent the same injury from happening again. Periodical internal audits determine the effectiveness of previously defined measures/corrective actions.

We compiled the data on work-related injuries and hazards through systematic monitoring. Data is collected on a monthly and quarterly basis. The records are uniform in all our companies, meaning they all keep the same register of injuries at work and submit them to Fortenova grupa d.d. Internal Audit which prepares the analytics.

²⁶ Number of employees * working hours per year(2024). Note: The number of hours worked is an approximate number since we have companies of various activities in different countries – we took the annual amount of working hours in Croatia as a reference. The fund of a full-time employee in a five-day working week equals 2024 hours.

CREATING VALUE FOR OUR EMPLOYEES Health and Safety of our Workers

OCCUPATIONAL HEALTH SERVICES

Those workers who are to enter into an employment contract for the purpose of performing work with special working conditions are referred by our companies to a specialist in occupational medicine for a medical check-up. Jobs with special working conditions, as well as special conditions are defined by national legislations

in all countries we operate in. In our companies, 7,065 workers work in special conditions jobs and are under medical supervision. Their psychophysiological abilities are monitored, and examinations are performed periodically, within the legally prescribed deadlines. Most of these workers perform driver jobs (control and operation

of self-propelled machines with mechanical drive, tractors with attached machines, forklifts, etc.) or jobs in unfavorable microclimatic conditions. Adherence to the GDPR rules and relevant national regulations ensures the confidentiality of information related to the health status of our workers.

NUMBER OF WORKERS PERFORMING WORK WITH SPECIAL WORKING CONDITIONS

	RETAIL AND WHOLESALE	FOOD	AGRICULTURE	NON-CORE AND SMALL COMPANIES
Number of workers performing work with special working conditions	2,563	2,135	2,290	77

WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

Trainings related to OHS are conducted by expert employees or external professional and authorized companies (depending on the legislation of the country and the number of employees). Topics include, but are not limited to mechanical hazards, fire and explosion hazards, hazards from harmful and dangerous substances, lifting

and carrying loads, and other. 25,427 workers completed such training. Trainings for workers performing work with special working conditions are conducted by authorized companies - on various training topics (such as controlling and operating various machinery and hazardous chemicals). 1,857 workers completed such training.

In 2021, 1,110 workers completed professional first aid training and 345 managing workers underwent an extended course for authorized officers - workers to whom the employer gives authority for the implementation of OHS, notwithstanding other contracted work.

NUMBER OF WORKERS PERFORMING WORK WITH SPECIAL WORKING CONDITIONS

TRAINING	RETAIL AND WHOLESALE	FOOD	AGRICULTURE	NON-CORE AND SMALL COMPANIES
	NUMBER OF EMPLOYEES WHO COMPLETED THE EDUCATION			
OHS	11,275	1,707	566	18
Protection against fire	10,127	1,449	271	14
Special working conditions	1,112	336	400	9
First Aid	792	166	150	2
Authorized officer	235	50	55	5

CREATING VALUE FOR OUR EMPLOYEES Health and Safety of our Workers

ACTIVITIES RELATED TO HEALTH AND OHS IN OUR COMPANIES

In 2021 many of our companies organized various health-related activities and promotions, which included sports events and health exams.

When it comes to our Beverages Group companies, in 2021 Jamnica CRO has joined the EU project "A Health-Friendly Company" ("Tvrtka prijatelj zdravlja") in which employees are educated about the importance of a healthy lifestyle in the work environment and also, all employees working

on the lines where glass is filled in the Jana and Jamnica plants received custom-made goggles that will soon be provided to colleagues in Sarajevski Kiseljak, as well.

Tisak organized a mobile mammogram for all employees at the company's premises.

Fortenova grupa d.d. is planning to start the *Safety Starts with You campaign in 2022.*



SOLIDARITY FUNDS IN MERCATOR SRB AND KONZUM BIH

In 2021 our companies Mercator SRB and Konzum BIH continued to support health through voluntary Solidarity Funds they established and registered in accordance with national legislation – aimed at raising funds and granting financial help to employees and their immediate family members in need for medical assistance.

In Konzum BIH employees decide on the amount they want to participate with. In accordance with the Fund's internal act, there is a defined list of medical conditions, their severity and amounts that can be granted. Each employee who is a member of the Fund can apply for financial help – their request is subject to a decision of a three-member Commission that meets on a monthly basis.

In Mercator SRB the Fund is financed through amounts withheld from employees' salaries (each employee decides on the amount), grants, donations, gifts and other sources in accordance with national legislation. The list of medical conditions is also defined – the employee has to submit a reasoned request for financial help, which is then subject to the Fund's Board of Directors' decision. Each employee can be granted financial help up to two times a year. In 2021, 267 employees received financial help from the Fund.

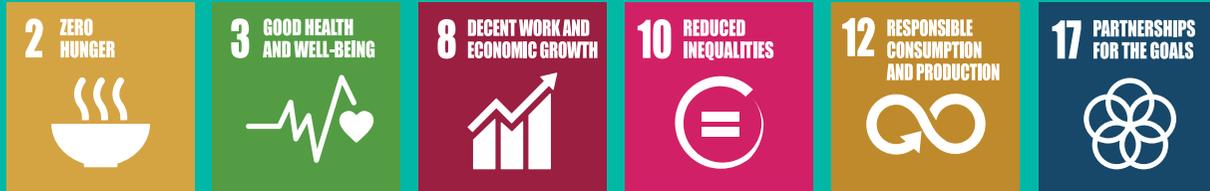
Many of our companies organized various health-related activities





**CREATING VALUE FOR
OUR CUSTOMERS AND
LOCAL COMMUNITIES**

CREATING VALUE FOR OUR CUSTOMERS AND LOCAL COMMUNITIES



SUPPLY CHAIN AND LOCAL PROCUREMENT

All supply chain operations are conducted in an ethical and fair manner in all business relations with suppliers and other legal entities. The procurement procedure must be conducted in a completely transparent manner in line with the general principles of procurement and must not discriminate or favor any of the bidders.

All three Fortenova Group business segments in which companies operate (divided by divisions, Retail and Wholesale, Food and Agriculture) require extensive collaboration with a wide network of suppliers. Considering the vast array of impacts a supply chain may have on both the people and the environment (hereby we primarily consider negative impacts, such as human rights violations, sourcing of raw material in an unethical and environmentally damaging manner, etc.), this topic was also identified as material during our analysis. Currently we do apply certain rules of engagement when doing business with suppliers, and these practices can vary depending on the operating company. At Group level we have implemented, and we apply the **Procedure of Procurement in Fortenova Group Companies** which was also cascaded down to the operating companies. In order

to regulate their relationships with suppliers, the Procedure contains guidelines on supply chain operations for all Fortenova Group companies. The concept of supplier relationship management ensures cross-functional supplier management along with an overview of the overall supplier life cycle. It involves conducting pre-defined phases of supplier management. Supplier conduct is also prescribed by the Fortenova Group Code of Ethics where adherence to this Code and other Group policies, standards, bylaws, and procedures relevant for a relationship with a certain supplier represents a precondition of every supplier agreement.



CREATING VALUE FOR OUR CUSTOMERS AND LOCAL COMMUNITIES Supply Chain and Local Procurement

In line with the **Procedure of Procurement in Fortenova Group Companies** we are committed to act responsibly in performing our procurement activities, taking into account the impact we may have on people and the environment. Legal requirements related to the procurement scope must always be considered. Special consideration shall be given to Health and Safety rules, GDPR, market competition and rules related to fair trade in the food supply chain. In this context, our companies evaluate the performance of their key suppliers at least annually – through a post-evaluation of existing suppliers. Suppliers with multiple violations of contractual terms, or those who violate ethical, Health and

Safety or GDPR rules, or cause damage to Fortenova Group in any other way are reported to the Group Procurement where the Procurement Council considers exclusion of such suppliers from further cooperation with all Group companies.

Currently we do not have specific due diligence procedures in place which would be executed when entering a business relationship with a new supplier and which would apply to both social and environmental criteria. However, given the materiality analysis and its results indicating that this is one of the crucial topics to

focus on, and also the current regulatory trends at EU level (especially the proposal for a Directive on corporate sustainability due diligence adopted by the European Commission), we must shift our focus further. As one of the objectives for the next reporting periods we plan to further improve and establish an environmentally friendly and socially responsible, i.e. sustainable, supply chain framework.

When it comes to the size of its supply chain, Fortenova Group does business with **over 29,000 suppliers in total**, whereof 64% are from Croatia, 15% from Serbia, 9% from Bosnia and Herzegovina, 5% from Slovenia, 5% from other EU countries and 2% from other countries. Based on different operations and the businesses' regional footprint, the Group deals with a wide range of suppliers, from small agricultural producers, some of which also have the status of contractors, producers of raw materials, packaging, energy, up to suppliers of finished products sold through the Group's retail network as well as suppliers of services and IT solutions.

When it comes to actual practices regarding suppliers, we tend to focus on local suppliers – in 2021 we spent on average 80% of our procurement budgets on suppliers within the same country. Significant locations of operations in this context means the country where a specific operating company is located, i.e., only suppliers from the same market are considered as local.

Fortenova Group companies are classified according to different country markets. The right-hand column in the table below represents the share of suppliers formed from intragroup companies in each market in the total share of local suppliers in that market.

PERCENTAGE OF THE PROCUREMENT BUDGET USED FOR SIGNIFICANT LOCATIONS OF OPERATION THAT IS SPENT ON SUPPLIERS LOCAL TO THAT OPERATION IN 2021:

Country market	Local suppliers	Intragroup share
Croatia	72%	22%
Slovenia	82%	3%
Serbia	92%	4%
Bosnia and Herzegovina	76%	4%
Montenegro	88%	0%

Such local practices regarding suppliers are especially emphasized within our Retail and Wholesale Division which adopted as a strategic determinant the goal to support local suppliers through strong alliances and partnership relations. Through various projects on their respective markets retail companies provide special support to the domestic, local production. Thereby they ensure access to their shelves to small suppliers and facilitate their product placement, while also expanding the local offer for customers. Both Konzum CRO and Mercator SLO have had specific activities aimed at promoting locally grown and fresh produce. In particular, Konzum CRO has the project "Najbolje iz Hrvatske" (The best from Croatia), Mercator Slovenija features "Radi imamo domaće" (We love local), "Ukusi moga kraja" (The tastes of my home region) is the project at Mercator Serbia, while Konzum BIH has the project "Kupujmo domaće jer domaće se voli jače" (Let's buy local as local is more lovable). More information on these initiatives can be found further in the text in section Impacting Local Communities, under Supporting Local Producers.



"Through various projects on their respective markets retail companies provide special support to the domestic, local production."

SUSTAINABLE FOOD AND CUSTOMER WELLBEING

As indicated at the beginning of this Report, consumers in the final consumption market are the most significant user category of Fortenova Group's products and services. At Fortenova Group we take product quality and safety very seriously and put customers' satisfaction, health, and wellbeing at the top of our priorities.

Internal Audit for Food Safety, established as an independent control within Fortenova Group, performs continuous monitoring and implementation of improvements in all aspects of quality, from business process improvements to monitoring all food safety requirements, internal laboratory methods, quality assurance and consumer protection within Fortenova Group companies.

Internal Audit for Food Safety checks the laws, regulations, and industry standards with which the organization needs to comply and determines whether we are compliant. The goal is to provide deeper understanding and education in this area to ensure that a common approach is used in practice, ensuring risk mitigation and alignment with regulatory requirements.

Audit engagements of food quality, health and safety in 2021 achieved:

- 1. Harmonization of the internal laboratories' analytical methods with valid accredited protocols and standards***
- 2. Validation of work and training of analysts in the operating companies' internal laboratories***
- 3. Provision of expert assistance in case of occurrence of pathogenic bacteria within production, monitoring and supporting the process of a product recall***
- 4. Development and implementation of supplier and product risk assessment methodology in operating companies, as a base for risk mitigation***
- 5. Ensured advisory service in Food Health and Safety by developing and executing an education program for operating companies***
- 6. Establishment of an Internal Analyses Catalogue for all operating companies***
- 7. Increased awareness of the quality control significance.***



We firmly believe the relationship with consumers needs to be based on mutual trust and respect, which we maintain by continuously assuring the highest level of product quality, safety controls and managing the relations with every consumer with due diligence and care, kindly, promptly, and comprehensively.

Recognizing that our business activities include all the segments of the supply chain – from producing and processing raw materials to supplying our retail network, and providing consumers with our final product, the Group is firmly committed to ensuring that the final goods and services which reach the consumers are of the highest possible quality by:

- **Implementing all relevant regulations and food safety and quality standards in our procedures and daily work practices**
- **Providing products and services according to good manufacturing, hygiene and laboratory practices respecting and prioritizing consumer protection in every segment of our business**
- **Establishing a continuous monitoring process over service and product health safety and quality to achieve maximum consumer trust and satisfaction**
- **Ongoing investment in research and development**
- **Devising and implementing policies, systems, measures, and procedures intended to ensure a high level of quality, hygiene, and safety in all supply chain segments.**

Fortenova Group has a significant role in the retail market as the regional leader, assuming the position of both buyer and supplier of goods and services. With this in mind, the Group is committed to acquiring and providing products and services of the highest quality, while setting objective and transparent criteria under which the Group enters a relationship with a business partner to mitigate the risks of endangering fair market competition. Therefore, the principles of impartiality, quality control and consumer satisfaction are our priority with all business partners.

We apply strict policies concerning the quality of raw materials, which is why we have defined expectations from our current and future suppliers

As stated in our Code of Ethics, our suppliers need to be aware that the Group applies strict policies concerning the quality of raw materials Fortenova Group uses in its supply chain, and products and services Fortenova Group sends further down its supply chain towards the consumer.

Therefore, suppliers are expected to:

- **be audited before selection by the Group internal experts or external auditing companies (insight into supplier performance can form effective strategies and mitigate business risks)**
- **be assessed by the companies to determine whether future suppliers meet their organizational standards and contractual obligations**
- **undergo regular performance evaluations by the companies in search of inconsistencies or opportunities for further growth to strengthen the supply chain and relationships with suppliers**
- **provide evidence that they operate following HACCP principles and Good Manufacturing Practices, proof of established supervision and confirmation of the food safety of their raw materials and products supplied to us**
- **provide evidence from external accreditation bodies to have implemented Food and Quality Standards acknowledging the high quality of their business**
- **adopt and maintain a transparent pricing policy that provides a price benchmark for raw materials, products and services that are to be used further down the Group's supply chain**
- **maintain stable business practices and methods that allow for a long-term relationship to be established.**

During our Sustainability Journey, we benchmarked our activities with our selected peers and further investigated all market trends and regulation changes that will affect us and the way we develop our products. We are committed to working towards the goals of EU's Farm to Fork Strategy and offering our consumers healthier and more sustainable food choices.

Thus, the Retail and Wholesale Division focused on providing fresh food to their consumers by working together with small local businesses and supplying their consumers with verified food quality. In 2021 our companies further developed their lines of healthy food and private label products with a total of 42 new products.

In 2021 we launched 24 new private label Bio Zone products (including beverages, flours, flakes, semolina, canned food, spreads and smoked salmon). We also developed a new private label Active Zone based on previous products that were part of the private labels K Plus and Mercator. 18 'old' products were redesigned to contain a high content of protein or fiber without added sugar – each labeled with front-of-pack 'traffic-light' nutrition labeling.



