MK GROUP

2024

ESG REPORT 2024

THE POWER OF TRUST ON A RESPONSIBLE PATH

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FOREWORD

Just three years ago, we made an important decision to make our operations transparent to all interested parties. In 2023, we published the first Sustainability Report 2022 as the baseline year, and in that report we presented all the results achieved in our system and announced a five-year ESG strategy.

In 2024, we continued to expand the boundaries of MG Group operations, relying on four decades of stable growth and strategic investments. Our diversified operations include the key economy segments of agriculture, tourism, energy and real estate, and all our activities are based on sustainability, innovation and long-term responsibility towards the community and the environment. Through an initiated EUR 1.6 billion investment cycle by 2026, we are building business models responding to today's challenges and bringing real benefits for the generations to come.

One of the most significant steps in that direction was the opening of the Krivača wind farm in East Serbia, the first of its kind in that part of the country and the largest MK Group investment in the sector of renewable energy sources. With a capacity of 105.6 MW and 22 state-of-the-art wind turbines, this wind farm generates 310 GWh of green electricity every year, enough to supply 75,000 households. This EUR 165 million investment is a strong incentive to continue with the regional energy transition, symbolising our commitment to a sustainable future.

Guided by ESG principles, we set ambitious goals for the five-year period until the end of 2026: investing EUR 900 million in renewable sources, reaching 1 GW of installed capacity and reducing Scope 1 and 2 emissions by 25%. At the same time, we are continuing to promote reporting processes and the integration of ESG standards into all business segments.

In the field of social impact, the MK Group remains a reliable partner for communities across the region. This year is marked by the greatest philanthropic act in the recent history of the region – the opening the Palace of Science in Belgrade, as financed by the Miodrag Kostić Endowment. This endowment, which occupies 5,500 square metres in one of the most beautiful buildings of the capital, is the first centre for research and the popularisation of science in Serbia, and the largest one in the region. The project brought the endowment, which has an enduring value transcending generations, back into the public discourse.

In addition, we continued with the implementation of our annual regional CSR programme, within which, in 2024, we donated EUR 350,000 for the renovation of student dormitories in Belgrade, Zagreb, Ljubljana, and Podgorica. That is how we improved the learning and living conditions for nearly 6,000 students in the Adria region, as we believe that investing in young people is the best investment in future.

Just as we invest in the community, we continuously invest in our employees. We are proud of the fact that half of the members of the MK Group's Board of Directors are women, and that more than 40% of managerial positions are held by women. Our goal is to increase this to 50%, further strengthening our commitment to gender equality and inclusive leadership.

Precisely because of our diversified business, it was necessary to create a reliable ESG database to achieve our aims in this context, which is why in the previous period we invested significant resources in the development of processes and structures for data collection and analysis. Within ESG boards, the ESG teams consisting of representatives of all member companies in our system adopt strategic guidelines and coordinate the implementation of the goals set.

By improving ourselves and our business, we aim to encourage our partners and invite all our suppliers and customers to improve their sustainability goals and join us in the effort to achieve continuous business improvement, as we are sure that with our growth we can promote the growth of our partners, too.

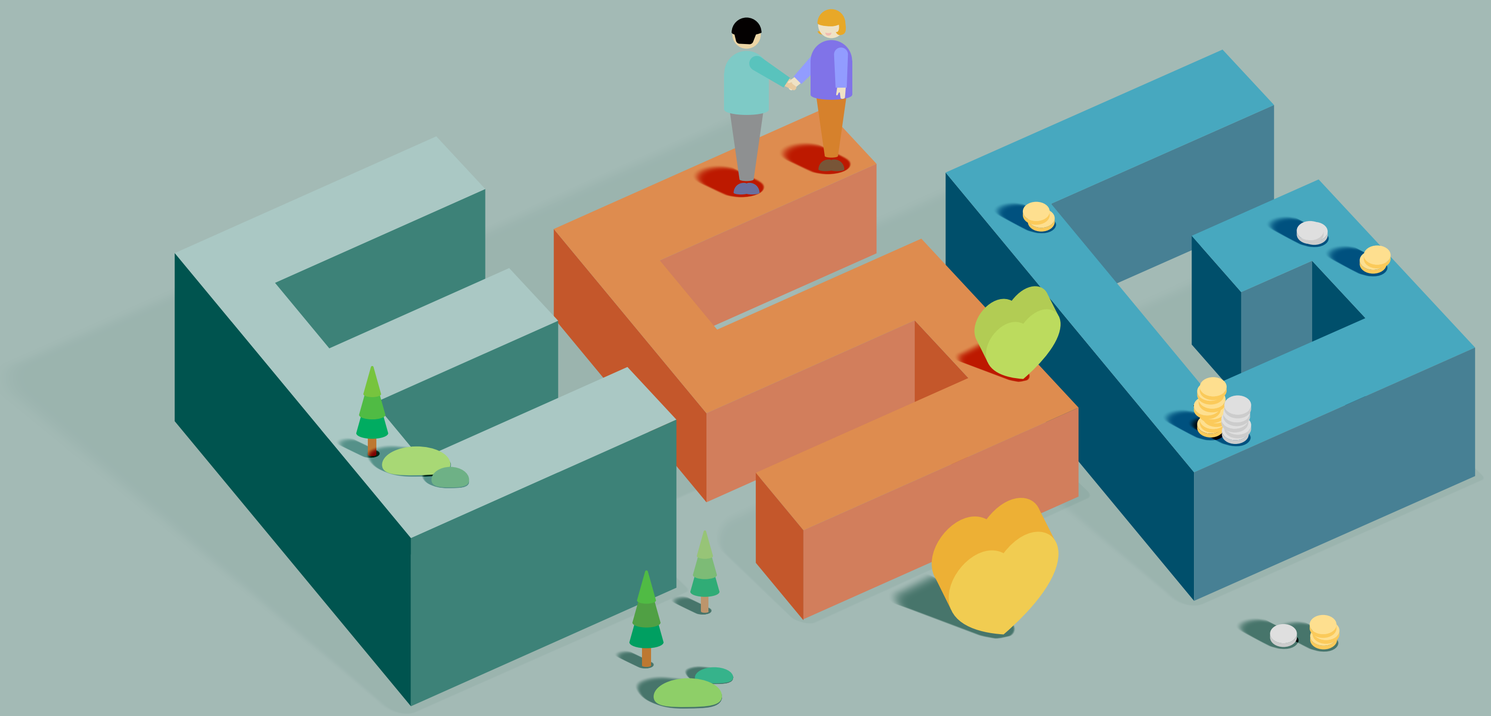
> *Mihailo Janković*
> MK Group CEO

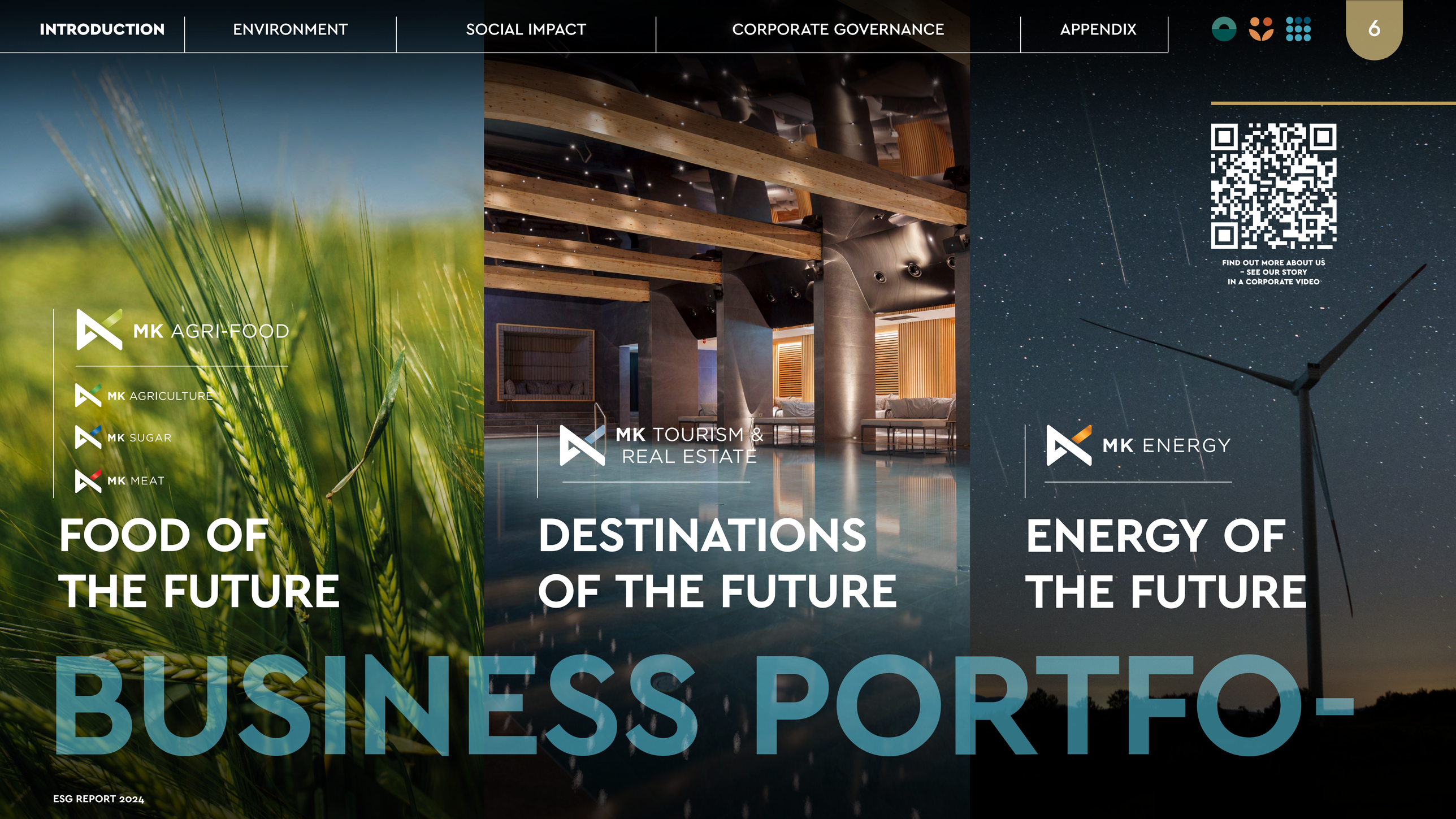
FOUR DECADES OF GROWTH, RESPONSIBILITY AND PARTNERSHIP

Owing to the clear vision of its founder Miodrag Kostić, over the more than 40 years of its operations the MK Group has established itself as one of the leading business systems in the region. Sustainability and responsible operations represent the core of all aspects of our activities – from caring for the environment and empowering communities, to transparent corporate governance and strategic investments that will create value for generations to come.