CREATING VALUE FOR OUR CUSTOMERS AND LOCAL COMMUNITIES

In April 2021 Belje has introduced a new line of milk and dairy products produced at the dairy plant in Osijek, Croatia - the **Kravica Kraljica** brand representing more than 7,500 cows from local farms. Namely, Belje is the only large-scale dairy producer in Croatia with own dairy farms in addition to production facilities. Besides the milk from the company's own 4,000 cows at Belje farms and another 2,000 cows at Vupik farms, Belje purchases milk from contractors whose farms are located across all five counties of Slavonia in Croatia. This great source of raw material in the form of locally produced milk served as the basis for developing the brand. Belje has been the largest milk producer in Croatia for many years and together with its contractors and partners, it produces 58 million liters of milk each year, which accounts for 14% of the total cows' milk production in Croatia. It is important to Belje for its customers to be aware of the fact that Kravica Kraljica products are made from milk produced in Croatia, with guaranteed traceability across the entire production process, from the farm to the final product on the store shelf. Thus, the main determinants of dairy production operations at Belje are traceability, animal welfare and sustainable production. Moreover, the cows' diet is based on locally grown raw materials coming from the company's own fields.

The Food Division companies Zvijezda CRO and PIK Vrbovec CRO launched **Planet of Plants** – a line with 100% plant-based products with no animal-derived ingredients like meat, milk, eggs, or honey. Seven products within the line have been developed in 2021. The products in this line are also gluten-free and soy-free, and their production is much more environment-friendly than meat production. This way, we offer our climate-conscious consumers with specific dietary habits a wider choice of food which is also produced locally.

In 2021, PIK Vrbovec CRO launched a total of 7 new products from the groups marked with **0% (without flavor enhancers, artificial colors, gluten and soy) and with 25% less salt**. Also, in May 2021 the company launched a new product line **PIK&GO** - innovative meat savory snacks naturally rich in proteins and an integral snack meeting all nutritive and energy needs. They contain no gluten, soya, preservatives, flavor enhancers or artificial colors and have a significantly lower fat content compared to traditional savory snacks. There are 3 products in this line.

Jamnica CRO continued its work on functional drinks that combine nutritious and technological solutions to provide health beneficial functional drinks. The company received EU funds for the project "**Development of functional drinks in sustainable packaging JamINNO +**". The value of the project is around HRK 42 million, and the funds will be used to develop an innovative functional low-energy beverage with a bioactive component that will be isolated from some of the indigenous Croatian plants, sustainable and environmentally friendly packaging and microplastics research. Also, in December 2021 Jamnica CRO launched a new functional product **ProGame**. This innovative product was created in collaboration with gamers and is primarily intended for them, as it contributes to creating the energy that helps them to better experience the game and better focus on lengthy challenges without experiencing the sugar crash. This is due to a unique sweetening system based on palatinose, a type of carbohydrate with a low glycemic index that releases the sugar slowly. ProGame is available in two flavors (sour cherry and mango/apricot), and apart from providing important hydration, ProGame is low in calories, contains an optimum level of caffeine from natural source, vitamins and minerals and no taurine.



"The Kravica Kraljica brand representing more than 7,500 cows from local farms."

QUALITY AND SAFETY OF OUR PRODUCTS

We set a strict quality and safety control framework and apply standardized policies and procedures to ensure our processes and products are of the highest quality and safe to consume. Our products' and services' health and safety impacts are assessed for improvement at each production stage – from the development to the product's launch to the market.

Our entire production system's systematic control and supervision is secured through recognized and recommendable certificates. All our production companies regularly achieve a high-level score on certification audits – note that all our existing certificates are listed in **Memberships, Certificates and Recognitions**.

All private label products are manufactured in accordance with legal requirements and the required health and safety standards and systems in our Retail and Wholesale Division. Private label manufacturers must have ISO 9000/9001, ISO 22000, HACCP or IFS or BRC Standard implemented, and any other appropriate certificate for special types of production, such as BIO or Gluten-free – which they submit to our companies before the bid selection.

When delivering the ordered raw material or product, before placing it on the market, the supplier is obliged to submit the following documentation to confirm the product safety:

- **Analytical Report of an accredited laboratory confirming that the parameters of health safety and quality of products are per EU legislation or other relevant regulation, or requirements defined by the contract**
- **Shelf-life validation**
- **Food contact materials and packaging analytical reports and declaration of conformity**

- **Product specification**
- **Label specification.**

Besides food safety, the quality parameters are also tested. Therefore, for all private label products, our companies conduct internal organoleptic analyses during the year and validate them externally in accredited laboratories. For example, in 2021, 1,454 organoleptic tests were performed in Croatia, 1,910 in Slovenia, 521 in Serbia and 54 in Bosnia and Herzegovina.

Procurement teams are under a lot of pressure to find, qualify, monitor, and manage suppliers while lowering the cost of doing so. With supplier quality auditing, procurement managers can make better and more cost-effective procurement decisions by:

- **Mitigating risk through communication, evaluation, selection, and monitoring services**
- **Gaining unprecedented visibility into safety statistics, risk profiles, and historical data**
- **Reducing lead time and improving efficiency with ongoing guidance and support throughout the procurement process**
- **Maximizing data quality on the entire supply chain.**

Fortenova Group has developed a methodology for supplier and product risk assessment, so operating companies got an effective tool for risk management and supplier audit checklists as an assessment implementation tool.

The COVID-19 pandemic has created unprecedented challenges for quality professionals in production assurance, quality assessment and conducting supplier audits in lockdown conditions. Under those circumstances, Internal Audit for Food Safety educated staff to perform

remote audits and use them effectively and in a manner that ensures reliable results. Thus, our companies have a continuing food safety monitoring process consisting of:

- **Internal monitoring in our internal laboratories (conducting hygiene swabs, organoleptic, microbiological and physical and chemical analyses - depending on internal risk assessment and production process)**
- **External monitoring in accredited laboratories (conducting microbiological analyses, contaminant and organoleptic controls prescribed by relevant regulations and guidelines)**

In 2021, we conducted 73 supplier audits of manufacturers and 2,149 monitorings of private label products.

While providing their services, our Retail loyalty card companies handle various data on our customers, so they pay special attention to conforming to all legal requirements, including GDPR, national data protection acts and relevant national legislation on customer protection. MultiPlus Card as loyalty program manager provides loyalty transaction processing services for Fortenova Group companies in Slovenia, Serbia, Bosnia and Herzegovina and Montenegro. The company has the ISO/IEC 27001:2013 certificate, which means its information system is well established and secure.

QUALITY AND SAFETY OF OUR PRODUCTS

Our **Food Division** companies' products are developed in compliance with all legal and technological requirements and by considering all other relevant criteria, including those of required nutritional values. In addition, they have appropriate quality and safety standards and systems in place (depending on the company, those include ISF, HACCP, ISO 50001: 2018, ISO 22000, GMP+, GLP).

The companies have defined, well-documented quality control management systems that are applied throughout all the product life cycle stages, with control plans describing relevant production processes. In addition, all our raw materials and products go through various analyses and inspections.

In our production processes, we have established internal laboratories with the primary task to ensure daily monitoring of the premises' hygiene parameters, equipment, employees, and the safety of the product before placing it on the market.

Considering the importance of conducting correct analyses, accurate interpretation of analytical data and, depending on the findings, taking appropriate corrective measures, the Internal Audit for Food Safety approves closing recommendations, reviews the work of analysts and provides training to staff members.

In 2021, more than 753,000 internal analyses, including microbiological, chemical and physical analyses, were performed within our companies' internal laboratories, out of which 65% were in the Food Division and 34% in the Agriculture Division. Moreover, although they perform testing internally, all companies pursue testing in officially accredited laboratories as well. Storage of the products is monitored to ensure their quality

and safety. Product traceability is a legal obligation that we strive to improve more and more every year by introducing technological monitoring systems. Beverages Group companies, for example, implement several systems to ensure traceability of the whole production process and distribution chain.

In the **Agriculture Division**, our products pass quality and health controls according to relevant legal requirements and food quality and safety standards and systems (depending on the company, those include ISF, HACCP, ISO 9001, FSSC 22000, GLOBAL GAP). Depending on the type of products, we conduct all required analyses - such as chemical, microbiological, organoleptic, existence of pesticide residues and heavy metals, performed in both internal and external accredited laboratories.

In addition to reviewing the parameters of health safety, great attention is paid to controlling the delivery and transport of raw materials and cold chain temperature.

Packaging design and materials are safe and suitable for food use, provide adequate protection for products to minimize contamination, prevent damage, and accommodate proper labelling. In addition, the packaging materials or gases we use do not contain toxic contaminants nor threaten the safety and suitability of food under the specified conditions of storage and use. Also, we ensure that the food contact materials in all our businesses are compliant with the legislation, while related information must be incorporated into the traceability system.

When it comes to **Non-Core**, our IT companies comply with all relevant legal requirements and have implemented the ISO/IEC 27001:2013 certificate for information security management system. Data security and user protection are

at the top of our companies' priorities, so they implement the latest technologies in their business and systematically educate staff on IT security. In addition, data protection and safety are further secured as data go through an additional control location.

IN 2021, MORE THAN
753,000
INTERNAL ANALYSES
PERFORMED.

CREATING VALUE FOR OUR CUSTOMERS AND LOCAL COMMUNITIES

PRODUCT LABELING

All our food products should be accompanied by or labeled with adequate information to enable the next Food Business Operator (FBO) in the food chain or the consumer to handle, prepare, display, store, and/or use the product safely and correctly.

With this in mind, regarding labelling of our products across our divisions, we are in full compliance with the Regulation (EU) No 1169/2011 and other applicable national regulations. Furthermore, our companies have externally authorized experts whose daily task is to study and harmonize declarations on the markets we operate in. Prepackaged foods are labeled with clear instructions to enable the person in the food chain to handle, display, store and use the product safely. This includes information that identifies food allergens in the product as ingredients or where cross-contact cannot be excluded.

Our products' labels include all required data, which, depending on the product, provide sourcing of product components, information on the correct and safe usage of the product, storage conditions, nutritional value, allergens, and shelf life. In addition, depending on the product, labels also contain other relevant information and characteristics of the product, including certificates or relevant trademarks, specification of the product and its ingredients, information on manufacturer and importers, hazard pictograms, and benefits of the product. Also, packaging materials are specified on the packaging for proper disposal and recycling. An exception to the detailed labelling requirement is PIK Vinkovci – as producer of primary field and vegetable products.

Some companies provide additional value information for their consumers. For example, Agrolaguna and Vupik include relevant wine information, Dijamant includes the

Roundtable on Sustainable Palm Oil (RSPO) certificate, which guarantees responsible sourcing of palm oil. At the same time, PIK Vrbovec CRO provides information on salt ratio, flavor enhancers, artificial colors, gluten or soy, and the Baby Beef certificate – certificate of Croatian quality and origin. Similarly, Zvijezda CRO emphasizes the absence of certain additives (preservatives, emulsifiers, added dyes, hydrogenated fats) in its products and displays the Croatian quality logo.

In the Retail and Wholesale Division, the labeling of all private label products (food and non-food) is made in accordance with applicable legislation. The source of the ingredients is stated for all food products (as prescribed by law), including in case the basic product ingredient does not originate from the same country as the product. Also, specific eco-features of packaging are highlighted on the products (e.g., packaging made from recycled material, 100% paper, sugar cane), when such is the case. In addition, the benefits of the product itself are highlighted on the products – for example claims like "source of vitamins", "source of protein", "no added sugar". Clearly defined steps in developing graphic design ensure the avoidance of errors on the products themselves and product labeling following legislation.

Establishing a food safety culture in every process step of our business is our priority and a way to raise their value through our employees and the management.



"Establishing a food safety culture in every process step of our business is our priority"

IMPACTING LOCAL COMMUNITIES

SUPPORTING LOCAL EMPLOYMENT

Local community should be the cornerstone of every company's stakeholder base. At Fortenova Group, we pay special attention to our impacts directed at the local communities of our main markets. We recognize that there is still work to be done in the segment of empowering our workers more and ensuring them a living wage which would ultimately lead to improved living conditions for their families and would have a larger overall impact.

On the other hand, Fortenova Group has a direct positive impact on the local community as an employer that employs over 45,000 people on six markets. Any investment made by Fortenova Group that additionally increases employment in its companies constitutes a benefit for the economies of the regions it operates in - which have long been suffering

from depopulation due to lack of adequate job opportunities and have additionally faced problems of emigration and migration of their working-age population.

We are strongly supporting hiring local talent in our top management positions across the countries we operate in and make efforts to have a positive market presence by contributing to the local economies and understanding specific local requirements. The image below showcases the percentage of top management that are hired from the local community per divisions and per our significant markets.

We define "top management" as those persons who are either members of the highest governing body in the company or are B-1 executives.

"Fortenova Group has a direct positive impact on the local community as an employer that employs over 45,000 people on six markets."

THE FOLLOWING TABLE SHOWCASES THE BREAKDOWN PER COMPANIES.

Companies	Percentage of top management from local communities
Fortenova d.d.	76%
Retail and Wholesale	97%
Food	98%
Agriculture	100%
Non-core and Real Estate	100%

THE FOLLOWING TABLE SHOWCASES THE BREAKDOWN PER SIGNIFICANT MARKETS.

Market	Percentage of top management from local communities
Croatia	97%
Slovenia	88%
Serbia	100%
Bosnia and Herzegovina ²⁷	100%
Montenegro	100%
Hungary	0%

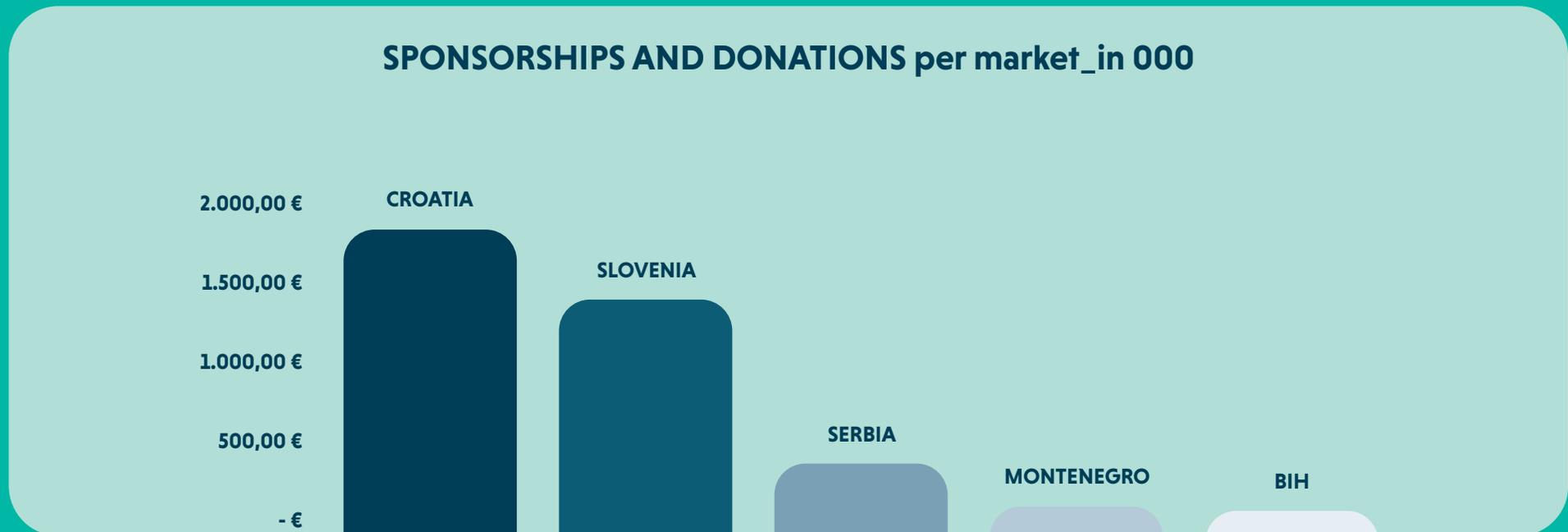
²⁷ Does not include data for Zvijezda Laktaši and Zvijezda BIH.

OUR PROJECTS, DONATIONS AND SPONSORSHIPS AIMED AT LOCAL COMMUNITIES

During 2021 Fortenova Group invested almost **EUR 4 million** in donations and sponsorships (including in-kind), and about 10% of the overall budget was directed to more than 100 projects, all aimed at local communities. The Group supported over 80 humanitarian activities, more than 70 projects directed towards socially vulnerable groups

and more than 80 projects in culture. Viewed by individual markets of operation, Croatia accounted for the majority of these investments with 47%.

The overview of our sponsorship and donation initiatives is given below:



SUPPORTING LOCAL PRODUCERS

Fortenova Group's role as a food producer and retailer entails both promoting and strengthening the economies of local communities and attending to the consumers' needs regarding healthier diet and fresh produce. With that in mind, our Retail and Wholesale Business Division works hard in supporting local producers and delivering the best local values to its consumers. Below is the outline of the most important activities during 2021.

Through its project **"Najbolje iz Hrvatske"** (**"The best from Croatia"**) during 2021 Konzum CRO increased the number of stores where customers can find the product assortment supplied by small local producers and family farms - from 23 stores in June 2020 to 68 at the end of 2021 - including 50 Konzum CRO's largest retail stores - Super Konzum stores. The total turnover in that category has grown by as much as 90% (as compared to 2020). In late 2021 the assortment comprised as many as 280 various products from 64 producers, whose offer is promoted through attractive signage on the shelves and displays and featured in all channels – in 2021 it was present in 13 regular and four regional brochures.

Konzum BIH initiated its project **"Kupujmo domaće jer domaće se voli jače"** (**"Let's buy local as local is more lovable"**) in mid-2020 as a long-term initiative that opened its sales channels and additional shelves with a view to providing stronger support to local producers and helping them survive. At the beginning of the project, the focus was on increasing the purchase of fruit and vegetables from all parts of Bosnia and Herzegovina, aiming to purchase more than 10,000 tonnes by the end of that year. As part of that project Konzum BIH's assortment was extended during 2020 by more than 1,000 new domestic products in packaged food categories. The support to local production continued during 2021 through the project **"Produced in**

BIH" and was extended to supporting both original local brands and foreign brands that have started production in BIH, employ local workforce and use local raw materials in their production.

Through the brand **"Radi imamo domaće"** (**"We Love Local"**) Mercator SLO has connected local producers and processing companies across the country, with special attention paid to domestic products on the shelves of our stores. From the first initiative to offer customers as fresh products of domestic origin as possible from the nearby fields, orchards, vineyards and gardens, over time the project has evolved to achieve national significance for the development of domestic agriculture, it has diversified and expanded, earning affection among customers and in the industry. The concept was introduced back in 2016 under the name 'Local', as one of Mercator's unique selling propositions. The brand not only collaborated with local producers, but also supported Slovenian athletes and various local associations. At the time of publication of this Report, the "Radi imamo domaće" assortment counts 1,500 local products in total and is present in 259 stores. Out of 1,500 products, 96 are indigenous products and 75 belong to the co-brand group. At the same time, in the second half of 2020 the co-brand "Radi imamo domaće - private label" was initiated starting with 56 products. At the end of 2021 the co-brand counted 72 products in total. "Radi imamo domaće" sales in 2021 accounted for 1.51 percent of the total sales value, while **"Radi imamo domaće - private label"** held a share of 20% in "Radi imamo domaće" sales. "Radi imamo domaće" made it possible for Mercator SLO to be the main retail channel for 20 cooperatives and 160 local suppliers.

Through the project **"Ukusi moga kraja"** (**"The tastes of my home region"**) Mercator SRB has provided small

producers with the possibility to present their products on the shelves of large retail stores. The project was initiated in 2015 and has since promoted authentic Serbian products made according to traditional domestic recipes. In 2021 this product line featured 211 products and in 2022, the number is supposed to reach 230 products. This product line was awarded with the designation Čuvarkuća 2021, which is awarded through the project "Created in Serbia" by the Serbian Chamber of Commerce and primarily intended to provide support to domestic products and producers, but also to educate consumers of the importance of purchasing such products and of their high quality and domestic origin. The designation is assigned to those products created from at least 80% of domestic Serbian resources including raw-materials, processing, labor, packaging etc.



FOOD DONATIONS

Donating food is a humanitarian activity that is imprinted in Konzum CRO's DNA because since 2016, when the project of donating food was initiated, the company has collected and donated over 1,000 tonnes of food in Croatia. The quantity of donated food keeps growing, primarily due to the improvement of internal processes and the simplification of procedures, as well as the commitment of employees that, together with numerous associations across Croatia, take care daily that the food gets to those in need.

The system daily involves registered intermediaries, and the internal procedures and food donating processes are fully aligned with applicable regulations according to which there are three parties to the process – the donor, the intermediary, and the ultimate recipient. The total value of food donated through Konzum CRO in 2020 exceeded

HRK 5.8 million (without VAT). Konzum CRO is one of the largest food donors in Croatia, which is why it has been presented with the **"Naj donator" ("The best Donor")** award by Mreža Hrane (Food Network – a platform for joint program activities funded by the Croatian National Foundation for Civil Society Development) and Member of the European Parliament Biljana Borzan in 2021 (for 2020) for the fourth time in a row.

Konzum BIH applies the same practice of food donation, which reached approximately 350 tonnes in 2021.

In 2021 Sarajevski kiseljak in cooperation with the association Pomozi.ba secured 2,000 warm meals for the elderly and poor citizens in Bosnia and Herzegovina.

Mercator Slovenia has since 2013 been taking part in the "Donated Food" project, where volunteers from partner organisations pick up food from 37 Mercator stores in Slovenia every evening. Mercator's partners in the project are the Association of Lions Clubs of Slovenia, the Anton Trstenjak Institute, the Slovenian Red Cross, Caritas of Slovenia, the Krog Society, the Peter Pavel Glavar Foundation, the Vincentian Society of Goodness and Slovenian Philanthropy.



SUPPORTING DIVERSITY AND INCLUSION IN OUR COMMUNITIES

In addition to promoting diversity and inclusion within the Group, our companies also embrace diversity throughout the society and support the most vulnerable groups through their activities. The most significant examples of which we are proudest are highlighted further in the text. The companies Zvijezda CRO and Dijamant have through their collaboration with the Down syndrome associations in their respective local communities symbolically tied their social responsibility to the sunflower as a common identification sign for the companies whose products are made of the heart of the sunflower and for persons with Down syndrome (Sunflower Children). This collaboration resulted in the development of a number of projects that help raising public awareness and provide concrete help to persons with Down syndrome.

Six years ago, to mark its 100th anniversary Zvijezda CRO has started this valuable collaboration with the Croatian

Down Syndrome Community as the umbrella organization that assembles eight Down Syndrome Associations. The associations take care of more than 500 users every day, striving to promote integration, equality and the right of choice for the Sunflower Persons through a number of activities such as courses, lectures, workshops, consultations, therapies and different projects. They use donations like the one from Zvijezda CRO to finance activities such as art, music and culinary workshops, pay swimming pool exercises for babies with Down syndrome, co-finance speech therapist, rehabilitator and work therapist services, print educative materials. Similar to Zvijezda CRO, through the **"Follow the Sunflower"** campaign Dijamant initiated the cooperation with associations of persons with Down syndrome in Serbia and in striving to educate and sensitize the public on that topic, Dijamant shot a video spot conveying an important

message: "We are more alike than we are different". Dijamant started with this campaign in 2021, and along with monetary donations, it organized creative workshops for people with Down syndrome. At the same time, all digital communication channels of the company contain videos that represent people with Down syndrome with the purpose of meeting, accepting and sensitizing the community to help vulnerable groups. Dijamant's campaign Follow the Sunflower was proclaimed the best socially responsible campaign at the Festival of Socially Responsible Communication in Serbia and won the Grand Prix of the 2021 campaign. Zvijezda CRO has shown its care of sensitive groups in its local community also through the support to social entrepreneurship, where its donations result in measurable market effects and new employments. In particular, through the collaboration with the Zagreb Association of

CREATING VALUE FOR OUR CUSTOMERS AND LOCAL COMMUNITIES

Blind People and their company Sfera Visia, which employs blind and visually impaired persons, Zvijezda CRO donates the annual quantity of raw material required for the manual production of hard and liquid soaps to the Sfera Visia production facility. Zvijezda CRO olive and sunflower oil as well as coconut fat are used for the manual production of soap as part of the project "Soaps with dots". This is a social entrepreneurship project of the Zagreb Association of Blind People for blind and visually impaired persons which has been recognized and initiated by the Cloak of St. Martin Social Services Cooperative and the support provided to the project is an active contribution to employing blind and visually impaired persons. At the same time, due to Zvijezda's active support, a liquid soap production facility has been opened that immediately employed three blind and visually impaired people, with a plan for additional employment depending on sales results.

In 2021 PIK Vinkovci concluded a Cooperation Agreement with integrative workshops in Croatia which employ disabled individuals (at least 40% of total workforce). These workshops produce various workwear and footwear, or provide printing services, which are regularly purchased by PIK Vinkovci. Through its annual sponsorship for the Sports Association of the Town of Jastrebarsko (SZGJ) in Croatia in 2021, Jamnica CRO helped SZGJ to finalize the purchase of a van used by sports clubs and associations from the town's territory to go to competitions, tournaments and the

like. Besides that, part of the sponsorship was used to organize exercises for elderly citizens (so-called third age citizens). In 2021 funds were donated to the Special Hospital for Chronic Children's Diseases in Gornja Bistra for the purchase of special medical beds and anti-bedsores mattresses in order to additionally improve the life quality of the hospital's severely ill patients. In collaboration with the Open Media Group, an association helping young people without appropriate parental care, a donation has been arranged to support young people in finding their first job and in Macedonia, one of its export markets, Jamnica CRO donated funds to support the renovation of the Nephrology Department at the University Clinic for Children's Diseases of the Mother Theresa Complex in Skopje. The renovation included new floors, ceilings and patients' rooms, which were equipped with new toilets.

Mg Mivela in collaboration with Konzum CRO and the humanitarian Association Renato – Chefs without Borders, realized a donation to provide for 50 free preventive ultrasound heart scans for children of lower financial status in top hospitals and private clinics throughout Croatia. For that purpose part of the funds was set aside from each purchased package of Mg Mivela water in Konzum CRO.



REVITALIZATION OF OUR COMMUNITIES

In 2021 Belje realized several investments in the local community infrastructure. Thus, it donated the building of the winery and the pertaining cadastral plot in the center of Kneževi Vinogradi to the municipality. Belje had not used the facility for more than 10 years, whereas the municipality wanted to revitalize the premises and repurpose it for tourism activities, and as a wine incubator. In addition, through the common road maintenance agreement between the municipality of Kneževi Vinogradi, the municipality of Popovac, Odašiljači i veze d.o.o. (Transmitters and Connections LLC) and Belje it was agreed that each of the parties would make an investment to repair and pave the local road leading to the Belje transmitter at the top of Banovo Brdo, which Belje used for the needs of the vineyard. Belje also invested in the repair of the access road to the main national road D-7. Besides for Belje's agricultural machinery, this access road is used by farmers who own agricultural land along that road, as well as everyone passing through the vineyards.



CREATING VALUE FOR OUR PLANET.

CREATING VALUE FOR OUR PLANET



CREATING VALUE FOR OUR PLANET

Fortenova Group's business operations include a variety of environment-intensive activities, especially in terms of agriculture and food production.

Viewing our operations in the context of the ever-increasing attention around the climate crisis and growing climate concerns, we recognize that we must play our part in decreasing our negative impacts and our environmental footprint, while increasing the positive ones. Therefore, environmental protection is a significant segment of Fortenova Groups' integrated management systems and is part of all strategic decisions and business processes. Our activities focus on two basic strategic determinants, (1) continuous improvement of environmental values and energy efficiency, together with (2) the prevention and reduction of all types of pollution in the immediate, wider, and global environment.

To bring these determinants into practice, we primarily consider the applicable legal frameworks in relevant jurisdictions and comply with regulatory requirements regarding environment and nature protection, waste management, control of emissions into water, air and soil. As a next step, both at Group and individual operating

company level, we aim to develop and introduce new practices regarding the use of resources and energy, pollution prevention, cooperation with suppliers and other stakeholders, to encourage knowledge exchange and take systematic care of nature and the environment not only within the Group but also to influence all customers, stakeholders and others by setting positive examples. Moreover, to highlight the importance of an individual company's focus on environmental matters, some of our operating companies issue their own annual sustainability reports or reports in which they disclose environmental data. These are Belje, Zvijezda CRO, and Mercator (for the whole Mercator Group).

Fortenova Group's business activities are bundled in four categories: Retail and Wholesale, Food, Agriculture and Non-core and Real Estate, and this is how we will disclose our environmental data in this Report. Fortenova grupa d.d., will be shown separately.



ENVIRONMENTAL TOPICS WHICH WERE IDENTIFIED AS MATERIAL AT GROUP LEVEL ARE:

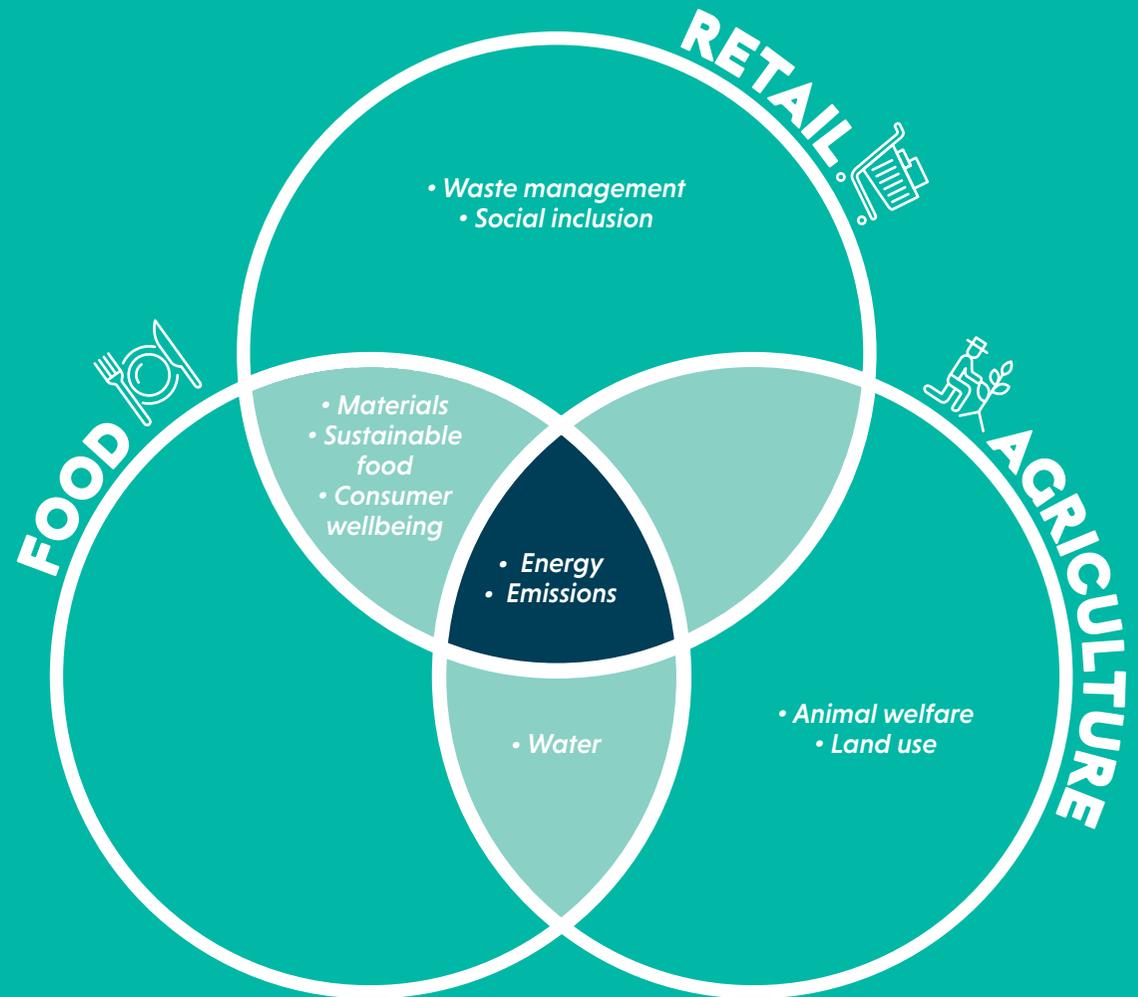
- *Water management*
- *Waste management*
- *GHG Emissions*
- *Energy*
- *Materials*
- *Land use*
- *Animal welfare.*

CREATING VALUE FOR OUR PLANET

An important note to be made about the environmental data disclosed herein is that during 2021 we did not have in place any systematic Group-wide approach towards data monitoring, collection, and aggregation. For example, we do not have a common approach when it comes to greenhouse gas (GHG) emissions and some operating companies were not able to make their calculations. That is why 2021 will not be considered as a baseline year for our reporting on environmental topics but as a **best effort exercise** to show our commitment and the direction we have taken to increase our positive impacts with respect hereto. We made relevant disclaimers under each reported topic.