A clear focus on ESG principles empowers each business segment – in the agriculture and food industry, energy, tourism and real estate development. A diversified structure and presence on the markets of Serbia, Slovenia, Croatia, and Montenegro enable a strong impact, as well as the obligation to create accountability, growth and innovation, and apply them in a sustainable manner.

Long-term investments, innovative approaches and commitment to people and community create a business model that not only strives for profit, but also the creation of benefits for society, nature and partners. This approach is based on trust as a driver of cooperation and the foundation of a sustainable future.





FIND OUT MORE ABOUT US
– SEE OUR STORY
IN A CORPORATE VIDEO

MK AGRI-FOOD

MK AGRICULTURE

MK SUGAR

MK MEAT

FOOD OF
THE FUTURE

MK TOURISM &
REAL ESTATE

DESTINATIONS
OF THE FUTURE

MK ENERGY

ENERGY OF
THE FUTURE

BUSINESS PORTFO-

MK AGRICULTURE

LEADER IN DOMESTIC AGRICULTURE

The MK Agriculture division includes numerous companies engaged in farming, vegetable and fruit production and processing, viticulture, and cattle breeding.

10,500 ha
of land we cultivate

200,000 t of agricultural and vegetable crops produced annually

25% higher yield
compared to the average in Serbia

70% of land under irrigation

950
dairy cows

10,000,000 l
of milk per year

OD 1959.
PIK BEČEJ

MK AGRICULTURE

12,000 t
of annual sales of Flora frozen fruits and vegetables

THE HEALTHIER SIDE OF THE DINING TABLE

Flora SINCE 1978

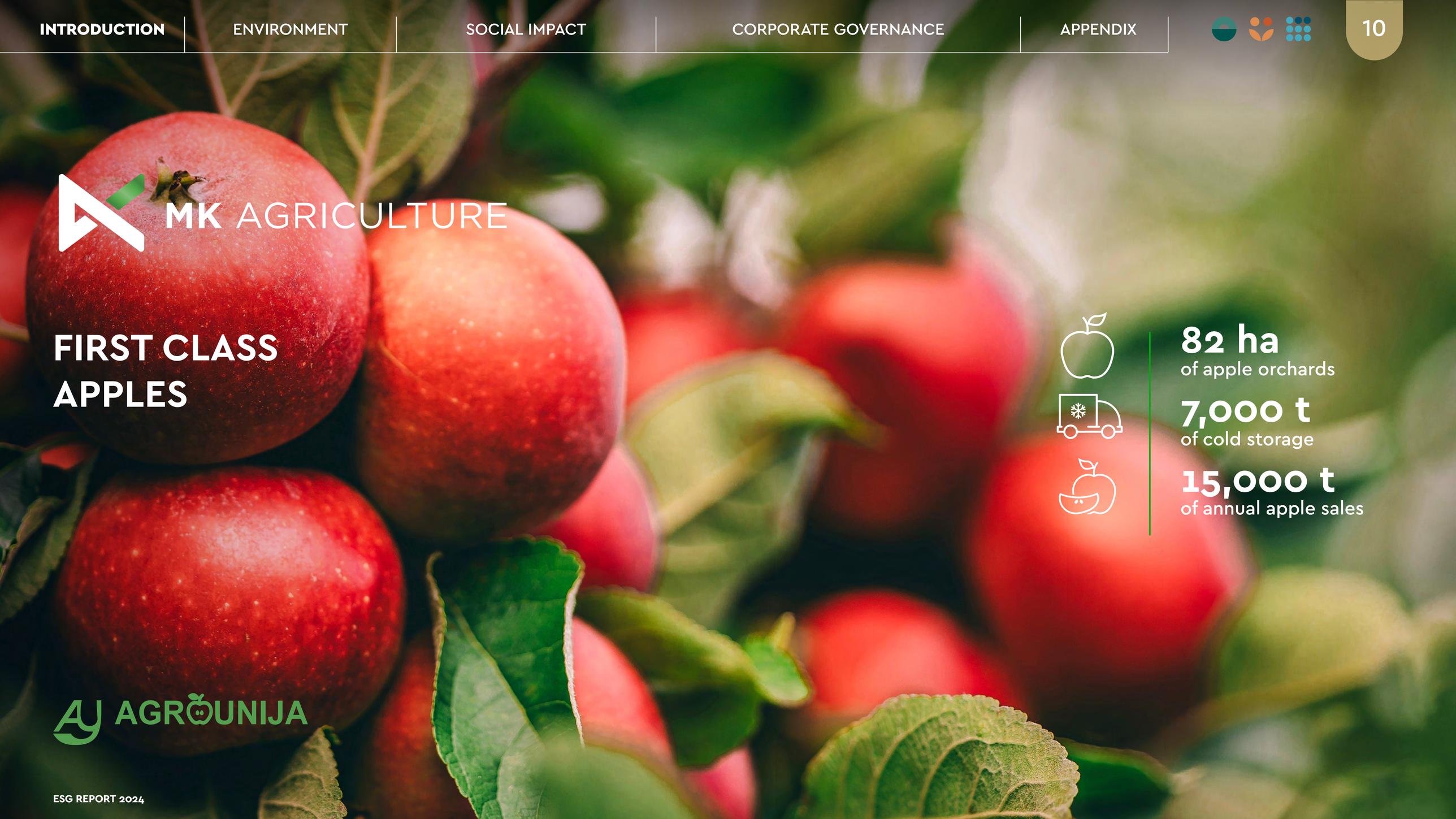
MK AGRICULTURE

FINEST WINES ON THE SLOPES OF FRUŠKA GORA

60 ha
of vineyards

400,000 l
of wine sold annually

ERDEVIK
1826



MK AGRICULTURE

FIRST CLASS APPLES

82 ha
of apple orchards

7,000 t
of cold storage

15,000 t
of annual apple sales

AGROUNIJA

MK SUGAR

REGIONAL LEADER

Sunoko is one of the most efficient factories in the European sugar industry. It is the largest sugar producer in the region, and exceeds the needs of the domestic market.

3 sugar factories
(Vrbas, Pećinci, Kovačica)

1,500,000 t
of sugar beets processed per year

188,370 t
of sugar produced per year

Sunoko

MK MEAT

REGIONAL MEAT INDUSTRY LEADER

With a tradition of 65 years and a complete “farm-to-table” production system, Carnex is one of the largest producers of meatand meat products in the region.

23,000 t
of annual sales

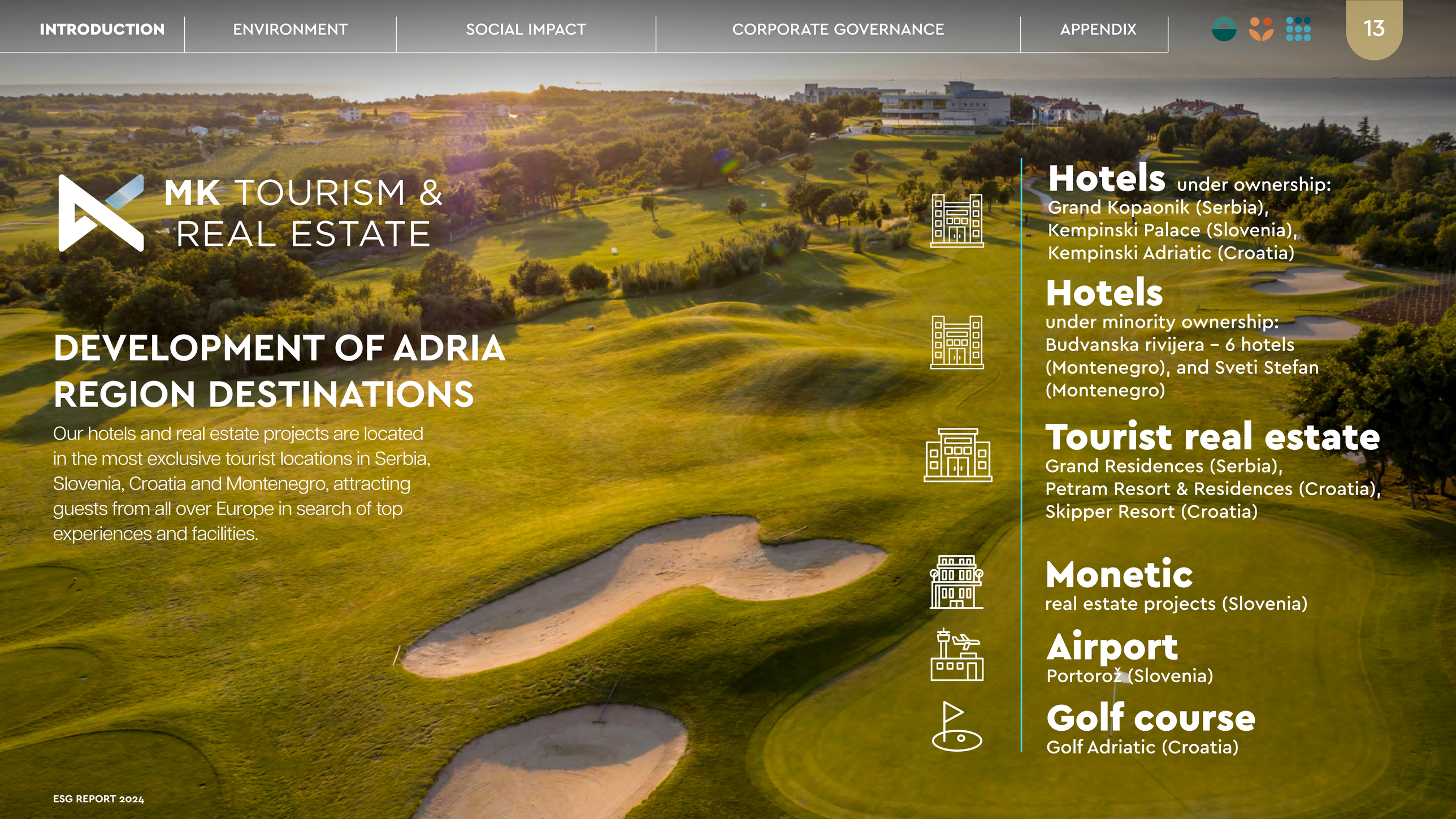
150
meat products in the portfolio

Exports to 15
countries

6
pig farms

140,000
fattening animals per year

carnex



MK TOURISM & REAL ESTATE

DEVELOPMENT OF ADRIA REGION DESTINATIONS

Our hotels and real estate projects are located in the most exclusive tourist locations in Serbia, Slovenia, Croatia and Montenegro, attracting guests from all over Europe in search of top experiences and facilities.

Hotels under ownership:
Grand Kopaonik (Serbia),
Kempinski Palace (Slovenia),
Kempinski Adriatic (Croatia)

Hotels
under minority ownership:
Budvanska rivijera – 6 hotels (Montenegro), and Sveti Stefan (Montenegro)

Tourist real estate
Grand Residences (Serbia),
Petram Resort & Residences (Croatia),
Skipper Resort (Croatia)

Monetic
real estate projects (Slovenia)

Airport
Portorož (Slovenia)

Golf course
Golf Adriatic (Croatia)

MK ENERGY

LEADER IN GREEN ENERGY GENERATION IN SERBIA

The MK Group is a pioneer in using renewable energy sources in Serbia. By investing in wind farms, solar power plants and biomass plants, we actively contribute to the energy transition. The projects we are developing, and which are expected to be completed by the end of 2026, represent investments worth more than EUR 900 million.

4
wind farms constructed:
Kula, La Piccolina,
Košava faza I, Krivača

200 MW
of total wind farm capacity

500 GWh
of green electricity
generated per year

130,000
households supplied
with electricity

1 GW
capacity of new RES projects
by the end of 2026

STAKEHOLDERS AND MATERIAL TOPICS

In accordance with our commitment to continuous improvement of ESG practices and strategic business development, in 2024 we implemented a comprehensive process of reviewing and updating material topics. In cooperation with the ESG board, and with an evaluation of all business activities within their divisions, the ESG teams and different working groups identified the potentially material topics that could have a significant impact on the environment, society, employees and economy.

- EMPLOYEES
- COMMUNITY
- BUYERS AND CLIENTS
- SUPPLIERS
- BUSINESS PARTNERS
- FINANCIAL INSTITUTIONS
- PUBLIC INSTITUTIONS
- CIVIL SOCIETY ORGANISATIONS
- EDUCATIONAL INSTITUTIONS
- MEDIA
- OWNER
- TOP MANAGEMENT
- FAMILIES OF EMPLOYEES
- EMPLOYMENT CANDIDATES
- INSURANCE COMPANIES
- INSPECTION BODIES
- INVESTORS
- FUTURE GENERATIONS

The key stakeholder groups were simultaneously defined and updated, in order to make the process inclusive and based on relevant perspectives. During the previous year, multiple dialogues were organised with priority stakeholders at the division level, as well as at the MK Group level, ensuring representation of different views and needs.

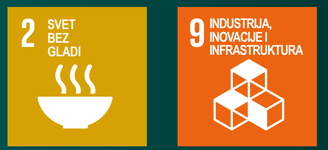
An analysis of the feedback received indicated that the previously identified ESG topics still remain highly material, particularly in the areas of the environment, social responsibility and corporate governance. As a result, these topics were confirmed and formally approved by the MK Group's Board of Directors, and the content of this Sustainable Development Report 2024 was designed in accordance with them.

The list of interested parties was further expanded in order to strengthen the inclusion process. In addition to the existing list of employees, local communities, clients and buyers, suppliers, business partners, financial institutions, state authorities, civil society organisations, educational institutions and the media, we also included owners, top management, families of employees, job candidates, insurance companies, inspection bodies, investors, and future generations.

This expanded base enables deeper and more diverse insights, and in the coming year we plan to additionally intensify the dialogue with an even wider range of stakeholders, as a key step in our further ESG development.

ESG AREA		MATERIAL TOPICS
E	ENVIRONMENT	Greenhouse gas emissions and carbon neutrality
		Energy management and renewable energy sources
		Water and wastewater management
		Waste management
		Soil conservation
		Biodiversity conservation and animal welfare
S	ATTITUDE TOWARDS EMPLOYEES	Diversification, equality and inclusion
		Gender equality
		Health and safety of employees
		Development of employees and work practices
	WELFARE OF BUYERS AND CONSUMERS	Product quality and safety
		Data safety
		Value chain
	ATTITUDE TOWARDS COMMUNITY	Partnership with local communities
		Support for children and youth
		Assistance to vulnerable social groups
G	CORPORATE GOVERNANCE	Optimal governance
		Economic indicators
		Business ethics
		Compliance with regulatory requirements
		ESG material topic management

E


2
SVET BEZ GLADI

9
INDUSTRIJA, INOVACIJE I INFRASTRUKTURA

3
DOBRO ZDRAVLJE

12
ODGOVORNA POTROŠNJA I PROIZVODNJA

6
ČISTA VODA I SANITARNI USLOVI

13
AKCIJA ZA KLIMU

7
DOSTUPNA I OBNOVLJIVA ENERGIJA

15
ŽIVOT NA ZEMLJI

17
PARTNERSTVOM DO CILJEVA

ENVIRONMENT

The MK Group is continuously working o implement and improve environmental standards in order to reduce our ecological footprint and contribute to a greener future for all.

Objectives in focus until 2026

1 GW of green energy

EUR 900 million
investment in renewable energy sources

A 25% reduction in
Scope 1 and Scope 2 emissions

Key results in 2024

261 GWh more from renewable energy sources

Generated

more than **2.5 GWh** of solar energy

7.1 GWh

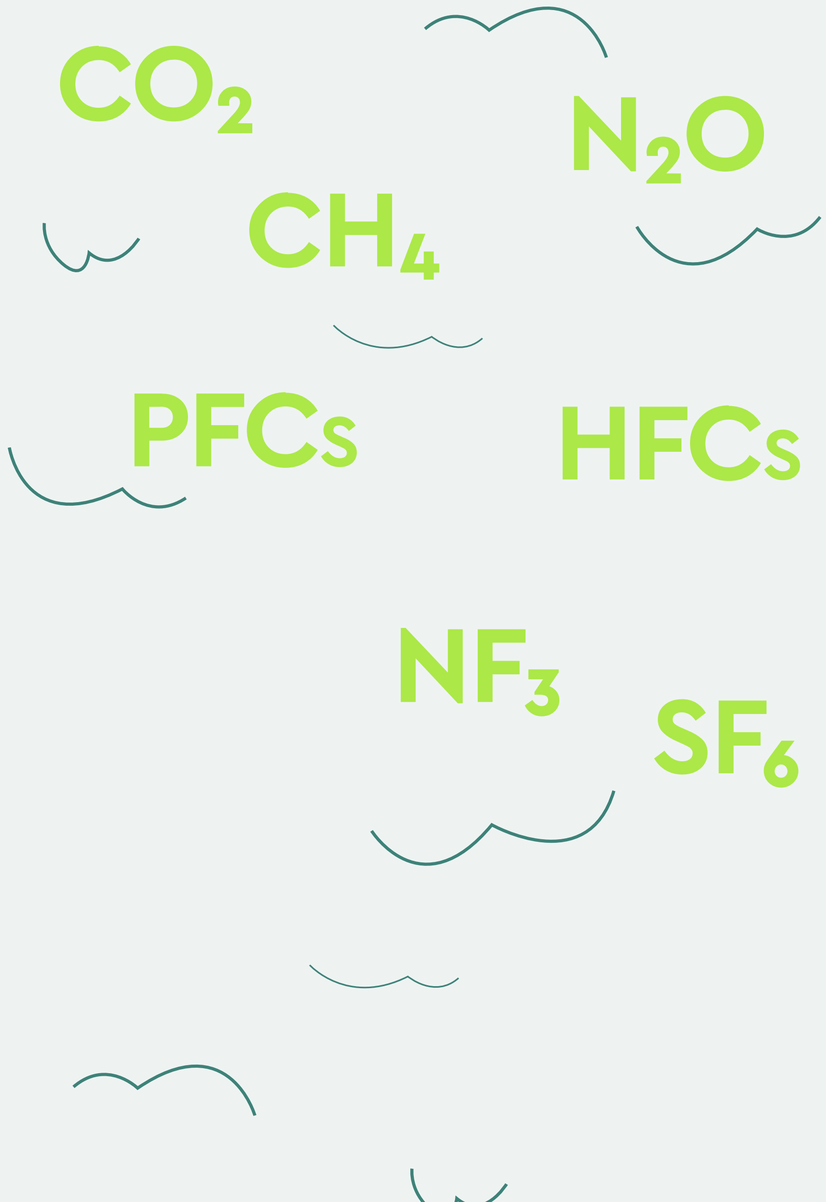
GREENHOUSE GAS EMISSIONS

SUSTAINABILITY AS THE BASE OF LONG-TERM GROWTH

> **Sustainable development, defined as "development meeting the needs of the present without compromising the ability of future generations to meet their own needs" by the United Nations Brundtland World Commission on Environment and Development, reflects the philosophy of growth and development followed by the MK Group over decades.**

Aware that climate change is one of the most significant challenges of our time, **we recognise not only the risks it brings, but also the opportunities to contribute to the solutions.** To that end, **we are actively working to de-carbonise the industry**, integrate renewable energy sources and apply innovative sustainable practices, which are becoming an integral part of our strategy and corporate culture.