Although certain efforts have been made regarding data collection at Group level, difficulties arose mainly due to different, or no practices applied by individual companies and the lack of specifically designated functions within the companies which would lead these activities. However, with a view to changing the status quo, we have had several education sessions on raising awareness and emphasizing the importance of environmental protection and its implications for our everyday business, but also on carbon footprint and GRI standards and their application. Also, during 2021 we had several data collection and aggregation exercises coordinated by the Group but undertaken at the level of operating companies. Combined with the aforementioned workshops, these helped us in spreading the overall understanding of what needs to be done (general environmental issues and desired goals per each business division) and what are the tools in reaching the desired goals (determining specific goals, establishment of monitoring systems, frequent data review and progress monitoring).

The image below shows the graphic intersection of these material topics across the business divisions, i.e., based on priority given per divisions. Energy and emissions are recognized by all divisions as the most crucial to tackle at Group level, which confirms our understanding and concern for the climate issues.



ENERGY AND DECARBONIZATION

With a workforce of over 45,000 and more than 30 administrative headquarters, 29 production plants, more than 2,500 sales locations and distribution centers across six jurisdictions, our use of energy and the consequential GHG emissions are quite significant. In order to properly address our impacts, for the purpose of this Report we focused on introducing data gathering regarding energy consumption and GHG emission at Group level. Since this was a first-time Group exercise with different levels of experience, knowledge and data availability among

operating companies (not all using the same methodology, some already well-versed in data collection with detailed data tracked and monitored, and others doing it for the first time), we focused on the process. Our goal was to take the companies through the data collection and to emphasize attention points for the future. This way we can ensure consistency and precision going forward and ultimately work on the overall decrease of both energy consumption and GHG emissions. However, for 2021 – due to inconsistencies within the collected data – information

reported herein represents the best-effort basis data. As already mentioned, we are abiding by all relevant legislative rules in force in all of the jurisdictions where we operate. Moreover, we are monitoring the upcoming legislation and future measures announced at EU level (especially the Fit for 55 package and rules on phasing-out plastics) which will eventually come into force and are planning to get ready and adapt our policies and processes in advance.

ENERGY CONSUMPTION

Across our value chains, energy is consumed both upstream and downstream, and various forms of energy are used – including both energy from renewable and non-renewable sources. Due to the Group's size and variety in terms of business divisions and operations, it is difficult to control and monitor all energy streams at Group level and currently impossible to impose a “one fits all” solution when collecting/aggregating data or introducing energy efficiency measures. Therefore, we are working on introducing specific measures for individual divisions and companies which would eventually

ease the process. For 2021 data was collected based on actual consumption data extracted from internal systems (SAP), invoices and information from suppliers and from installed meters. In some cases (Super Kartica SRB and Super Kartica BIH) companies were providing estimates due to leased premises and lack of exact data. In order to properly report on our energy consumption, the collected data had to be aggregated. For this purpose, companies used different methodologies, assumptions, and calculation tools to the best of their knowledge. Hence again, a disclaimer needs

to be made regarding data quality since not all companies took the same approach, which increases the potential for errors. Methodologies, assumptions, and calculation tools used include conversion factors from expert literature, national regulations and web-based solutions but we cannot guarantee that conversion factors were applied consistently for disclosed data. Based on aggregated data, our total energy consumption in 2021 was 8,599,433,427.08 MJ, with the majority consumed within Retail and Wholesale. The table below shows overall consumption per business divisions.

TOTAL ENERGY CONSUMPTION PER DIVISIONS IN MJ

	AGRICULTURE	FOOD	RETAIL AND WHOLESALE	NON-CORE	FORTENOVA GRUPA D.D.
Total energy consumption	1,492,128,925.33	1,406,692,637.74	5,680,576,598.18	11,397,719.92	8,637,545.92

Regarding specific types of fuel and energy consumed, we managed to aggregate data as shown in the tables below. Non-core companies and Fortenova grupa d.d. reported only data on fuel consumption for company vehicles, while the rest of the divisions reported data on different types of fuel used in their operations.

CREATING VALUE FOR OUR PLANET Energy and Decarbonization

TOTAL FUEL CONSUMPTION WITHIN THE ORGANIZATION FROM NON-RENEWABLE SOURCES, INCLUDING FUEL TYPES USED IN MJ

	AGRICULTURE	FOOD	RETAIL AND WHOLESALE	NON-CORE	FORTENOVA GRUPA D.D.
Diesel	222,296,990.48	187,528,739.98	2,649,162,597.02	1,690,898.92	2,639,632
Gasoline	767,263.65	10,455,927.57	162,121,976.30	0	235,949.90
Natural gas	220,051,200	367,297,345.80	93,892,468.31	1,093,158.60	0
Fuel oil	6,604,122	120,390,747.34	25,231,798.82	0	0
LPG	24,956,680	7,069,311.25	3,974,880	0	0
Total	474,676,256.13	692,742,071.94	2,934,383,720.46	2,784,057.52	2,875,581.90

TOTAL FUEL CONSUMPTION WITHIN THE ORGANIZATION FROM RENEWABLE SOURCES, INCLUDING FUEL TYPES USED IN MJ

	AGRICULTURE	FOOD	RETAIL AND WHOLESALE
Biogas	829,565,452.80	0	0
Wood Pellets	702,000	0	3,704,400
Sunflower shell	0	312,946,000	0
Wood	0	0	604,800
Total	830,267,452.80	312,946,000	4,309,200



CREATING VALUE FOR OUR PLANET Energy and Decarbonization

Regarding actual energy consumed and sold, data is reported in the tables below. Most of the energy consumed within the Group is sourced from external suppliers and it concerns electricity and heating (or steam in Agriculture), however some companies also produce their own energy for various purposes (e.g. steam for drying produce). Among these, the most important is Energija Gradec which is selling the energy produced to other companies within the Group and which data is shown below.

TOTAL ENERGY CONSUMPTION IN MJ

	AGRICULTURE	FOOD	RETAIL AND WHOLESALE	NON-CORE	FORTENOVA GRUPA D.D.
Electricity	162,711,718.80	398,321,571.80	2,455,776,014.68	8,613,662.40	2,298,748.90
Heating	738,000	2,682,994	278.032.814,09	0	3,463,215.12
Cooling	4,856,900	0	3,648.95	0	0
Steam	18,878,597.60	0	8,071.200	0	0

TOTAL ENERGY SOLD IN MJ

	AGRICULTURE
Electricity	290,383,704
Heating	29,940,948

ENERGY INTENSITY FOR AGRICULTURE AND FOOD DIVISIONS

	AGRICULTURE	FOOD
Energy intensity ratio in GJ/t	1.7	1.5

Due to the already mentioned constraints, it was also challenging to calculate our energy intensity – the table below shows the intensity for Agriculture (without Energija Gradec) and Food. Retail and Wholesale companies use different denominators (sales, sold products, m2) among themselves and it was not possible to choose a common one for reporting purposes in this reporting period.

GHG EMISSIONS

Further to our energy consumption overview, we also conducted a preliminary GHG emission calculation for all our companies. Given that there is no implemented and ready-made solution for data tracking, collection and GHG calculation, that the level of knowledge varies among the companies, and that not all companies are included in the calculation (not all were able to calculate their emissions), we cannot take these results as relevant in determining 2021 as our base year for our calculations. However, the results are a good indication of our current state and can be used in the future for defining an outline of our decarbonization strategy.

Note that we only considered Scope 1 and Scope 2 emissions stemming from our operations, as Scope 3 are currently unattainable (especially when considering our upstream and downstream operations within the value chain for which we have very limited overall data), and we did not want to report data which will most likely have to be restated in the coming reporting periods.

Scope 1 emissions coming from our operations are mostly sourced from our manufacturing and production operations, fuel and LPG consumption related to vehicles, i.e. stationary combustion, process, and fugitive emissions. For Scope 1 calculation companies included CO₂, while some companies in Food and Agriculture also included CH₄, N₂O, and HFC (R134A, R404A, R407C) gases. Among Agriculture companies, only Energija Gradec, PIK Vinkovci and Vinka included their biogenic emissions.

Scope 2 emissions are related to energy consumption reported above, i.e., generation of purchased electricity, heating, cooling, and steam. Gas reported is CO₂ and data reported is location-based, while the consolidation approach taken is operational control. In the Scope 2 context another remark must be made on methodology and calculations. Within the Group we have a number of intra-Group leases which should be reported by the lessors

as energy consumption outside the organization, while in practice the companies included all the data from their own property into the calculations on energy consumption within the organization. For example, Zvijezda CRO is leasing one of its buildings to Fortenova grupa d.d. and has included all the information thereof in their own data, leaving Fortenova grupa d.d. only with data on real estate in their ownership for which it was not possible to calculate GHG emissions.

When compiling the reporting data, companies applied different methodologies and standards – some used national and/or EU legislation and standards, web-based GWP conversion and other GHG tools. Again, inconsistencies among companies are a potential risk, therefore we do not consider 2021 as the baseline year for our calculations, nor do we recommend using this data as a

benchmark. We needed to undertake this exercise to raise awareness among all the stakeholders among operating companies and to proceed with introducing tools and solutions for future data tracking.

Regarding actual data reported on GHG emission, the following companies did not provide any:

- Agrolaguna (for Scope 2)
- Roto dinamic
- Tisak
- MultiPlus Card
- Super Kartica SRB (for Scope1)
- A007
- M-Energija (for Scope 1)
- mStart
- Kor Broker
- LG Moslavina
- Fortenova grupa d.d. (included partly through Zvijezda CRO and shown in Food Division).

CREATING VALUE FOR OUR PLANET Energy and Decarbonization

Below is the data per scope of GHG emissions, reported per business division.

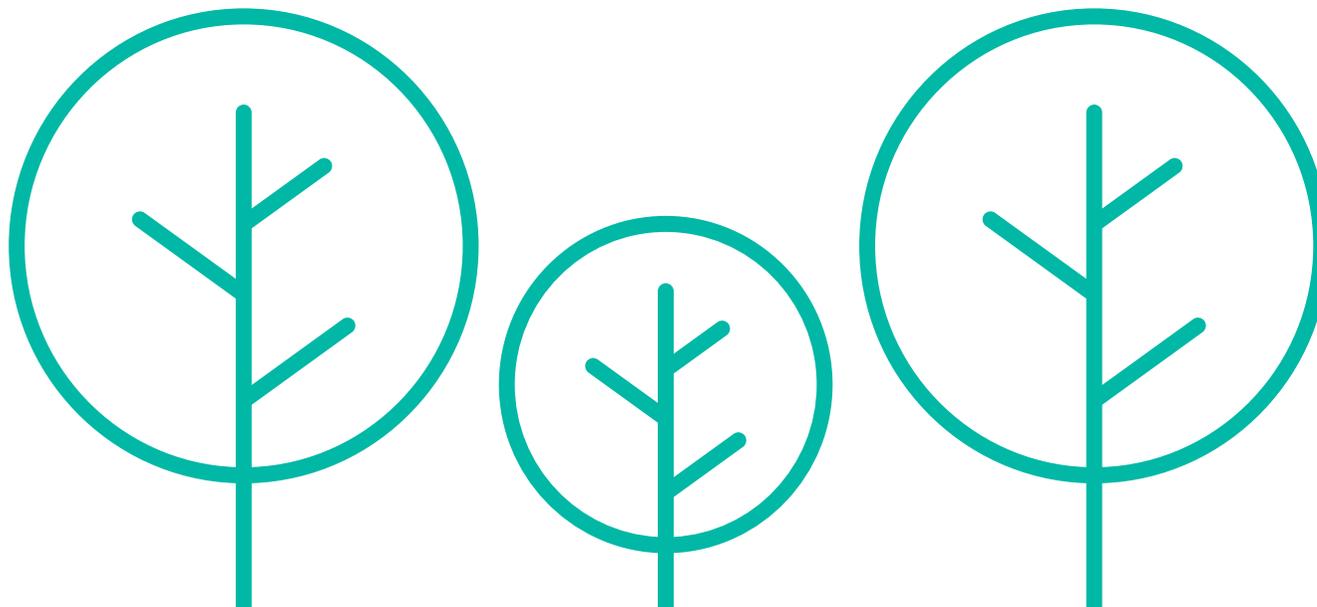
SCOPE 1 AND 2 GHG EMISSIONS IN TONNES OF CO2

	AGRICULTURE	FOOD	RETAIL AND WHOLESALE	NON-CORE AND REAL ESTATE	FORTENOVA GRUPA D.D.
Scope 1	360,639.77	43,869.14	116,450.15	28.82	n/a
Scope 2	626,485.45	14,432.96	384,769.60	27.83	n/a

In sum, Scope 1 GHG emissions at Group level amount to 520.987,88 tCO2, while Scope 2 amounts to 1.025.715,83 tCO2.

Even from the available data we can see that our emissions can be reduced, both at Division and Group level. That is why, once we establish proper systems and determine our exact GHG emissions, we will move forward to setting targets for the reduction of our carbon footprint. What we already know now, at the very outset of this important task,

is that the major contributor in reducing the Group's GHG emissions will be Energija Gradec – our own biogas plant operating within the Agriculture Division. Biogas is used for heating and electricity at two locations within the Group, with plans to include a third one, thus reducing the need for natural gas consumption and reducing the Group's overall GHG emissions.



RESOURCE MANAGEMENT: WATER, MATERIALS AND WASTE

Within our daily operations we use natural and manmade resources as primary and secondary inputs. Having in mind the growing scarcity of natural resources and at the same time the piling up of waste consisting of discharged raw and residual materials, packaging, food etc., the Group is focused on responsible and rational use of resources. In the following pages we will provide an outline of our current practices and consumption trends, together with

information on waste management. Data will be shown per business divisions. Regarding data on Fortenova grupa d.d., it should be noted that relevant data shown in the table below refers to different locations, Cibona Tower and the building in Marijan Čavić Street, both in Zagreb, Croatia. Cibona Tower is a property used by Fortenova grupa d.d. with part of the premises leased to other tenants. Data on water was collected and included (based on actual space

in m2 used by Fortenova grupa d.d.) for this location only, since data for the Marijan Čavić location is included in Zvijezda CRO data (which owns that property). On the contrary, relevant data for waste is reported for Marijan Čavić Street (not under Zvijezda CRO), as the property in Cibona Tower was mostly empty in 2021, hence no exact quantities were recorded, and lump-sum fees were paid to the municipality for waste management.

WATER USE AND MANAGEMENT

At the Group level, taking into account those companies which reported their consumption, a total of **2,476.85 megaliters** of water were used in 2021, most of which in the Agriculture Division. Detailed data is shown in the table below.

TOTAL WATER CONSUMPTION FROM ALL AREAS IN ML

	AGRICULTURE	FOOD	RETAIL AND WHOLESALE	NON-CORE AND REAL ESTATE	FORTENOVA GRUPA D.D.
Total water withdrawal	2,167.80	2,037.54	2,907.42	0.97	4.71
Total water discharge	529.57	1,354.75	2,751.60	0.95	4.71
Water consumption	1,638.23	682.79	155.82	0.02	0

All data reported above is collected from the invoices received on water consumption from the public suppliers.