Our goal is clear: **sustainable growth that creates value today while leaving room for prosperity for generations to come.**



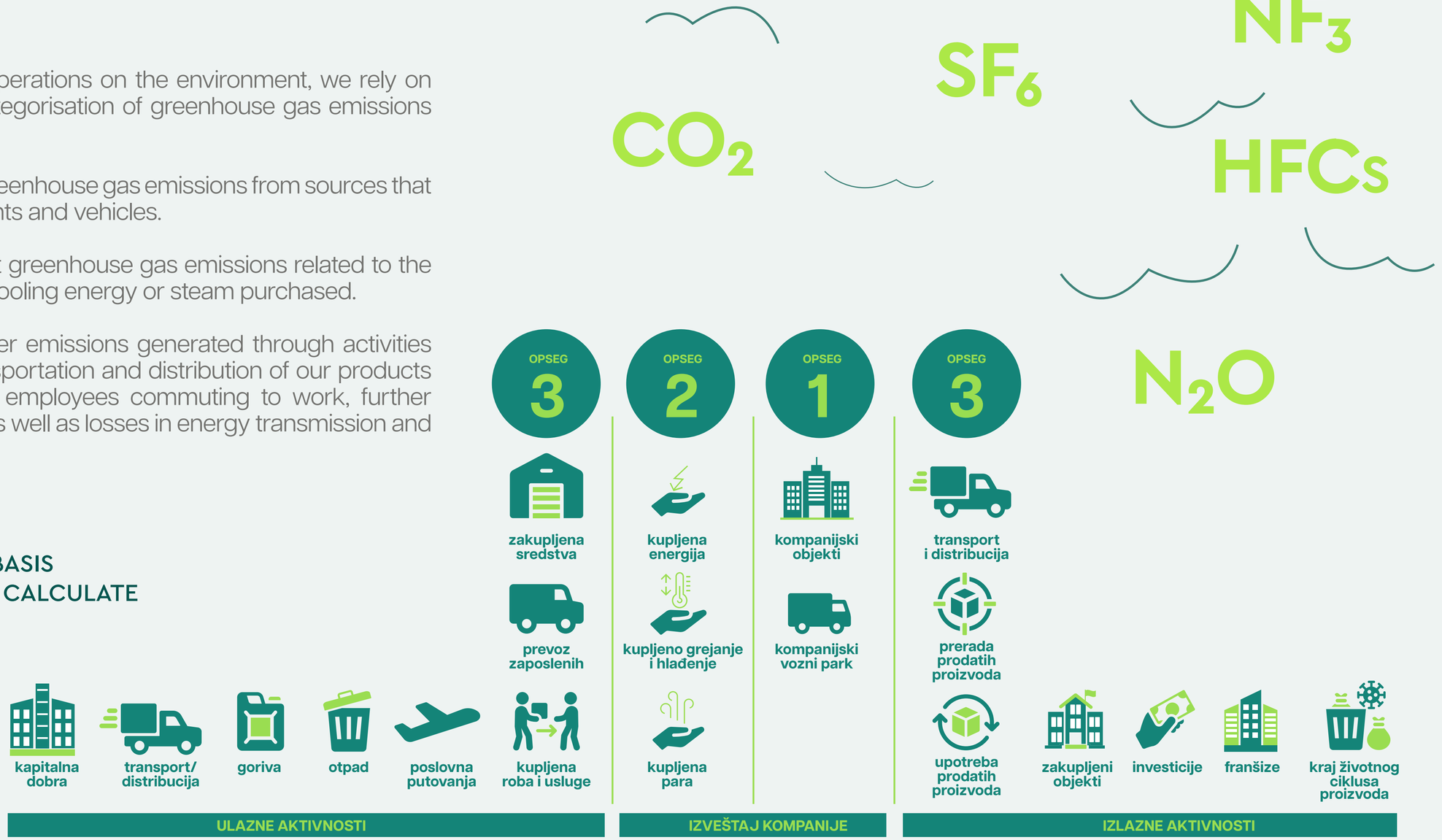
In assessing the impact of our operations on the environment, we rely on the internationally recognised categorisation of greenhouse gas emissions within three scopes:

Scope 1 – Encompasses direct greenhouse gas emissions from sources that we control, including facilities, plants and vehicles.

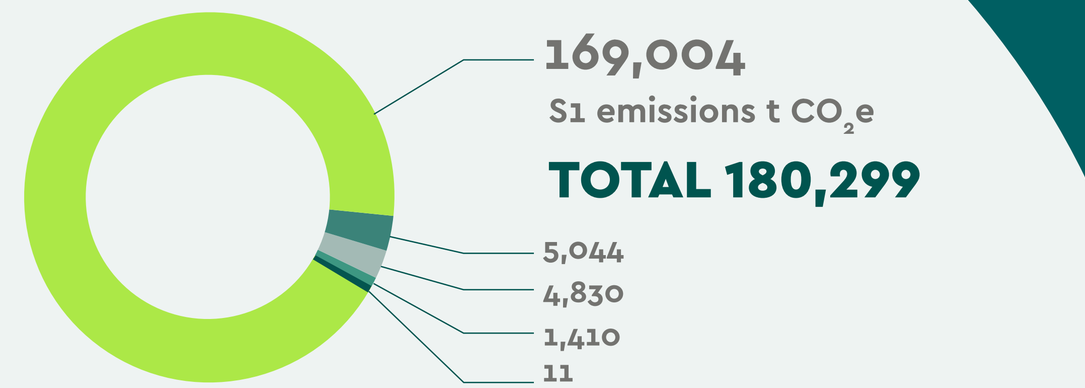
Scope 2 – Encompasses indirect greenhouse gas emissions related to the consumption of electricity, heat, cooling energy or steam purchased.

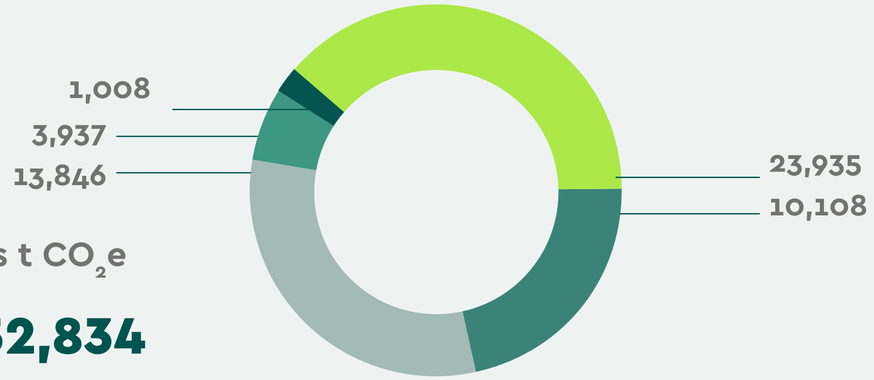
Scope 3 – Encompasses all other emissions generated through activities in our value chain, including transportation and distribution of our products or materials, business trips and employees commuting to work, further processing of generated waste, as well as losses in energy transmission and distribution.

THE GHG PROTOCOL AS THE BASIS
THE METHODOLOGY USED TO CALCULATE
SCOPE 1, 2 AND 3 EMISSIONS.



STRUCTURE OF GREENHOUSE GAS EMISSIONS PER MK GROUP DIVISION IN 2024





S2 emissions t CO_2e

TOTAL 52,834

MK Sugar | MK Agriculture | MK Meat | MK Tourism & Real Estate | MK Energy

* Information for Scope 1 and 2 emissions of CO_2 in Division was not presented in ESG Report in 2023.

The MK Group monitors and calculates emissions within Scopes 1 and 2 for all its divisions included in reporting, whereas there are no available data on Scope 3 emissions, as they are still not part of our measurements and calculations. Due to diversification of our system, the assessment of Scope 3 emissions is planned for the following period.

Based on these measurements, we determine the carbon footprint: the total amount of greenhouse gasses emitted, usually expressed in unit of measure equivalent to CO_2 emissions, CO_2e.

CO_2 direct emissions were lower in 2024 than in 2023 in all divisions apart from the hotel division, where, because of the larger amount of gas consumed as an energy source, direct emissions increased.

Higher indirect CO_2 emissions in 2024 than in 2023 are the result of a higher electricity consumption.

ENERGY CONSUMPTION AND ENERGY EFFICIENCY

MK GROUP	2023	2024
ELECTRICITY CONSUMPTION (kWh)	**66,243,709**	**85,277,866**
Consumption of other energy-generating products:		
- Diesel (l)	2,809,085	2,651,247
- Gasoline (l)	24,660	72,173
- Gas (m^3)	3,344,692	6,213,513
- Coal (t)	120,384	114,709
- Crude oil (t)	4,576	2,495
- Bhutan (t)	37	34,6
- Fuel oil (l)	1,000	1,000
- Methane (l)	11,803	7,663
- Coke* (t)	4,253	5,623

* Coke is not used in the processing of sugar beet at MK Sugar as an energy-generating product, and it does not lead to emissions of CO_2 gas in the atmosphere, as the produced CO_2 gas is consumed in the sugar production process.

The electricity consumption in the MK Sugar division is higher than in the previous year, primarily because of the longer operation of the molasses de-sugaring plant that consumed 5.7 GWh more energy than the previous year. The length of the sugar beet processing campaign also contributed to the higher energy consumption. This explains the higher indirect CO_2 emissions in 2024 than in 2023.

Higher gas consumption in the reporting year than in the previous year is explained by the fact that a certain amount of gas was used in production instead of coal for the first time in the MK Group, which also resulted in a lower amount of coal consumed in 2024.