RETAIL AND WHOLESALE

In the **Retail and Wholesale Division**, water is primarily used for drinking, hygiene, sanitary, and cleaning purposes. In some of the retail stores, it is also used in gastro departments for food preparation, in which cases oil separators and grease arrestors are installed to reduce the discharge of these substances into the sewerage system. Water is generally withdrawn from the public water systems and discharged in the public sewerage systems (exception for Mercator described below) and in case there is no public sewerage network, small municipal sewage treatment plants and septic tanks are used.

Regarding actual data reported herein, the following companies are excluded or have only provided estimates:

- *Konzum BIH – not able to generate water consumption data*
- *M-Energija does not use water*
- *Mercator IP – included in Mercator PSM*
- *A007 and MultiPlus Card – not able to generate water consumption data because of leased premises (received invoices do not show water consumption)*
- *Super Kartica BIH – estimate given for 0,1ML*
- *Žitnjak – not able to generate exact water consumption data because it shares its premises with Konzum CRO, estimate given for 4,5ML*

Konzum CRO monitors water consumption for each of its locations on a monthly basis to detect possible deviations. In case of unusual increases in consumption, each case is inspected and dealt with promptly to eliminate all potential issues. A more structured approach towards water stewardship is adopted at the Mercator Group level²⁸ where water is used not only for the above general purposes but also technological purposes for which water is pumped from own wells or watercourse and also used for cooling buildings and goods.

No industrial wastewater is generated at these locations, water is not contaminated during use, and it is either discharged back into the groundwater or it evaporates during the cooling process. Rainwater wastewater from roofs and paved surfaces is also generated at the sites.

Where public infrastructure allows this, rainwater is discharged into a meteor sewer separately from municipal wastewater, or – where this is not possible, into a common sewer. Additionally, Mercator Group indirectly identifies water-related impacts once a year through the assessment of environmental aspects in accordance with ISO 14001, considering all water sources and types of wastewater. In 2021, both the environmental aspects of water use and wastewater were assessed as important environmental aspects. Based on such assessments of environmental aspects and risks, environmental objectives and projects for their implementation are determined. In the event of emergency (e.g., water spillage due to pipe failure, natural disaster) activities to prevent water spillage and pollution of watercourses and groundwater shall be carried out as soon as possible in order to reduce negative impacts on water.



FOOD

The Food Division is further broken down to three sub-divisions or groups (Beverages, Edible Oils, Other Food), of which companies in the Beverages Group place the strongest emphasis on water as it is the primary input for its products. Within this section, data will be disclosed for Dijamant, Kikindski mlin, Zvijezda CRO, Jamnica CRO, Sarajevski kiseljak, Mg Mivela, PIK Vrbovec CRO, and Roto dinamic.

Small companies within the Food Division do not have a specific approach towards water management and are excluded from the data below. The same applies to Roto dinamic regarding water management approach but the actual consumption data is included in the overview. At the Division level, water interactions relate to drinking and hygiene/sanitary purposes (office consumption is the only interaction within Roto dinamic), production (water bottling and food), industry purposes (cooling and heating in the plants, cleaning). Water is withdrawn from the public water systems and company-owned wells. For water bottling Beverages Group companies have concessions on natural wells from which they extract water. Water is discharged and released to receiving waterbodies in accordance with the law.

The Beverages Group implements an integrated water management approach. Utilized water includes water from our own sources, process water and water from the public water supply system. Water as our most important resource is managed rationally and is subject to constant quality control. Quantities of used water and utilization purposes are monitored. The Beverages Group has within its scope 3 production companies that produce natural mineral water at 5 production sites with a total of 20 production lines.

All sources are closed, protected from external influences, and strictly controlled. Due to the protected underground deposit, balanced and stable mineral composition, mineral waters have the highest levels of quality. With our modern filling technologies, we have assured a production process from sources to finished product without any external influences.

Water-related impacts are measured and tracked at company level. Production companies comply with their legal obligations regarding water quality analyses and take their impacts on water seriously. Thus, all of them analyze and monitor water consumption through various methods. For example, Zvijezda CRO monitors water consumption on a daily basis and takes corrective actions in case of any deviations, while engaging with various stakeholders (national and local authorities for water, environment and nature, certified laboratories, employees). PIK Vrbovec CRO manages its impacts and sets targets in line with ISO 14001 | 50001 and has defined its impacts and collaboration with the local community through environmental permits and environmental impact studies. Beverages Group companies have introduced telemetric systems to monitor water consumption and prevent overconsumption and are in regular communication with their stakeholders.

Since Roto dinamic does not have a specific water management approach, data compiled for this Report is based on estimates and annual consumption shown on supplier invoices.



“The Beverages Group implements an integrated water management approach.

Water as our most important resource is managed rationally and is subject to constant quality control.”

AGRICULTURE

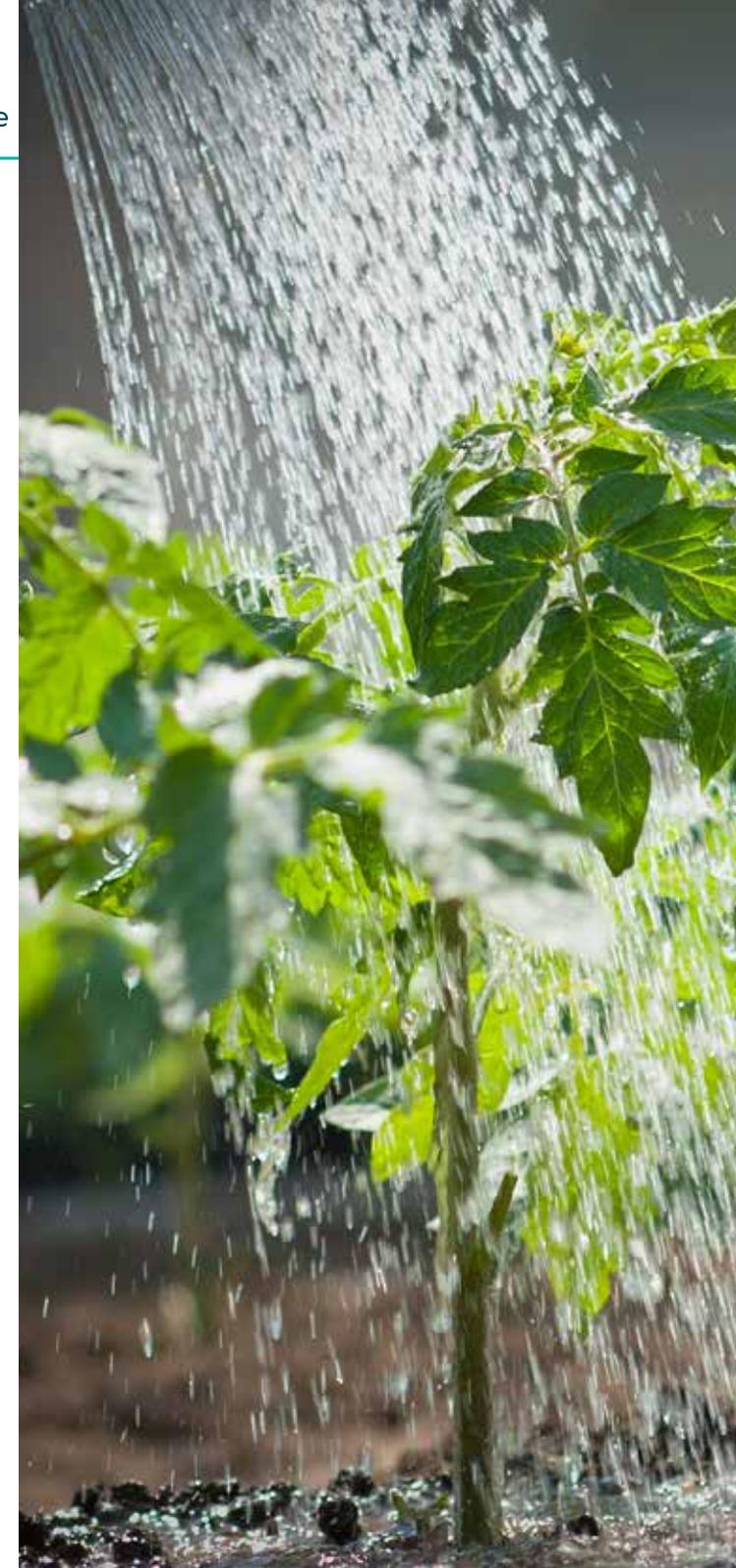
Within the **Agriculture Division** water is used for all operating activities-- crop farming and irrigation, animal farming, production (meat products, dairy, wine, vegetables), and sanitation (cleaning of facilities and employee hygiene). Depending on the company, water is drawn either from the public water systems in the respective municipality or from surface and groundwater (wells, canals, rivers, lakes). When withdrawing water from sources other than the public water system, all required permits and concessions are obtained and maintained. Wastewater is treated before discharge, and then discharged further into the municipal drainage system or into drains (canals and absorption pits) for which companies are required to obtain water permits. They set requirements related to the reduction of the impact of discharged water on the environment, such as the treatment of technological wastewater and the method of discharge into the environment. Our companies invest continuous efforts to improve on the prescribed water discharge legal standards. Agrolaguna also processes the water biologically at the Špin site, and then releases it into the environment. Part of the water (condensate from the boiler room) is reused, and the long-term plan is to increase the amount of recycled water with technological water from milk processing. Belje applies wastewater in the form of slurry to agricultural land as fertilizer or hands it over to a biogas plant. Energija Gradec discharges wastewater from manipulative surfaces via a separator into the Crnčić stream. In 2021 it has improved the system of wastewater from manipulative surfaces, where a drainage channel has been created in which leachate from the trench is collected and this wastewater is returned to the production process. Vinka discharges the factory wastewater into the lagoons located on the site, where after sedimentation and settling it is discharged into the Dren canal (surface water). From the laboratory analyzes of wastewater discharged into the Dren

canal, a negative impact related to water was observed due to elevated values of monitored parameters. We are intensively working on finding best solutions to reduce the elevated measured parameters in the form of installing a complete wastewater treatment plant that requires a large financial investment, as well as partial improvements-- reduction through smaller investments (with funds for decomposition and aeration of lagoons). A transitional solution is also required until the approval and realization of the complete processing system.

The source of reported data on water consumption varies dependent on the water withdrawal method. Primary source are invoices received from the supplier, direct measures (measuring devices installed by the companies), settlement of accounts made for the difference in the total water withdrawn and water discharge (water discharge is measured by the competent public utility companies). When compiling data on water consumption from sources other than the public water systems, companies are obliged to report to the national water authority (Hrvatske vode), which is the main stakeholder engaged in water management issues also mandating limits on water withdrawal.

Although Croatia is still rich in water reserves, operating companies put efforts into employee education, rational water withdrawal, regular water quality monitoring measures, all with the aim of water conservation and protection.

Regarding specific water management goals and targets, practices vary per company. Agrolaguna sets its targets at least annually, PIK Vinkovci set targets based on ISO 14001, while the common denominator for all companies regarding targets is the ultimate goal of water saving practices and decrease of water pollution.



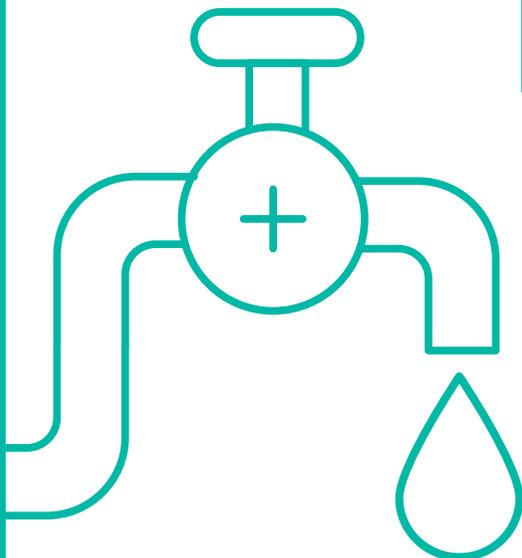
CREATING VALUE FOR OUR PLANET

NON-CORE

Since most of the **Non-core** companies' operations are office-based, water consumption refers to drinking, hygiene and sanitation only and there are no specific goals set, other than the general aim of responsible and rational water consumption. Regarding LG Moslavina, water is also used for meat processing, so the company has wastewater purification in place. All companies withdraw and discharge water from/to the public water systems.

Water consumption is recorded for mStart (CRO and SRB) and LG Moslavina, based on supplier invoices. Kor Broker was not able to show its consumption separately since its offices are in premises leased from Fortenova grupa d.d. where the total consumption is shown for the whole location (including a number of lessees).

“Water consumption refers to drinking, hygiene and sanitation only and there are no specific goals set, other than the general aim of responsible and rational water consumption.”



USE OF MATERIALS AND WASTE MANAGEMENT

The use of materials among companies and between divisions is similar insofar as the majority of production companies (Food, Agriculture) and Retail companies use plastic packaging, paper and cardboard, whereas office-based companies (Retail and Wholesale, Non-core and

RealEstate) primarily use paper, printing toners, plastic cards (for loyalty cards). In Agriculture companies, lots of input materials are raw materials, seed, manure. Specific examples are Energija Gradec, using mainly renewable input materials (slurry, silage), and LG Moslavina having

game meat and game feed as primary materials used in business.

Below is an overview of types of input materials used to produce and package the companies' primary products and services per business divisions.

INPUT MATERIALS PER TYPE

RETAIL AND WHOLESALE	FOOD	AGRICULTURE	NON-CORE AND REAL ESTATE
Glass	Raw materials	Raw materials	Computers
Paper	Auxiliary materials	Auxiliary materials	Paper
Multilayer materials	Packaging materials	Packaging materials	Game meat
Metal	Additives	Slurry	Game feed
Plastics	Lubricating oils and greases	Silage	Stretch foil
Wooden packaging	Vegetables	Cardboard	
Packaging contaminated with hazardous materials		Stretch foil	



Regarding actual data reported on input materials, the following companies are excluded:

- *Roto dinamic – there are no production processes, merchandise is distributed in the original packaging to customers, while the remaining materials from the process (packaging) is recyclable packaging waste sold on the market and reported under waste management*
- *Mercator H – has no production in its business operations*
- *Tisak and Žitnjak – data available only in product units (e.g., 22,528 paper packages), not in kilograms so could not be compared to other companies*
- *M-Energija*
- *Kor Broker*

CREATING VALUE FOR OUR PLANET Resource Management: Water, Materials and Waste

The table below shows the total weight (in tonnes) of materials used during 2021 to produce and package the Group's products and services, divided per non-renewable and renewable materials used, and reported per business division. As can be seen, the majority of materials used is renewable (mostly due to renewable materials used by Food companies).

TOTAL WEIGHT (IN TONNES) OF MATERIALS USED

	RETAIL AND WHOLESALE	FOOD	AGRICULTURE	NON-CORE AND REAL ESTATE	TOTAL
Renewable materials	11,539.11	4,683,108.99	810,371.47	446.42	5,505,465.99
Non-renewable materials	7,867.45	204,614.52	104,759.05	1	317,242.02

When talking about materials used, we would like to highlight our Beverages Group and mention that Jamnica CRO is continually adjusting the business and production processes to reduce the impact of plastic products on the environment and the waste management system, with the primary focus on the manufacturers' extended responsibility. For a number of years now, work has been done on changing the product design to reduce the weight of PET bottles and thus bring down the potential pollution of the environment with plastic waste. Over the course of 2020 new operating and production processes were introduced-- we developed, and finally put on the market in 2021, a new 0.5l bottle made of 100% recycled PET material for our Jana natural mineral water. This is yet another step forward because recycled plastic or rPET implies the reuse of plastic in the production of new bottles, thus contributing to circular economy. Furthermore, in 2021 lightweight PET bottles were introduced for the main brand – Jamnica. Those new bottles are lighter and thus contribute to reducing the quantity of plastics and CO2 emissions. Along with the

mentioned Jamnica and Jana brands, lightweight PET packagings have been introduced for other brands as well: Sarajevski kiseljak, Mg Mivela and Sky, while lightweight PET packagings and rPET are planned to be used with all other brands in the forthcoming period, too – not only in Croatia, but all across the region in which we operate. Commitment to reduce plastic and CO2 emissions has been highlighted on the new, redesigned packagings of the brands in form of the Going Green label – less plastics, less CO2 emissions. By using lightweight preforms (lightweight PET bottles) and preforms made of 100% recycled plastic, in 2021 the quantity of plastics was reduced by 621 tonnes compared to 2020 and the CO2 emission went down by 8% or 2,400 tonnes of CO2 on annual level²⁹.