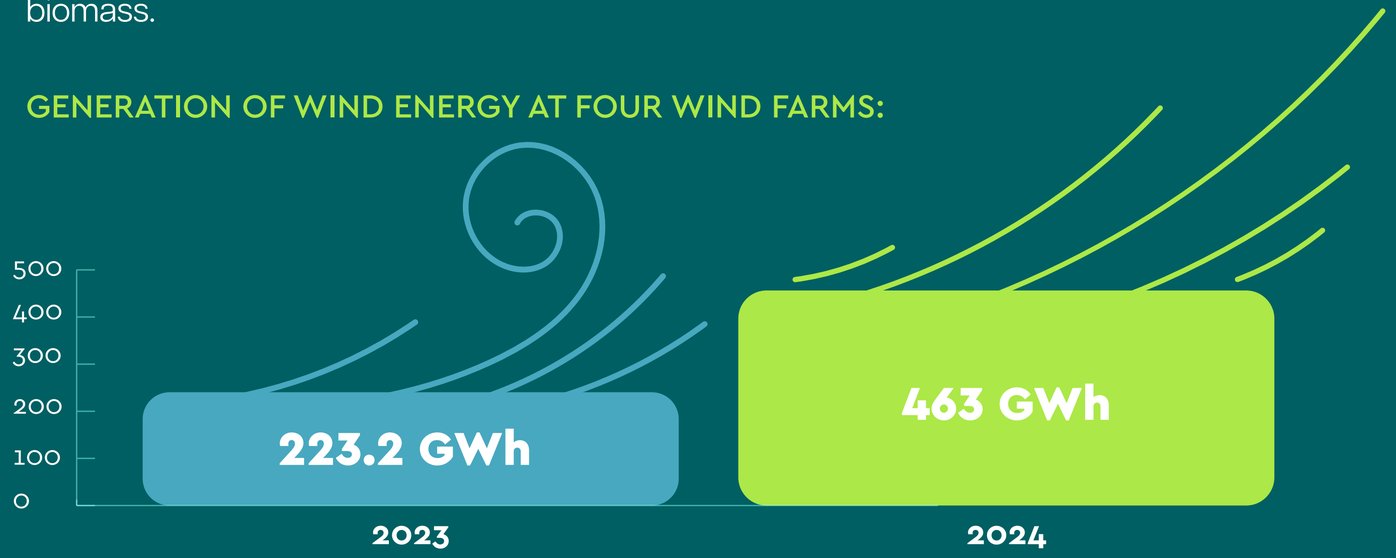
In the MK Sugar division, coal is used to produce steam that enables electricity generation, and then the steam is used in the process of sugar production. In 2024, 33,222,105 kWh of energy was generated from coal, and that energy was consumed in the process of sugar production.

Separate data on energy consumption in cooling and heating systems are currently not available. Only total data are shown.

ENERGY GENERATION FROM RENEWABLE SOURCES

Renewable energy sources represent energy from natural sources (solar, wind, water, geothermal energy, wave and tidal energy), biological resources, air, water (ground and surface) and bioenergy, such as biofuels and biomass. In the MK Group we see renewable sources as a pillar of energy development that should ensure energy stability while protecting the environment. With the projects we have defined and implemented, the MK Group already makes use of renewable energy from wind, sun, groundwater and biomass.

GENERATION OF WIND ENERGY AT FOUR WIND FARMS:



Owing to the operation of our four wind farms, in 2024 we avoided the emission of as much as 295,394 tonnes of CO_2, representing a significant contribution to the environment and the fight against climate change.

During the same year, the wind turbines produced as much as 463 GWh of green energy, making it possible to avoid the consumption of about 324,000 tonnes of brown coal.

Although the wind farms consumed **1.45 GWh of electricity,** resulting in the emission of about 1,000 tonnes of CO_2, **the ratio of generated and consumed energy is in favour of green production, and thus our wind farms have once again confirmed their key role in a sustainable energy system of Serbia.**

Through green energy generation, we contribute to and provide the opportunity for a greater number of consumers to switch from using energy from non-renewable sources to using electricity from renewable sources, and thus they can also contribute to mitigating climate change.

WIND FARMS

4
wind farms constructed

200 MW
total capacity

500 GWh
annual green energy generation

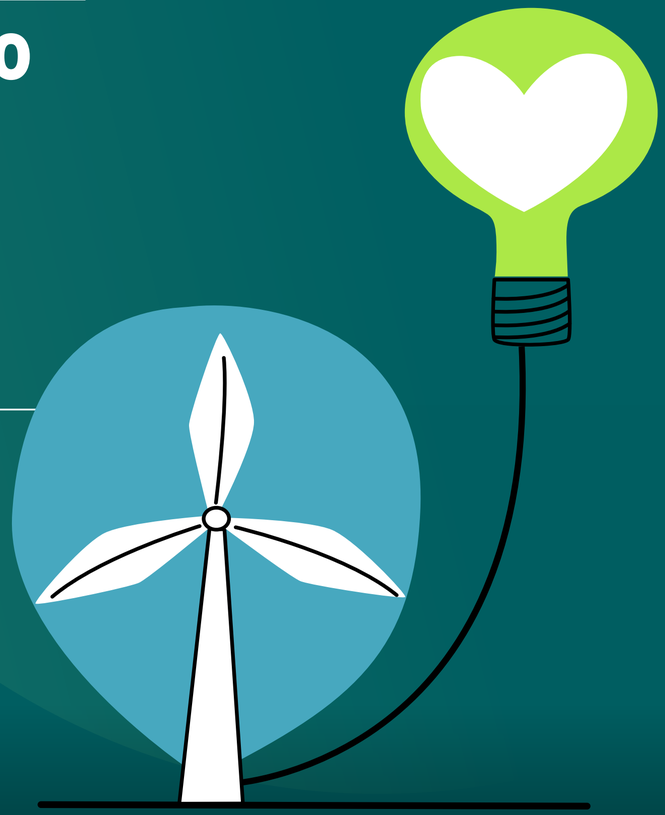
130,000
households supplied

KULA
Kula, Serbia
2015

LA PICCOLINA
Vršac, Serbia
2016

KOŠAVA FAZA I
Vršac, Serbia
2019

KRIVAČA
Golubac, Serbia
2023



GREEN ENERGY

In the **Agri-Food and Tourism & Real Estate** segments, solar panels generated energy from renewable sources throughout 2024. More than 2.5 GWh of solar energy was generated due to a total installed capacity of 3,342 kWp.

SOLAR ENERGY GENERATION (kWh)	2023	2024
MK Meat	236,872	967,730
MK Agriculture	725,970	1,289,800
MK Tourism & Real Estate	343,260	272,910
MK Tourism & Real Estate	**1,306,102**	**2,530,440**

Compared to the baseline year (2022), when the solar energy generation amounted to 19,541 kWh, in 2024 it reached 2,530,440 kWh, confirming the strong growth in the generation and use of energy from renewable sources.

Despite the increase in the share of electricity obtained from solar panels, all MK Group divisions are continuously working to optimise energy consumption in their processes.

MK MEAT

A series of activities that preceded the certification of standards in the area of energy management in the meat industry was conducted in the MK Meat division. Key steps included:

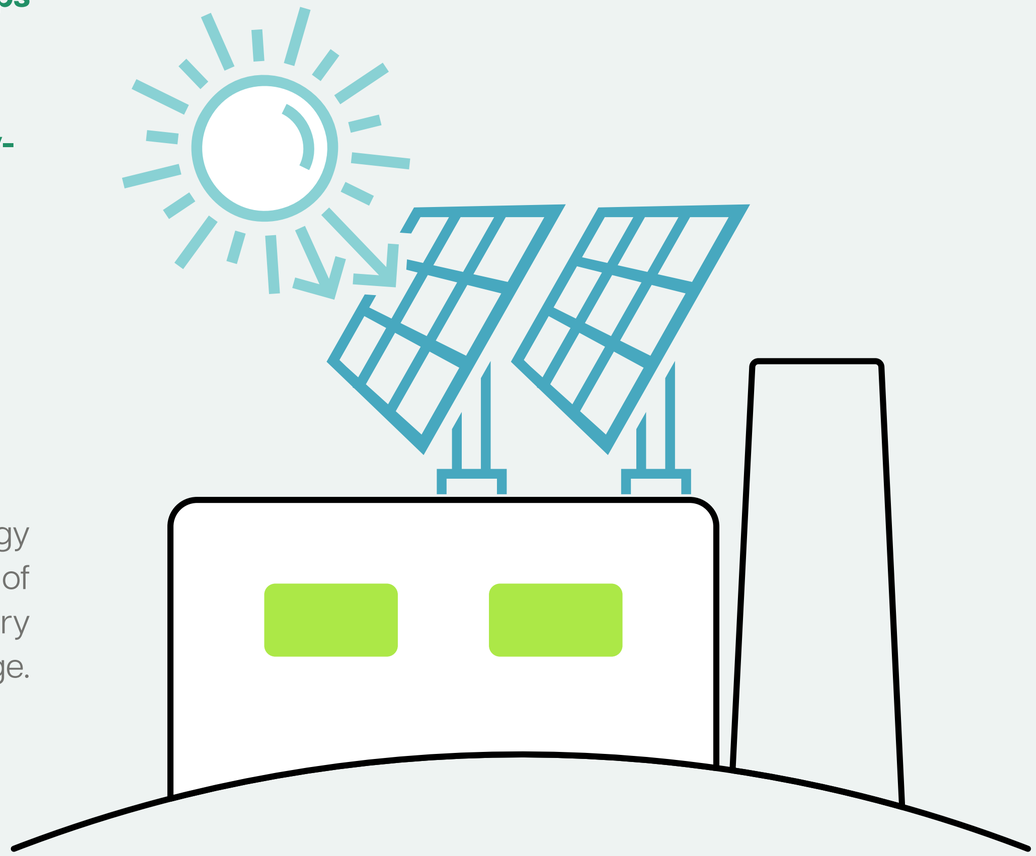
- **Replacement of the reactive energy compensation system;**
- **Replacement of classic fluorescent and incandescent lamps with modern and energy-efficient LED lighting;**
- **Installation of a system for heating sanitary water using heat pumps, powered by geothermal energy;**
- **Implementation of a software solution for the collection and analysis of data on the consumption of energy-generating products;**
- **Installation of an ammonia vapour recovery system, whereby the energy obtained is used in plants for the production of fermented sausage and dried meat products.**

After obtaining the ISO 50001:2018 certificate, we keep on following the latest trends in energy efficiency and CO2 emission reduction. Two solar power plants were installed on the roofs of industrial buildings, while the commissioning of a highly efficient gas boiler for the generation of dry saturated steam at a pressure of 7 bar, which is used in production processes, is in the final stage.

Apart from capital investments, we are also focusing on:

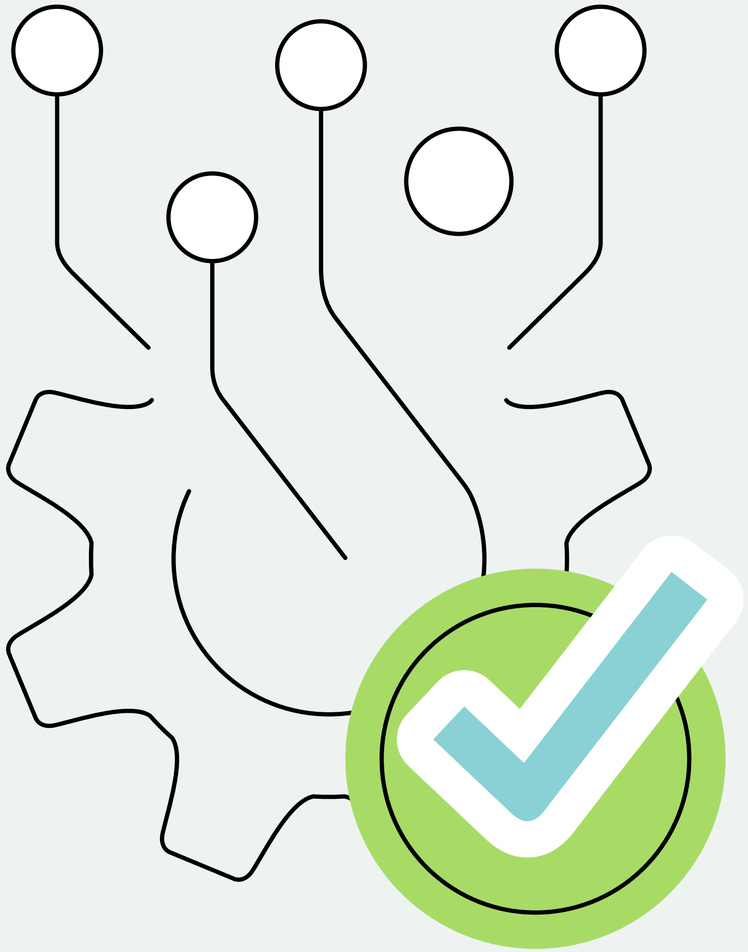
- Preventive and investment maintenance;
- Monitoring the operational process parameters;
- Continuous staff education;
- Regular result analysis and defining action plans for further progress.

This approach has resulted in a clear increase in efficiency: finished product manufacturing per 1kWh of energy consumed has increased by more than 12.5% in the last two years.



MK AGRICULTURE

The system that manages the entire factory was improved at Sunoko factory in Pećinci, a part of the **MK Sugar** division. The new system now has both software and hardware support from Siemens, ensuring the necessary security and safety at work. The frequency regulators that were less reliable were replaced, as were other parts that needed to be changed. This enabled greater efficiency and stability of the power supply to key components, ensuring a stable supply to four centrifuges which play a key role in sugar beet processing and sugar production.



BIOGAS PLANT WITHIN THE SUGAR DIVISION

The EUR 9.5 million investment was made in 2021, with the beginning of the test production in 2022. In the second half of 2024, the plant generated the following from organic waste:

- **7.1 GWh of electricity that was delivered to the grid,**
- **334 tonnes of organic fertiliser that was placed on the market.**

The thermal energy from the gas engines is used to heat the sugar silos and the administrative building of the sugar plant, while the commissioning of the water heating system in Carnex is expected by the beginning of 2025.

In 2024, the following was consumed in the biogas plant:

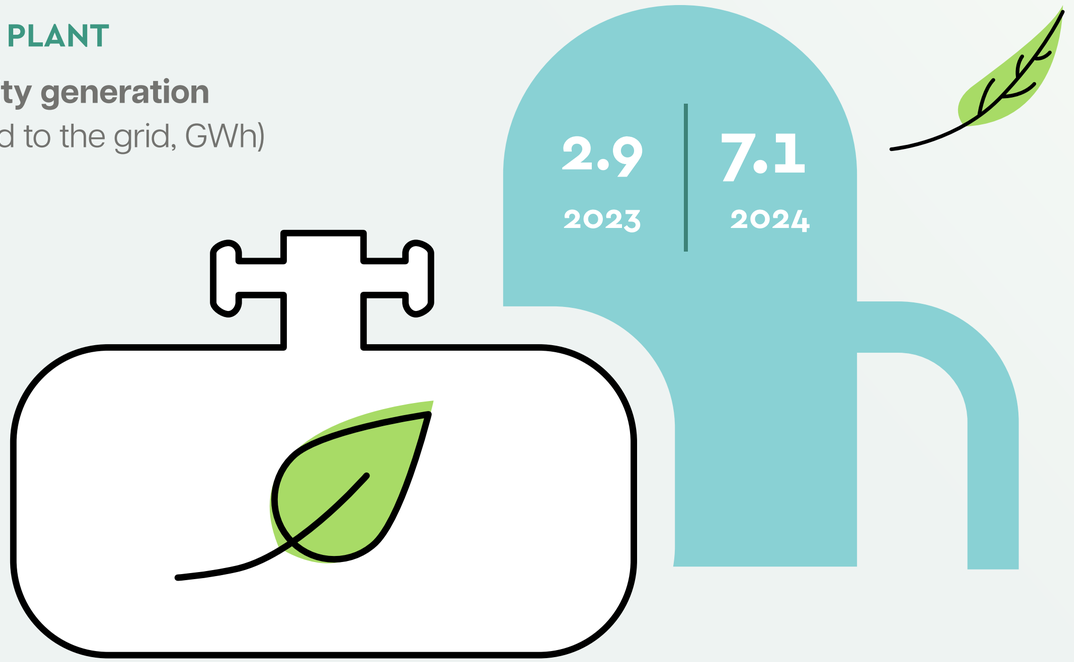
- **17,177.7 tonnes of pressed noodles;**
- **838 tonnes of parts of sugar beet;**
- **5,034.25 tonnes of raffinate from molasses de-sugaring.**

The biogas plant consumed 1.4 GWh of electricity from the grid to process organic waste and generate 7.1 GWh of green energy.

Significant preparations were made, the necessary procedures and instructions were adopted, and an external audit was carried out to verify carbon units in order to register the Biogas Plant in Vrbas in accordance with the Verra Carbon Standard. We expect the plant to obtain the verified certificate of carbon units in 2025.

BIOGAS PLANT

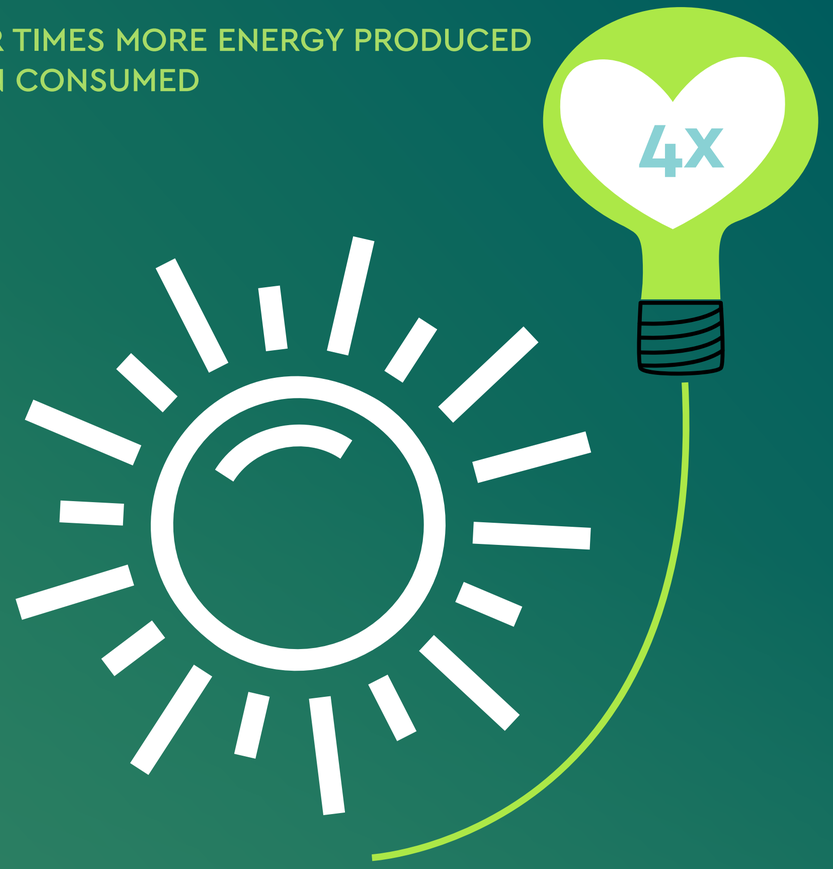
Electricity generation
(delivered to the grid, GWh)



According to the methodology used, the reduction in CO_2 emissions in 2024 was about 6,200 units, whereas a reduction of about 20,356 units is expected when the system is operating at full capacity.

From all of the above, it can be concluded that in 2024 the MK Group system generated a total of **472.63 GWh of electricity from renewable sources, whereas the same system consumed 115.97 GWh of electricity from non-renewable sources.** This means that MKG system generated almost four times more energy from renewable sources that it consumed from non-renewable sources during its operations.

FOUR TIMES MORE ENERGY PRODUCED THAN CONSUMED



WATER AND WASTEWATER MANAGEMENT

WATER CONSUMPTION (MK GROUP)

WATER CONSUMPTION m³	2023	2024
ANNUAL WATER CONSUMPTION *	**3,133,082**	**2,510,989**
MK Agri-food	2,501,176	2,334,260
MK Tourism & Real Estate **	631,906	176,729
WATER USE IN AGRICULTURAL ACTIVITIES (IRRIGATION) (m3)	**10,035,074**	**12,532,403**
% irrigation in total consumption	76%	83%
TOTAL	***13,168,156***	***15,043,392***

*Other processes without irrigation

** Water consumption includes consumption for hotel needs and/or irrigation of green areas in the hotel division

In 2024, a decrease in total water consumption in the Agri-Food and Tourism & Real Estate sectors was recorded, whereas the use of water for irrigation increased in the MK Agriculture division due to unfavourable weather conditions and a dry period.