In addition, the Beverages Group has been working on the development of a cap fastened to the bottle, in order to launch it on the market by 2024 to further align with the EU regulations addressing the single-use plastic pollution problem. Plastic caps are items that most frequently slip away from the waste collection system and end up in the environment. The connection of the cap with the bottle

while using our products can be entirely addressed by new product design, resulting in the compliance with EU legislation prescribing that by 2024 all beverage containers should have fixed caps and lids during the envisaged product use. According to the EU circular economy framework, Jamnica CRO is obliged to use a cap on its products in PET packaging from which the safety ring does not break off – the so-called tethered cap – which we developed in cooperation with our cap supplier. This is a good example of how smart product design can go a long way to stop the pollution of the environment with plastic. During our operations, waste is incurred as part of the activities within the value chain. Although we strive to introduce circularity principles in more of our business operations, we are still doing most of our business per traditional, linear principles. However, we are very proud of Energija Gradec, a perfect example of circular economy applied in practice. The company takes byproducts, silage and slurry made redundant in the agricultural activities of other division companies and it uses it to produce biogas – used by the Group.

²⁹ The data pertain to the transportation of preforms from production to the warehouse for all three Beverages Group production companies – Jamnica CRO, Sarajevski kiseljak and Mg Mivela).

CREATING VALUE FOR OUR PLANET Resource Management: Water, Materials and Waste

A waste stream which we try to reduce, partly through donations, is food waste. As this is recognized as a major local and global problem, we plan to analyze in detail how much food loss accounts for in our overall waste quantities, and then to introduce measures at all three business

divisions which will help tackle this. Regarding traditional waste types, most of the Group companies have arrangements with authorized third-party providers which take away the waste which was first sorted by our companies. An exception to this practice is Montenegro – since there is no legal obligation to analyze

and sort waste, Mercator MNE disposes waste in public containers, while most expired products are returned to suppliers. In total, we incurred 116,611.04 tonnes of waste in 2021, broken down per category and business division as seen below.

TOTAL WASTE GENERATED (IN TONNES)

	AGRICULTURE	FOOD	RETAIL AND WHOLESALE	NON-CORE AND REAL ESTATE	FORTENOVA GRUPA D.D.
Non-hazardous waste	13,526.56	26,159.42	63,814.57	25.18	10.98
Hazardous waste	156.10	176.29	268.44	0	0
Municipal waste	428.67	859.46	10,919.17	0	266,20
Total waste	14,111.33	27,195.17	75,002.18	25.18	277.18

Another highlight comes from the Beverages Group, where Jamnica CRO opted for smart waste management through the pilot project of reducing the total quantity of municipal waste at the Jamnica production facility, called "Zero Waste to Landfill", which started in 2020. The project includes containers placed for various types of waste, raising employee awareness of the importance of proper waste separation and continuous improvements of the separation system. In the forthcoming period the project is planned to be implemented in the other production facilities as well, with the final goal of making sure that nothing ends up at the landfill. As well known, the zero-waste concept is a process where all waste resources are returned to the system and prevented from ending up

at the landfill, hence our focus is on reducing waste and reusing the existing materials. In line with this concept, we analysed what the municipal waste in the Jamnica production facility is comprised of, measured various waste flows and detected input waste components, to finally categorize the results and identify potential options. This procedure allows us to prevent waste from ending up at the landfill, while simultaneously we are looking for new ways and partners interested in the processing and use of specific waste components. Today, most of our useful technological waste ends up with processors. For example, Jamnica's glass bottles are separated and transported to authorized processors for the production of new glass packaging, PET packagings are handed over to our partner

Regarding actual data reported on waste types, the following companies are excluded:

- Multiplus card
- Superkartica BIH
- Abrakadabra – Tisak handles the wastepaper
- Kor Broker – reports they only have some wastepaper.

for further processing, sugar bags are used as packaging for other products, foil is separated and sent to a processor, as are cardboard packaging and metal caps. We therewith save resources and preserve the environment. In 2022, Zero Waste to Landfill will also be implemented at the Jamnica CRO office premises.

CREATING VALUE FOR OUR PLANET

LAND USE AND ANIMAL WELFARE

Within the Agriculture Division companies perform extensive land use activities, thus having an impact on arable land, soil and animals' life quality.

Agricultural activities are mostly focused on growing crops, wine, olive, vegetable, and dairy production, along with animal farming.

Given the fact that one whole business division is dedicated to agricultural practices, proper land use which ensures soil quality, and the welfare of our animals are topics of material interest and should be considered when making capital decisions.

Among the companies, Belje has the biggest land size under its control (either owned or under concession), and its business operations are the most diverse. The arable land of Belje covers 20,000 hectares and the main principle used also for communication purposes but primarily applied in practice for achieving the synergy of technology, ecology and tradition is "traceability from the field to the table". Under this principle, natural raw materials are processed to become the well-known products of Belje's food industry.

Furthermore, PIK Vinkovci cultivates over 5,000 ha of



CREATING VALUE FOR OUR PLANET Land Use and Animal Welfare

agricultural land on which the production includes crop and vegetable farming, primarily taking care of the soil and the application of all agro-technological measures with the aim of producing a quality product with the least possible impact on the environment. A prominent measure that takes care of the environment is precise fertilization which includes the application of fertilizers according to the specific needs of plants and the current supply of nutrients in the soil. The application of pesticides is carried out responsibly and in accordance with good agricultural practice. The health of plants and the presence of pests are monitored on crops, and if necessary, all available protection measures are applied, which, in addition to the use of pesticides, also include mechanical measures.

By conducting regular inspections and analyses of the soil, fertility and soil structure are monitored, and if necessary, improvement measures are carried out, such as calcification of the soil, application of organic and green fertilization. Significant value for our agricultural business lies in the fact that Belje has been a regional leader in agricultural production and food industry for years and has combined the knowledge and experience of old experts from Baranja with today's state-of-the-art technology. Within the operations, special attention is paid to precision and organic farming, animal welfare, and cooperation with the local community as the main land contributor.

To optimize processes and maintain soil quality, reduce production expenses and increase financial and ecological performance, all of the land is mapped and charted for precise fertilization and planting processes. State-of-the-art technologies, such as tractors with satellite navigation and other technology are used together with unmanned aerial vehicles (drones), which enable work under all conditions and monitoring of the state of arable land, crops and the network of canals. Soil analysis is undertaken annually with organic fertilizers as the primary choice. Depending on the results of the soil analysis, only necessary additives and

products are used, with minimized use of mineral fertilizers. Crops are carefully planned, with soil management and regenerative farming methods applied as much as possible. To ensure the best practices are widely applied, Belje has a continuous cooperation with academia and the Croatian Centre for Soil, especially for employee education on the above practices.

Regarding knowledge within the companies in the Agriculture Division, these are all very old companies with accumulated knowledge. Their biggest opportunity lies in the cooperation with the scientific community – through the combination of knowledge and experience with science they could step in the industry 4.0.

When it comes to care for our animals, we primarily ensure the traceability of fodder. For example, in Vupik's cattle and pig farms, the fodder used in feeding is prepared from raw materials from our own production. The same is applied by Belje, which is also a producer of forage focused on organic production which increases animals' health. Going forward, we aim to establish the same level of environmental practices throughout the division, concerning both investments into soil preservation and protection, but also investments into comprehensive education on animal welfare practices. This is triggered by the increasing requests coming from consumers regarding healthier food with organic origin but also our goal to be the best in class. Therefore, our target is to educate our employees from the top and middle management through collaboration with universities around the world in order to adopt and apply new solutions, ultimately perhaps even turning some parts of land now used for crops into animal land and reconstructing the farms to improve animal living conditions.



CREATING VALUE FOR OUR PLANET

FUTURE POTENTIAL AND PLANS

In the future we plan to introduce and increase environmental initiatives across all our business divisions.

As a starting point, we will perform a thorough and systematic calculation of our GHG emissions (Group-wide) to set the baseline year. We will undertake this assignment with external support to ensure data accuracy, clarity, and reliability, and will then be able to proceed to the verification of GHG emissions with the Science Based Targets Initiative (SBTi). This would enable us to set ambitious science-based reduction targets per divisions and for the Group as a whole.

On a broader environmental level, our goal is to set precise and measurable goals for the Group and set specific targets for the divisions and individual operating companies – in reference to all material topics covered in this Report. Thus, we will ensure the increase of our positive impacts, and simultaneously the decrease of our negative ones, while contributing to our chosen SDGs.

"We will undertake this assignment with external support to ensure data accuracy, clarity, and reliability, and will then be able to proceed to the verification of GHG emissions with the Science Based Targets Initiative (SBTi)."



CREATING VALUE FOR OUR PLANET Future Potential and Plans

EXAMPLES OF SPECIFIC FUTURE ACTIVITIES ARE SHOWN BELOW

Increase in quantities of recycled water (Agrolaguna)

Solar panels and LED lighting installation (Vinka)

Include suppliers in the development of its Plastic and Paper Strategy (PIK Vrbovec CRO)

Less waste generation and reuse of recyclable materials (Konzum BIH)

Reducing the use of mineral fertilizers in favour of the use of manure, slurry and humus (Agrolaguna, Vupik, Energija Gradec, PIK Vinkovci)

Irrigation as the highest priority in order to increase yields and reduce the negative effects of climate change and enable the increase of vegetable growing (Agrolaguna, Vupik, Energija Gradec, PIK Vinkovci)

Implementation of measures to reduce the risk of extreme weather events, integrating heat management and reducing heat losses (Agrolaguna)

Replacing fluorescent lights with LED; lowering energy intensity/GHG emissions via closed refrigerators; IT solution for electronic management of service cards (Konzum CRO)

Procurement of agricultural machines with higher performance and lower energy consumption, LED lighting, construction of photovoltaic power plants (PIK Vinkovci)

No label bottle, tethered HDPE cap, stretch foil reduction/pallet paper wrapper, promote circularity and push towards returnable packaging and eco materials with higher cause, rPET (Jamnica CRO, Zvijezda CRO, PIK Vrbovec CRO, Dijamant, Roto dinamic, Mg Mivela, Sarajevski kiseljak)

Maximizing self-sufficiency in terms of electricity production (solar panels), reducing the need for gas, fuel and other energy sources (Agrolaguna, Vupik, Energija Gradec, PIK Vinkovci)

Plastic reduction initiative – reduction of plastic waste and waste separation (Jamnica CRO, Zvijezda CRO, PIK Vrbovec CRO, Dijamant, Roto dinamic)

EU TAXONOMY



FORTENOVA GROUP COMPLETELY SUPPORTS THE EU TAXONOMY GOALS

...and the idea to facilitate sustainable investments and implementation of the European Green Deal through such disclosure mechanism.

Our disclosure obligations regarding Taxonomy-eligibility with the first two environmental objectives - climate change mitigation and climate change adaptation came into force in 2022 and below we disclose our findings related thereto.

In 2020, the EU introduced the taxonomy framework (EU Taxonomy), a classification system establishing a list of environmentally sustainable economic activities and harmonizing the criteria for determining if an economic activity qualifies as environmentally sustainable.

The activities introduced are in line with the EU's environmental objectives, including carbon neutrality and the targets outlined in the Paris Agreement signed in 2015. The main objective of the Agreement is to keep the global average temperature at 2°C above pre-industrial levels and to make additional efforts to bring the global average temperature rise down to 1.5°C above preindustrial levels.

The EU has been actively working to achieve the goals of the Agreement through its European Green Deal, which defined the goals of reducing CO2 emissions by at least 55% by 2030 (compared to 1990 levels) and achieving a climate-neutral Union by 2050.

The EU has adopted multiple legislative acts and strategic plans to achieve these climate goals, of which the Regulation

(EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (EU Taxonomy Regulation) is the key one. The EU Taxonomy Regulation establishes six environmental objectives:

1. *Climate change mitigation*
2. *Climate change adaptation*
3. *Sustainable use and protection of water and marine resources*
4. *Transition to a circular economy*
5. *Pollution prevention and control*
6. *Protection and restoration of biodiversity and ecosystems.*

As per the EU Taxonomy, in the first year of implementation (2022 for reporting 2021 data), only the first two objectives, climate change mitigation and climate change adaptation, apply. The remaining four objectives (listed above under number 3 to 6) are expected to be published in 2022.

The EU Taxonomy prioritized economic sectors with the highest contribution to CO2 emissions along with activities that enable their transformation since they are considered as activities/sectors that have the potential to make the most significant contribution to climate change mitigation and adaptation. As per Article 8 of the EU Taxonomy Regulation, for the current reporting period encompassing 2021 data, businesses are only required to disclose information on the respective portion of turnover, capital expenditure and operating expenditure (key performance indicators or KPIs) derived from or related to assets or processes of Taxonomy-eligible and Taxonomy non-eligible economic activities.

Based on core and non-core business activities, Fortenova Group as such does not fall into any of the sectors identified for the first two objectives, however, some of the daily activities of our operating companies subject to this Report include also activities specified within the EU Taxonomy.

In determining which economic activities at Group level are "environmentally sustainable" within the meaning of the EU Taxonomy and to comply with 2022 regulatory obligations, as the first step we performed a 2021 eligibility assessment. The details are provided below.



EU TAXONOMY

ECONOMIC ACTIVITIES ELIGIBLE UNDER THE EU TAXONOMY

To reiterate, Fortenova grupa d.d. manages the business of companies operating in four business segments, classified into divisions - Retail and Wholesale, Food, Agriculture, and Non-Core and Real-Estate. Within these segments, some activities were identified early on as those with Taxonomy potential. To determine which activities are in fact Taxonomy-eligible, we ran a detailed assessment at the level of all operating companies and Fortenova grupa d.d. against the economic activities and their descriptions provided within the EU Taxonomy framework. Assessments were done at the individual level of each included company and the results were then consolidated at the Group level.

We based the assessment on the economic activities' descriptions as stipulated with the Climate Delegated Act³⁰. In doing so, we used NACE codes listed therein as an indicative tool and did not rely on them exclusively, especially since we operate in markets outside of EU which are not necessarily entirely aligned with the NACE classification. For the actual assessment, each company has made its own analysis of registered activities and those which are being performed in practice resulting in recorded revenue, operating expenses or capital expenditures. Based on such analyses, companies have identified economic activities which fall under the EU Taxonomy scope. The results of our assessment, i.e., the list of activities that have been identified as Taxonomy-eligible is provided in the table provided on the following page.

As a second step, once we identified Taxonomy-eligible economic activities within Fortenova Group, we moved on with data collection and analysis on the KPIs related to respective activities. Such analysis was performed at the level of each company which identified at least one Taxonomy-eligible activity. Companies subject to this analysis collected and analyzed their own financial data in the context of economic activities included in the EU Taxonomy, i.e., the denominator and numerator for each KPI. As mentioned above, the results were then consolidated for reporting purposes and are disclosed herein as such.