The amount of water for irrigation directly depends on the temperature and rainfall patterns, and the most critical months for crops are June and July. When those months are dry, hot (temperatures over 30°C), windy and without colder periods at night, plants may need up to 70% of their total annual amount of water.

The difference between the years clearly illustrates the impact of climate factors:
2023 was mild – with more precipitation in spring and summer and lower temperatures in July. In contrast, there were more than 40 days with temperatures around 35°C in July and August 2024, putting additional pressure on irrigation systems and making water a limited resource.

Water management is increasingly a matter of strategic adaptability, not just agronomic practice.

At the Kempinski Palace Portorož hotel, the collected rainwater is used to feed the fountain, for water decorations and to water the park, in order to reduce the drinking water consumption, thus contributing to the sustainable water resource management.

The management of the wastewater generated as a result of various operating and manufacturing activities represents a significant challenge, and requires special attention. the MK Meat division started applying sustainable practices in 2012, and Carnex Meat Industry owns its own wastewater treatment plant, with a capacity of 2,300 m^3/day. The processed water is discharged into the public sewage network and further to the Central Municipal Wastewater Treatment Plant of Municipalities of Vrbas and Kula.

The increase in the amount of wastewater in 2024 compared to the previous year was largely influenced by the MK Sugar division, which this year had a longer campaign and poorer sugar beet quality.

In order to increase the efficiency of sanitary water treatment in sugar factories, the existing old biodiscs were replaced in Kovačica and Pećinci. The treatment of sanitary water was thus improved, and another requirement from the water permits was met.

Manure is generated in the animal facilities on the pig farms operating within the MK Meat division, and it is drained into the earthen lagoon system through the internal sewage network. The liquid method of cleaning animal facilities is mostly used on the farms. The lagoon system is used as a storage area for the manure generated on farms. If necessary, the manure is spread over the surrounding arable agricultural areas using tankers for that purpose.

MK Group recognises the key role of water as a resource, and consistently puts efforts into its rational consumption, treatment and reuse. Our goal is to further improve the efficiency of water resource management, wastewater treatment and the responsible return of water to nature by 2030.

ANNUAL GENERATED AMOUNT OF WASTEWATER (m3)	2023	2024
MK Agri-food	778,667	1,018,191
MK Tourism & Real Estate	613,380	100,724
TOTAL	***1,392,047***	***1,118,915***

WASTE MANAGEMENT

In the MK Group, management of waste and secondary raw materials is carried out in full compliance with applicable national regulations, with the application of standardised procedures at the level of all divisions, enabling consistency and continuous improvement in this field. Waste/secondary raw materials are handed over exclusively to companies that are authorised for their management, and thus waste processing is not carried out at our locations, except for certain types of biodegradable waste. The amounts and types of waste shown come from our own activities (production, procurement of raw and production materials, maintenance, packaging and other processes) and do not include waste generated in our supply chains. The quantities of municipal waste are currently not available and we plan to present them in the following period.

In 2024, a **reduction in total generated waste and secondary raw materials** was recorded, attributed to a combination of factors:

- lower production volume in certain sectors,
- reduction in obsolete equipment write-off,
- and the increasingly frequent use of returnable packaging and bulk containers, in accordance with the principles of the circular economy.

In the upcoming period, we will continue to work on finding new ways and methods to reduce the amount of generated waste and secondary raw materials, and to increase the ratio between the amount of recycled and deposited waste in all our divisions.

These results reflect the proactive approach of the MK Group with regard to more efficient resource management and the reduction of negative environmental impacts.

2023	THE MOST COMMON TYPES OF WASTE/SECONDARY RAW MATERIALS	2024
170	PLASTIC	82.4
129	GLASS	22.5
251	PAPER	253.5
719	METAL	481.7
4	ELECTRIC AND ELECTRONIC WASTE	3.0
4	WASTE COOKING OIL	2.36
536	OTHER (TOTAL)	252.5
1,813	WASTE/SECONDARY RAW MATERIALS HANDED OVER TO WASTE MANAGEMENT OPERATORS (t)	1,097.96

PACKAGING WASTE MANAGEMENT

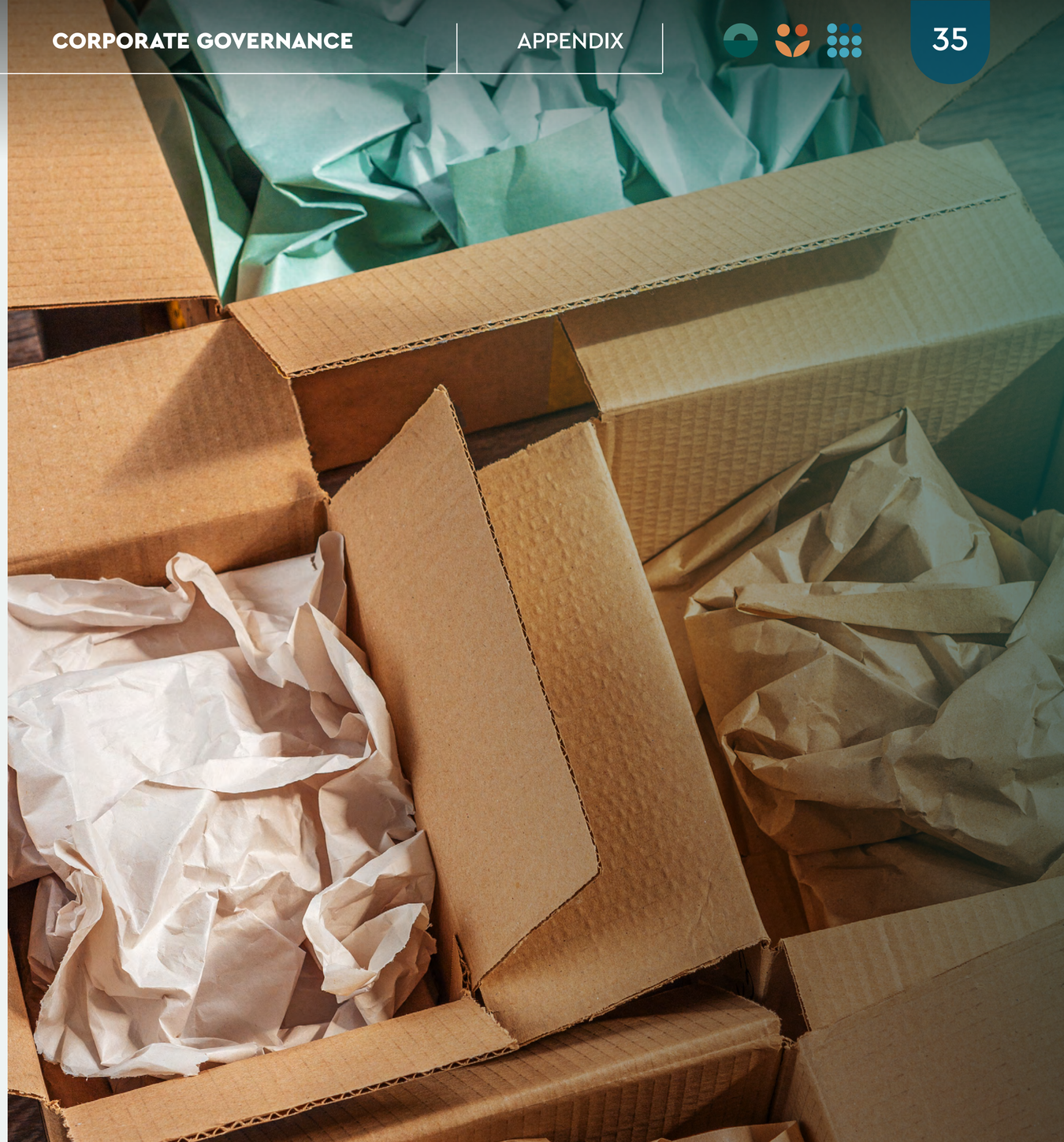
The MK Group companies – **IM Carnex, Sunoko, Agrounija, PIK Bečej and PP Erdevik** – market their products in packaging adapted to recycling processes to a significant extent. As an indispensable part of the process of packing, storing and transporting products, the packaging includes primary, secondary and tertiary functions, as well as auxiliary means for wrapping, labelling and handling.

Depending on the purpose, disposable, returnable and long-term packaging is used, whereby in business, the use of packaging that enables reuse or recycling is increasingly encouraged.

In 2024, our companies marketed a total of 2,476 tonnes in the Republic of Serbia, out of which:

- 122 tonnes of wooden packaging;
- 350 tonnes of metal packaging;
- 1,495 tonnes of paper packaging;
- 318 tonnes of plastic packaging;
- 191 tonnes of glass packaging.