³⁰ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives



EU TAXONOMY

TAXONOMY-ELIGIBLE ACTIVITIES

BRANCH	ACTIVITY (CA) – climate change adaptation (CM) – climate change mitigation	ACTIVITY NAME
4. Energy	4.9 (CM)	Transmission and distribution of electricity
	4.11 (CM)	Storage of thermal energy
	4.15 (CM)	District heating/cooling distribution
	4.16 (CM)	Installation and operation of electric heat pumps
	4.20 (CM)	Cogeneration of heat/cool and power from bioenergy
	4.24 (CM)	Production of heat/cool from bioenergy
5. Water supply, sewerage, waste management and remediation	5.2 (CM)	Renewal of water collection, treatment and supply systems
	5.3 (CM)	Construction, extension and operation of waste water collection and treatment
	5.4 (CM)	Renewal of waste water collection and treatment
	5.5 (CM)	Collection and transport of non-hazardous waste in source segregated fractions
	5.6 (CM)	Anaerobic digestion of sewage sludge
	5.7 (CM)	Anaerobic digestion of bio-waste
6. Transport	5.9 (CM)	Material recovery from non-hazardous waste
	6.2 (CM)	Freight rail transport
	6.5 (CM)	Transport by motorbikes, passenger cars and light commercial vehicles
	6.6 (CM)	Freight transport services by road
	6.14 (CM)	Infrastructure for rail transport
7. Construction and real estate activities	6.15 (CA)	Infrastructure enabling low-carbon road transport and public transport
	7.1 (CM)	Construction of new buildings
	7.2 (CM)	Renovation of existing buildings
	7.3 (CM)	Installation, maintenance and repair of energy efficiency equipment
	7.4 (CM)	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
	7.5 (CM)	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
	7.6 (CM)	Installation, maintenance and repair of energy efficiency equipment
8. Information and communication	7.7 (CM)	Acquisition and ownership of buildings
	8.1 (CM)	Data processing, hosting and related activities
9. Professional, scientific and technical activities	8.2 (CA)	Computer programming, consultancy and related activities
	9.1 (CM)	Close to market research, development and innovation
11. Education	9.2 (CA)	Close to market research, development and innovation
	11. (CA)	Education

EU TAXONOMY

ACCOUNTING POLICIES AND KPIS

For the purpose of EU Taxonomy assessments and KPI calculations we followed the rules defined in the Disclosure Delegated Act³¹.

As stipulated in the Disclosure Delegated Act, double counting of the same numbers in the different KPIs should be avoided. Some of the operating companies do not apply International Financial Reporting Standards (IFRS), as they apply other local Generally Accepted Accounting Principles (GAAPs) for financial reporting. Accordingly, in order to mitigate the risk of double counting for KPI calculations only data related to the Group reporting has been taken into account as the Group applies IFRSs, same as Fortenova grupa d.d. (the parent company). That way we ensured that the sources and accounting principles for all companies are the same. Also, specific numbers were not included into more than one activity.

For the purpose of Taxonomy disclosures included in this Report, turnover is calculated based on the EU Taxonomy Regulation Article 8 definition, i.e., as turnover derived from products or services associated with economic activities that qualify as environmentally sustainable under Article 3 (Criteria for environmentally sustainable economic activities) and Article 9 (Environmental objectives) thereto. Capital expenditure and operating expenditure are considered in terms of assets or processes associated with economic activities that qualify as environmentally sustainable under the above-mentioned articles. Below we provide an overview of approach applied regarding each particular KPI.

TURNOVER

Revenue from services is generally recognized by Fortenova Group in the accounting period in which the services are performed, it is recognized based on the share of services actually performed up to the end of the reporting period in the total services to be performed because the customer receives and benefits at the same time.

The net turnover line (turnover after all discount, rebates, etc.) as included in the consolidation is the equivalent to turnover under the EU Taxonomy. The denominator includes total net revenues recognized based on IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. Such

revenues are included in the sales and other operating income lines in the consolidated financial statements. The numerator includes net sales revenue recognized based on IFRS 15 and IFRS 16 but only the part that is related to the Taxonomy-eligible activities. Other income that is disclosed in the consolidated income statement is not included in this Report considering the fact that the turnover did not meet the definition of turnover under the EU Taxonomy. We have analyzed the other income for every company within the Report consolidation that has Taxonomy-eligible activities and have separated the portion of income that relates to such activities.

³¹ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation



EU TAXONOMY

CAPEX

When it comes to CapEx KPI, the denominator covers additions to tangible and intangible assets during the financial year considered before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial

year and excluding fair value changes. The numerator for the CapEx KPI equals to the part of the capital expenditure included in the denominator that is related to assets or processes that are associated with Taxonomy-aligned economic activities.

OPEX

Pursuant to the EU Taxonomy Regulation, operating expenses refer to capital expenditures. The denominator in the OpEx KPI should include the total expenses related to current maintenance, research and development cost and short-term lease costs related to IFRS 16 right of use assets for 2021.

The numerator in the OpEx is related to the above-mentioned costs, but only costs that arose due to Taxonomy-eligible activity.

The legislation defines OpEx as direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment

(PPE) by the undertaking or third party to which activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. Considering that the mentioned definition of OpEx by the legislation differs from the general definition that is used in the consolidated financial statements as Operating expenses and/or Other operating expenses, we have not included the whole operating and other expenses from the consolidated statements of Fortenova Group.



PROPORTION OF KPIS ASSOCIATED WITH TAXONOMY -ELIGIBLE ECONOMIC ACTIVITIES FOR 2021

ESTIMATIONS AND JUDGEMENTS

Given that this is the first time the EU Taxonomy requirements are applied in practice across the EU and there is no established practice, we worked on the best effort basis when collecting and analyzing relevant data. Since our internal processes – both accounting and those which would assist in activity identification – are not yet adapted to EU Taxonomy requirements, not all data could be easily provided and there was a need for estimations and judgements. Where relevant, estimations and judgements are described below under each KPI.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

Following our analysis, we have prepared a list of activities from which the Group has generated revenue in 2021 and have calculated the proportion of turnover from such activities which is assessed as Taxonomy-eligible.

PROPORTION OF TURNOVER

ACTIVITY (CA) – climate change adaptation (CM) – climate change mitigation	ACTIVITY NAME	TURNOVER (HRK 000)
4.20 (CM)	Cogeneration of heat/cool and power from bioenergy	104,618
5.5 (CM)	Collection and transport of non-hazardous waste in source segregated fractions	6,257
5.6 (CM)	Anaerobic digestion of sewage sludge	57
5.7 (CM)	Anaerobic digestion of bio-waste	432
5.9 (CM)	Material recovery from non-hazardous waste	4,926
6.5 (CM)	Transport by motorbikes, passenger cars and light commercial vehicles	6
6.6 (CM)	Freight transport services by road	22,947
7.4 (CM)	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	19
7.7 (CM)	Acquisition and ownership of buildings	271,449
8.2 (CA)	Computer programming, consultancy and related activities	1,090
	Numerator	411,801
	Denominator	32,754,357
	% Eligible activities	1%
	% Non-eligible activities	99%



Most of the primary revenue-generating activities performed by Fortenova Group are non-eligible which is expected since the Group is engaged in retail and wholesale, food and beverages production, and agriculture which are not included in the first two EU Taxonomy environmental objectives. However, some activities which are part of the everyday business did qualify as Taxonomy-eligible that generate revenues, as seen from the above table. Some of these relate to the primary business activities of individual operating companies, such as the lease of business premises (Mercator-H, Mercator SLO and Konzum CRO), computer programming activities (mStart), sale of generated electricity (Energija Gradec) and distribution (Tisak). On the other hand, part of these activities are auxiliary activities, such as the sale of waste by the production companies to third parties or the use of personal vehicles by majority of operating companies.

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Total PPE capital expenditure including assets acquired through business combinations (data from consolidated financial statements) amounted to HRK 7 billion for Fortenova Group in 2021, with an increase in IFRS 16 right of use assets by HRK 2.9 billion, investment property by HRK 405 million, intangible assets by HRK 898 million, long-term biological assets by 7.5 million, which resulted in a total capex KPI denominator of HRK 13 billion.

The values included in the nominator of the CapEx KPI include investments that are in line with the EU Taxonomy criteria set for the climate change mitigation and climate change adaptation objectives.

Considering that the description for activity 7.2 Renovation of existing buildings states that it is related to the "Construction and civil engineering works or preparation thereof", the total amount of CapEx related to the buildings is included in the activity 7.7 Acquisition and ownership of buildings, either existing or new real estate, except for works that are entirely and clearly related to the activity 7.2.

EU TAXONOMY

PROPORTION OF CAPEX

ACTIVITY (CA) – climate change adaptation (CM) – climate change mitigation	ACTIVITY NAME	CapEx (HRK 000)
4.9 (CM)	Transmission and distribution of electricity	368
4.15 (CM)	District heating/cooling distribution	34
4.16 (CM)	Installation and operation of electric heat pumps	3,199
5.2 (CM)	Renewal of water collection, treatment and supply systems	220
5.3 (CM)	Construction, extension and operation of waste water collection and treatment	425
5.4 (CM)	Renewal of waste water collection and treatment	548
5.5 (CM)	Collection and transport of non-hazardous waste in source segregated fractions	330
6.5 (CM)	Transport by motorbikes, passenger cars and light commercial vehicles	36,881
6.6 (CM)	Freight transport services by road	177,178
6.14 (CM)	Infrastructure for rail transport	897
7.1 (CM)	Construction of new buildings	9,894
7.2 (CM)	Renovation of existing buildings	4,398
7.3 (CM)	Installation, maintenance and repair of energy efficiency equipment	19,136
7.4 (CM)	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	256
7.5 (CM)	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	749
7.6 (CM)	Installation, maintenance and repair of renewable energy technologies	1,091
7.7 (CM)	Acquisition and ownership of buildings	9,547,868
8.2 (CA)	Computer programming, consultancy and related activities	1,695
9.1. (CM)	Close to market research, development and innovation	9,103
	Numerator	9,814,270
	Denominator	11,266,285
	% Eligible activities	87%
	% Non-eligible activities	13%

CapEx KPI contains a significant percentage of Taxonomy-eligible activities as the companies have a significant amount of CapEx related to real estate. The most significant portion of CapEx is related to the PPE acquired from newly integrated operating companies, especially Mercator SLO and Mercator Group in general, which is shown as net amount (cost less accumulated depreciation).

EU TAXONOMY

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Estimations and judgements were used for the division of the costs according to activities, especially for the activity 7.7. Acquisition and ownership of buildings. A significant portion of real estate maintenance expenses were incurred along with the maintenance of the equipment in buildings. Operating companies will be establishing new

procedures for cost monitoring to mitigate the estimation and judgement component for the EU Taxonomy reporting in future periods. Regarding OpEx KPI, costs taken into account for the calculation - are maintenance, lease costs that did not qualify for the "right of use asset" under IFRS 16 and research and development costs.

As with the CapEx KPI, OpEx (maintenance) related to the new or existing buildings were included in activity 7.7 Acquisition and ownership of buildings, except for the OpEx clearly related to the activity 7.2 Renovation of existing buildings (civil engineering).

PROPORTION OF OPEX

ACTIVITY (CA) – climate change adaptation (CM) – climate change mitigation	ACTIVITY NAME	OpEx (HRK 000)
4.11 (CM)	Storage of thermal energy	48
4.20 (CM)	Cogeneration of heat/cool and power from bioenergy	2,702
4.24 (CM)	Production of heat/cool from bioenergy	3,640
5.2 (CM)	Renewal of water collection, treatment and supply systems	1,335
5.3 (CM)	Construction, extension and operation of waste water collection and treatment	4,375
5.4 (CM)	Renewal of waste water collection and treatment	1,492
5.5 (CM)	Collection and transport of non-hazardous waste in source segregated fractions	3,082
5.6 (CM)	Anaerobic digestion of sewage sludge	15
6.2 (CM)	Freight rail transport	93
6.5 (CM)	Transport by motorbikes, passenger cars and light commercial vehicles	28,139
6.6 (CM)	Freight transport services by road	32,986
6.15 (CA)	Infrastructure enabling low-carbon road transport and public transport	48
7.2 (CM)	Renovation of existing buildings	14,085
7.3 (CM)	Installation, maintenance and repair of energy efficiency equipment	21,818
7.5 (CM)	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	342
7.7 (CM)	Acquisition and ownership of buildings	190,197
8.2 (CA)	Computer programming, consultancy and related activities	1,213
9.2 (CA)	Close to market research, development and innovation	270
	Numerator	305,880
	Denominator	621,665
	% Eligible activities	49%
	% Non-eligible activities	51%

OpEx is mostly generated from activity 7.7 as the operating companies have a significant portion of real estate in the assets' structure. The same as with CapEx, the most significant OpEx generators are Konzum CRO HRV and Mercator Group.

HR BCSD EXPERT COMMISSION'S EVALUATION OF THE REPORT

HR BCSD EXPERT COMMISSION'S EVALUATION OF THE 2021 SUSTAINABILITY REPORT OF FORTENOVA GROUP

We have evaluated the first Sustainability Report of Fortenova Group, that disclosed information for the year of 2021. The report holds data on material topics of Fortenova Group, prepared according to the GRI Standards, Guidelines for sustainability reporting created by the Global Reporting Initiative (GRI). We concur that the Report in front of us is in accordance with the core level of GRI reporting and in accordance with the legal requirements of the Republic of Croatia in the area of sustainability reporting.

We as a Commission noted that Fortenova Group, as the largest regional company, has prepared a very comprehensive and thorough report with a lot of useful information that give us complete overview of all their operations. We commend the authors for the great accomplishment they have achieved.

One of the indicators that we as a Commission seek in the process of evaluating the Company and the Report itself, is the presence of sustainability risks in the Company's strategy. According to Fortenova Group, ESG risks are included in strategic, IT, legal, operational and hazard risks and include risks such as: social risks connected to health and safety of the workers; risks of losing talented employees due to lack of engagement; risk of targeted cyberattacks; energy risks due to loss of energy supply and risks associated with supply chain interruption. Furthermore, the company understands that their biggest opportunity lies in the cooperation with the scientific community. The cooperation that is open and that will be open in future, gives hope for more innovative sustainable solutions which the company claims to be pursuing.

We find quite advanced their claims that they are focused on the following strategic targets: continuous improvement of environmental values and energy efficiency, and the prevention and reduction of all types of pollution in the immediate, wider, and global environment. Within those initiatives, they mention the conversion of some land that is now being used for crops into animal land and reconstructing the farms to improve animal living conditions.

In the letter from the CEO, some of the sustainability targets have been disclosed. Fortenova Group aims to be a responsible food producer that will contribute to the first SDG, achieving zero hunger, but is also working on responsible production and consumption. They have stressed the separate collection of waste as their achievement, but we were more impressed with some eco-innovations described in the Report. For example, in water production, they have introduced 0.5 l bottles made of 100 percent recycled plastic. With this innovation the plastic quantity was reduced by 51 tonnes and CO2 emissions by 872 tonnes in the current year, according to Fortenova Group. In addition, all the Group's main beverage brands have introduced reduced-weight PET packaging, which has all resulted in the reduction of plastic quantity within the Beverages Group by 640 tonnes, resulting in the total emissions reduction by 9 %. Also, in milk and dairy production, a packaging was introduced with carton and plastic based on sugar cane, which apparently reduced the carbon footprint of that packaging by 18 %.

Fortenova Group claims one of their sustainability goals to

be water protection and renewal of water sources as part of their focus on natural agriculture and the development of products and services that do not degrade natural ecosystems. Being one of the largest food producers, natural agriculture is really a very important topic for Fortenova Group and we hope to read more about it in their future sustainability reports.

Nevertheless, some of the sustainable initiatives in their Agriculture Division are already implemented. We would like to emphasise electricity generation in biogas facilities from renewable sources with by-products being heat and the soil amendment digestate, further used in the agricultural production of animal feed. An example is the tomato production in a greenhouse heated by the energy from the biogas facility of the dairy farm. Additionally, they have mentioned some cases of production with only biological protection and without pesticides. This is a very important step and we look forward to following the development of this initiative.

Active development of innovations for the contribution to sustainable development can be seen in many of Fortenova Group's initiatives. One that we would definitely like to stress is the development of the line of food products that are 100 % plant-based. It is just a beginning, but it is very important to educate and motivate people to use less meat products as an important way of fighting climate change.

Fortenova Group signed the Diversity Charter, an important public declaration of its attempt to work on employees' satisfaction. But more importantly, Fortenova Group

HR BCSD EXPERT COMMISSION'S EVALUATION

regularly surveys the corporate culture and climate and transparently discloses the results of the survey.

Consultations with stakeholders were also conducted, engaging 319 representatives of organizations and NGOs. There is no evidence that the consultations also included a discussion on material topics as a basis for the sustainability report. But, as a form of good practice, Fortenova Group announced that a sustainability due diligence of suppliers is in preparation. We expect to read more about the realization of this practice in the next report.

We already stated that Fortenova Group is the largest regional multinational corporation, but still, 138 awards won in the last year sound like proof that there is quality present in what the company does. Besides awards, the Company has a high number of various management certificates. Worth noting are also almost EUR 4 million in donations and sponsorships given to local communities by entities of Fortenova Group, which represents about 10 % of the overall budget. Another initiative worth mentioning is the development of the product assortment supplied by small local producers and family farms available in a number of the Group's stores.

Finally, we would like to comment on Fortenova Group's environmental reporting. The Report is filled with extremely detailed information on GHG emissions of the Group as well as a very detailed explanation of the calculations used to get the information. Furthermore, even though some data is missing, Fortenova Group announced its plans to start a project of determining all sources of GHG emissions from Scope 1, 2 and 3 and setting up an action plan for their reduction. Since there have been recent developments in realizing that it is Scope 3 emissions that represent the real challenge and that the companies have to focus on, we are very glad that Fortenova Group is aware of its responsibility and is preparing to take charge of its Scope 3 emissions. In

the environmental part of the report, detailed information on turnover, Capex and Opex is presented, aligning the company to the obligations arising from the EU taxonomy, again showing best practice.

We noticed that Fortenova Group has a relatively high employee turnover and we recommend to tackle the problem and find the reason for this, so that the company can act on it.

Even though there are some parts of the Report that can be improved, generally, considering that it is the Group's first report of this kind, we found it very well aligned with the requirements of GRI; the Report is very informative, comprehensive and mature. It is in our opinion one of the most complete reports to be published in Croatia in recent years and probably one of the finest sustainability reports in the region. We commend Fortenova Group for this accomplishment and look forward to their future work on sustainable practices and on the development of the reporting process itself.



"Fortenova Group announced its plans to start a project of determining all sources of GHG emissions from Scope 1, 2 and 3 and setting up an action plan for their reduction."

GRI CONTENT INDEX

The information reported by Fortenova Group for the reporting period 1 January to December 31, 2021, has been prepared with reference to the GRI Standards cited in this content index

GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
GRI 101: FOUNDATION 2016			
GENERAL DISCLOSURES			
	ORGANIZATIONAL PROFILE		
	102-1 Name of the organization	Corporate Overview	
	102-2 Activities, brands, products, and services	Our Portfolio	
	102-3 Location of headquarters	Corporate Overview	
	102-4 Location of operations	Our Portfolio	
	102-5 Ownership and legal form	Corporate Overview About Us	
	102-6 Markets served	Our Portfolio	
	102-7 Scale of the organization	Corporate Overview Financial Highlights	
GRI 102: General Disclosures 2016	102-8 Information on employees and other workers	Employees in Numbers – Categories, Contract types, Gender and Age	Information unavailable. Currently, we do not track data on the total number of employees by employment contract and by employment type based on gender.
	102-9 Supply chain	Supply Chain and Local Procurement	
	102-10 Significant changes to the organization and its supply chain	Corporate Overview Significant Events During 2021	Information unavailable. Due to the large number of companies we report on, and the fact that we currently do not have a system in place to systematically track such data on Group level, we did not include data on changes in the supply chain.
	102-11 Precautionary Principle or approach	Creating Value for Our Planet	
	102-12 External initiatives	Memberships, Certificates and Recognitions Sustainable Development Goals Approach to Diversity, Equality and Inclusion Impacting Local Communities	
	102-13 Membership of associations	Memberships, Certificates and Recognitions	
STRATEGY			
	102-14 Statement from senior decision-maker	Letter of our CEO and member of the Board of Directors	
	102-15 Key impacts, risks, and opportunities	ESG risks and opportunities	

GRI CONTENT INDEX

The information reported by Fortenova Group for the reporting period 1 January to December 31, 2021, has been prepared with reference to the GRI Standards cited in this content index

GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
	ETHICS AND INTEGRITY		
	102-16 Values, principles, standards, and norms of behavior	Our Values and Mission Our Approach to Corporate Governance Ethics and Compliance	
	102-17 Mechanisms for advice and concerns about ethics	Ethics and Compliance	
	GOVERNANCE		
	102-18 Governance structure	Our Approach to Corporate Governance Our Approach to Sustainability	
	102-19 Delegating authority	Corporate Overview Our Approach to Corporate Governance Tax Our Approach to Sustainability Corporate Governance Code Articles of Association	
GRI 102: General Disclosures 2016	102-20 Executive-level responsibility for economic, environmental, and social topics	Our Approach to Corporate Governance Our Approach to Sustainability	
	102-21 Consulting stakeholders on economic, environmental, and social topics	Our Approach to Corporate Governance Engaging our Stakeholders Materiality Assessment	
	102-22 Composition of the highest governance body and its committees	Our Approach to Corporate Governance Our Approach to Sustainability Employees in Numbers – Categories, Contract types, Gender and Age Corporate Governance Code About Us	
	102-23 Chair of the highest governance body	Our Approach to Corporate Governance About Us	
	102-24 Nominating and selecting the highest governance body	Our Approach to Corporate Governance	
	102-25 Conflicts of interest	Our Approach to Corporate Governance Code of Ethics	
	102-26 Role of highest governance body in setting purpose, values, and strategy	Our Approach to Corporate Governance Our Approach to Sustainability Materiality Assessment Corporate Governance Code	
	102-27 Collective knowledge of highest governance body	Our Approach to Sustainability Corporate Governance Code	

GRI CONTENT INDEX

The information reported by Fortenova Group for the reporting period 1 January to December 31, 2021, has been prepared with reference to the GRI Standards cited in this content index

GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION	
GRI 102: General Disclosures 2016	102-30 Effectiveness of risk management processes	ESG risks and opportunities		
	102-32 Highest governance body's role in sustainability reporting	Navigating the Report Our Approach to Sustainability		
	102-33 Communicating critical concerns	Our Approach to Corporate Governance		
	102-34 Nature and total number of critical concerns	Our Approach to Corporate Governance		
	102-36 Process for determining remuneration	Our Approach to Corporate Governance Our Approach to Employees		
	102-37 Stakeholders' involvement in remuneration	Our Approach to Employees Talent Management and Educations		
	STAKEHOLDER ENGAGEMENT			
	102-40 List of stakeholder groups	Engaging our Stakeholders		
	102-41 Collective bargaining agreements	Corporate Overview		
	102-42 Identifying and selecting stakeholders	Engaging our Stakeholders Materiality Assessment		
102-43 Approach to stakeholder engagement	Engaging our Stakeholders Materiality Assessment Tax Impacting Local Communities			
102-44 Key topics and concerns raised	Engaging our Stakeholders Materiality Assessment Our Values and Mission			
REPORTING PRACTICE				
102-45 Entities included in the consolidated financial statements	Navigating the Report Corporate Overview			
102-46 Defining report content and topic Boundaries	Navigating the Report Our Values and Mission Engaging our Stakeholders Materiality Assessment			
102-47 List of material topics	Materiality Assessment			
102-48 Restatements of information		Not applicable. This is Fortenova Group's first Sustainability Report.		
102-49 Changes in reporting		Not applicable. This is Fortenova Group's first Sustainability Report.		

GRI CONTENT INDEX

The information reported by Fortenova Group for the reporting period 1 January to December 31, 2021, has been prepared with reference to the GRI Standards cited in this content index

GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
GRI 102: General Disclosures 2016	102-50 Reporting period	1 January 2021 - 31 December 2021	
	102-51 Date of most recent report		Not applicable. This is Fortenova Group's first Sustainability Report.
	102-52 Reporting cycle	Navigating the Report	
	102-53 Contact point for questions regarding the report	Group Marketing e-mail: marketing@fortenovagrupa.hr	Fortenova Group's Sustainability report for 2021 was prepared with support of Ernst and Young
	102-54 Claims of reporting in accordance with the GRI Standards	Navigating the Report	
	102-55 GRI content index	GRI Content Index	
	102-56 External assurance	Navigating the Report	
MATERIAL TOPICS			
GRI 200 ECONOMIC STANDARD SERIES			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	ESG risks and opportunities	
	103-2 The management approach and its components	ESG risks and opportunities	
	103-3 Evaluation of the management approach	ESG risks and opportunities	
	201-2 Financial implications and other risks and opportunities due to climate change	ESG risks and opportunities	
	201-3 Defined benefit plan obligations and other retirement plans	Employee Compensation and Benefits (Mandatory Pension and Health Schemes, Voluntary Pension Schemes, Retirement Severance Pay)	
MARKET PRESENCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Impacting Local Communities (Supporting Local Employment)	
	103-2 The management approach and its components	Impacting Local Communities (Supporting Local Employment)	
	103-3 Evaluation of the management approach	Impacting Local Communities (Supporting Local Employment)	
	202-2 Proportion of senior management hired from the local community	Impacting Local Communities (Supporting Local Employment)	

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GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
INDIRECT ECONOMIC IMPACTS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Impacting Local Communities Our Values and Mission	
	103-2 The management approach and its components	Impacting Local Communities Our Values and Mission	
	103-3 Evaluation of the management approach	Impacting Local Communities Our Values and Mission	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Impacting Local Communities	
PROCUREMENT PRACTICES			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Supply Chain and Local Procurement	
	103-2 The management approach and its components	Supply Chain and Local Procurement	
	103-3 Evaluation of the management approach	Supply Chain and Local Procurement	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supply Chain and Local Procurement	
ANTI-CORRUPTION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Anti-corruption Ethics and Compliance	
	103-2 The management approach and its components	Anti-corruption Ethics and Compliance	
	103-3 Evaluation of the management approach	Anti-corruption Ethics and Compliance	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-corruption	
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption	

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The information reported by Fortenova Group for the reporting period 1 January to December 31, 2021, has been prepared with reference to the GRI Standards cited in this content index

GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
TAX			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Tax	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 207: Tax 2019	207-1 Approach to tax	Tax	
	207-2 Tax governance, control, and risk management	Tax (Tax Risk Management)	
	207-3 Stakeholder engagement and management of concerns related to tax	Tax (Tax Risk Management)	
GRI 300 ENVIRONMENTAL STANDARDS SERIES			
MATERIALS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Creating Value for Our Planet Resource Management: Water, Materials and Waste (Use of Materials and Waste Management)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Resource Management: Water, Materials and Waste (Use of Materials and Waste Management)	
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Creating Value for Our Planet Energy and Decarbonization	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy and Decarbonization (Energy Consumption)	
	302-3 Energy intensity		

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GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
WATER AND EFFLUENTS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Creating Value for Our Planet Resource Management: Water, Materials and Waste (Use of Materials and Waste Management)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Resource Management: Water, Materials and Waste (Water Use and Management)	
	303-5 Water consumption		
EMISSIONS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Creating Value for Our Planet GHG Emissions	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG Emissions	
	305-2 Energy indirect (Scope 2) GHG emissions		
WASTE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Creating Value for Our Planet Resource Management: Water, Materials and Waste (Use of Materials and Waste Management)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Resource Management: Water, Materials and Waste (Use of Materials and Waste Management)	
	306-3 Waste generated		

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GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
GRI 103: Management Approach 2016 for GRI 308-1 New suppliers that were screened using environmental criteria	103-1 Explanation of the material topic and its Boundary		
	103-2 The management approach and its components	Supply Chain and Local Procurement	
	103-3 Evaluation of the management approach		
GRI 400 SOCIAL STANDARDS SERIES			
EMPLOYMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Approach to Employees	
	103-2 The management approach and its components	Employees in Numbers – Categories, Contract types, Gender and Age (New Employee Hires and Employee Turnover by Age and Gender)	
	103-3 Evaluation of the management approach		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employees in Numbers – Categories, Contract types, Gender and Age (New Employee Hires and Employee Turnover by Age and Gender)	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Compensation and Benefits	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		
	103-2 The management approach and its components	Health and Safety of our Workers (Occupational) Health and Safety in General	
	103-3 Evaluation of the management approach		

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GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
GRI 403: Occupational Health and Safety 2016	403-1 Occupational health and safety management system	Health and Safety of our Workers (Occupational Health and Safety in General)	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and Safety of our Workers (Hazard Identification, Risk Assessment, and Incident Investigation)	
	403-3 Occupational health services	Health and Safety of our Workers (Hazard Identification, Risk Assessment, and Incident Investigation)	
GRI 403: Occupational Health and Safety 2016	403-5 Worker training on occupational health and safety	Health and Safety of our Workers (Worker Training on Occupational Health and Safety)	
	403-6 Promotion of worker health	Health and Safety of our Workers (Activities related to Health and OHS in our Companies)	
	403-8 Workers covered by an occupational health and safety management system	Health and Safety of our Workers (Occupational Health and Safety in General)	
	403-9 Work-related injuries	Health and Safety of our Workers (Hazard Identification, Risk Assessment, and Incident Investigation)	
TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Approach to Employees	
	103-2 The management approach and its components	Talent Management and Educations Ethics and Compliance	
	103-3 Evaluation of the management approach		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Talent Management and Educations (Education and Training Hours)	
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Management and Educations (Educations and Training in Our Companies) Employee Compensation and Benefits (Mandatory Pension and Health Schemes, Voluntary Pension Schemes)	
DIVERSITY AND EQUAL OPPORTUNITY			

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GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		
	103-2 The management approach and its components	Approach to Diversity, Equality and Inclusion	
	103-3 Evaluation of the management approach		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employees in Numbers – Categories, Contract types, Gender and Age (Employee Categories by Age and Gender)	
NON-DISCRIMINATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		
	103-2 The management approach and its components	Approach to Diversity, Equality and Inclusion Ethics and Compliance	
	103-3 Evaluation of the management approach		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Approach to Diversity, Equality and Inclusion (Zero Tolerance to Discrimination)	
LOCAL COMMUNITIES			
GRI 413: LOCAL COMMUNITIES 2016			
GRI 103: Management Approach 2016 for 413-1 Operations with local community engagement, impact assessments, and development programs	103-1 Explanation of the material topic and its Boundary		
	103-2 The management approach and its components	Stakeholder Engagement Impacting Local Communities	
	103-3 Evaluation of the management approach		
SUPPLIER SOCIAL ASSESSMENT			

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GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
GRI 414 SUPPLIER SOCIAL ASSESSMENT			
GRI 103: Management Approach 2016 for 414-1 New suppliers that were screened using social criteria	103-1 Explanation of the material topic and its Boundary	Supply Chain and Local Procurement Sustainable Food and Customer Wellbeing (Quality and Safety of Our Products)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
CUSTOMER HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainable Food and Customer Wellbeing	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainable Food and Customer Wellbeing (Quality and Safety of Our Products)	
MARKETING AND LABELING			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainable Food and Customer Wellbeing	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Sustainable Food and Customer Wellbeing (Product Labeling)	

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GRI STANDARD	DISCLOSURE	LOCATION (CHAPTER OR URL)	OMISSION AND EXPLANATION
GRI 414 SUPPLIER SOCIAL ASSESSMENT			
LAND USE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		
	103-2 The management approach and its components	Land Use and Animal Welfare	
	103-3 Evaluation of the management approach		
ANIMAL WELFARE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		
	103-2 The management approach and its components	Land Use and Animal Welfare	
	103-3 Evaluation of the management approach		

IMPRESSUM

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