Working with Ekostar Pak, a total of **1,667 tonnes of packaging waste were collected and discharged, which makes up 67.35% of the total amount used.** This is how the MK Group companies **directly contributed to the reduction of packaging waste in landfills and improvement of environmental protection.**

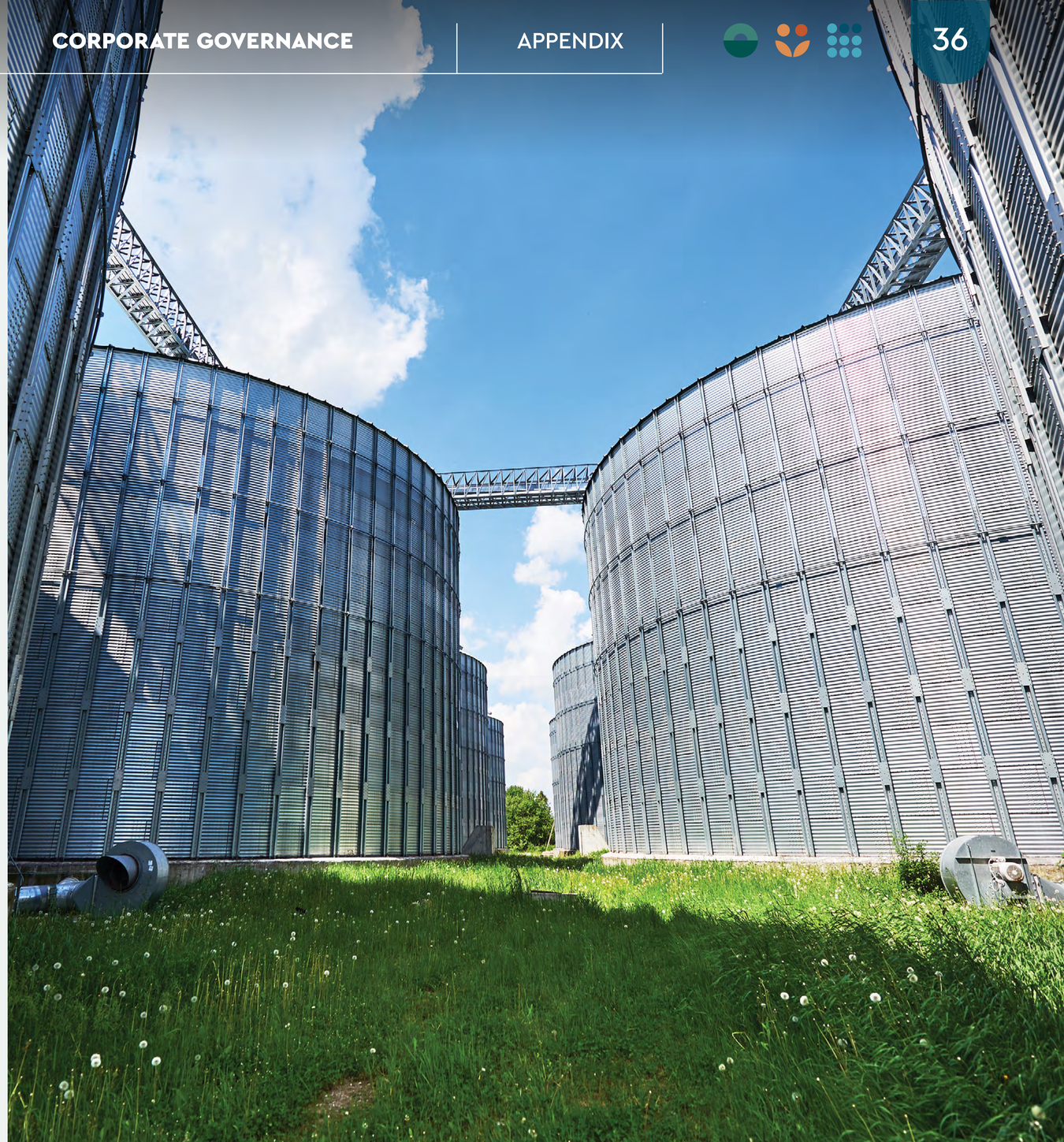


LESS PACKAGING – MORE SUSTAINABILITY

In 2024, the MK Sugar division showed that responsible operations can contribute significantly to the reduction of packaging waste. Due to the placement of products in bulk containers, measurable resource savings and a reduction in the negative environmental impact have been achieved:

- 14% of sugar was delivered directly in tankers, without the need for packaging;
- 100% of pelleted sugar beet noodles was distributed in bulk by trucks;
- 100% of molasses was delivered in unpacked form, via cisterns.

This approach resulted in savings of as many as 22 tonnes of paper and 47 tonnes of plastic packaging, which means that those quantities of material were neither produced, nor used, nor thrown away. This is how the MK Sugar division made a **concrete contribution to reducing waste, saving resources and promoting the circular economy.**



RETURNABLE PACKAGING FOR A HEALTHIER FUTURE

MK Agriculture has introduced the use of **returnable IFCO RPC packaging** for transport and display of fresh produce, primarily apples, making a significant step towards a more sustainable supply chain. This **reusable packaging** is designed for long-term use, unlike traditional disposable packaging.

This solution enabled numerous benefits for the environment:

- **Significant reduction in waste** that would be generated by using disposable packaging;
- **Lower consumption of raw materials and energy**, because packaging is not produced for each delivery;
- **Lower CO_2** emissions, due to the reduced need for production and disposal of packaging material.

Through this step, **the MK Group actively contributes to the circular economy and confirms its commitment to responsible, resource-efficient operations**, in accordance with the best sustainable practices in the agro-industry.

2024

ECOLOGICAL SAVINGS AGROUNIJA DOO

8,802 kg CO_2e

6 FEWER CARS ON THE ROAD EVERY YEAR

838 m^3 WATER

20,957 FIVE-MINUTE SHOWERS

112 GJ ENERGY

59 BULBS EVERY YEAR

20,593 kg SOLID WASTE

14,884 UNITS OF DAILY SOLID WASTE

889 kg OF DAMAGED WASTE PRODUCTS

1,481 AVERAGE MEALS

Together we make progress on the circular economy

By using IFCO RPC, you are actively participating in the circular economy and contributing to sustainability of the fresh food supply chain.

BIODEGRADABLE WASTE MANAGEMENT

In 2024, a total of 114,160 tonnes of biodegradable waste was generated in MK Sugar. The biogas plant, which started operating at a higher capacity in the second half of the year, used 23,049 tonnes of this waste for biogas generation.

Within the MK Agriculture division, 130 tonnes of bales of soybean straw produced during agricultural production were used to heat the administrative building, while 1,348.2 tonnes of wheat straw were used as mats for animals in cattle production.

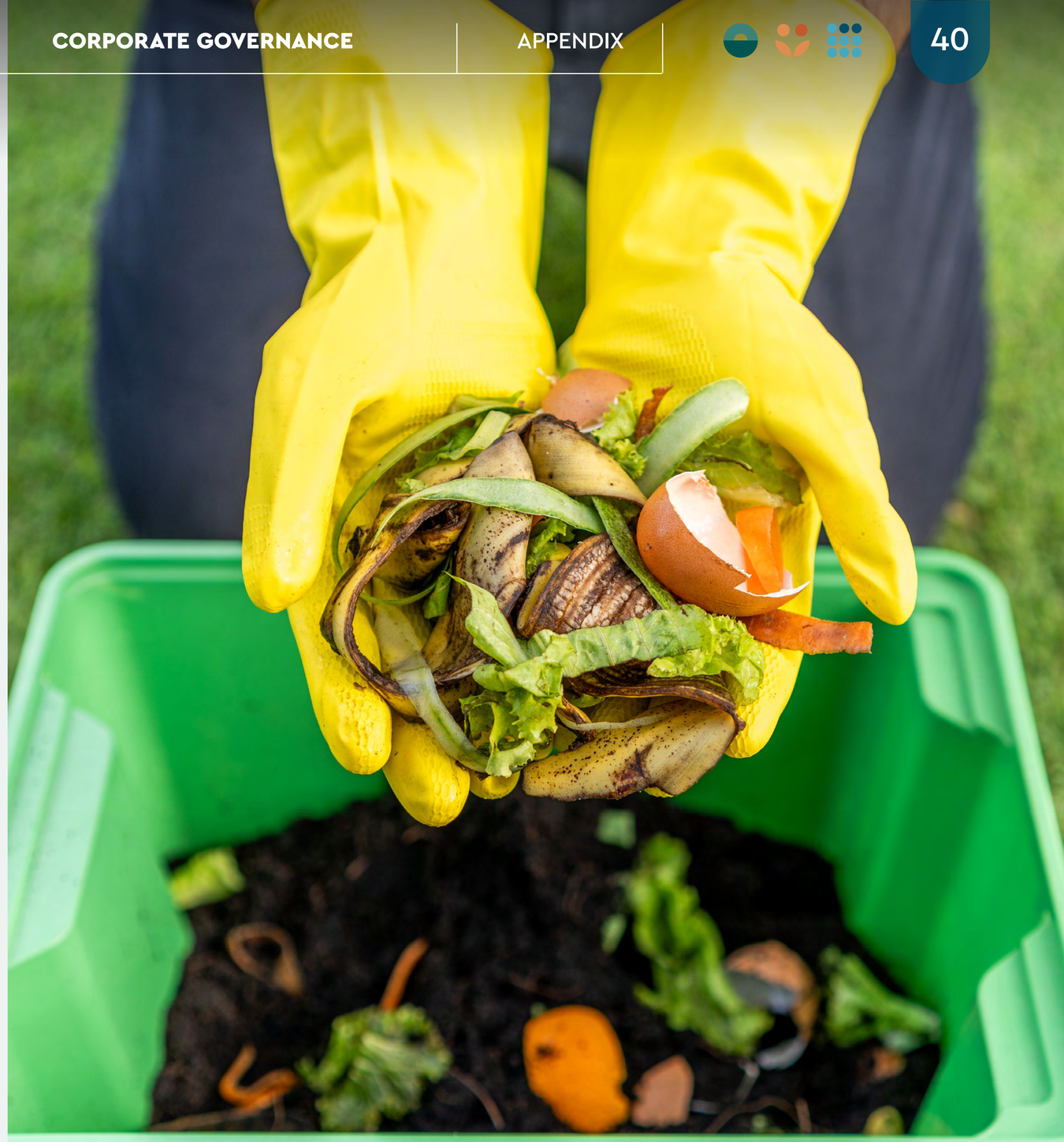
Manure, as a by-product of cattle production, had a dual purpose - 13,831.57 tonnes were used as organic fertiliser on our own plots, while ab additional 11,416.52 tonnes were sold to third parties for use in agriculture or biogas plants.

The harvest residues of other agricultural crops were shredded and ploughed into the soil in order to improve the structure and content of organic matter.

A total of 5,447.19 tonnes of biodegradable waste from vegetable processing from the Flora factory was handed over to third parties for feeding animals or for use in other biogas plants.

More than 133 tonnes of food waste from kitchens, canteens and restaurants were processed in the hotel division. One part was handed over to biogas plants, and the other part was processed in the industrial composters for biodegradable waste processing. Organic waste is broken down by microorganisms and turned into municipal wastewater in such devices, which is then discharged into the sewage network.

In the MK Meat division, 3,816.22 tonnes of by-products of animal origin (categories I, II and III) from the meat industry and pig farms were handed over to authorised facilities for processing in 2024.



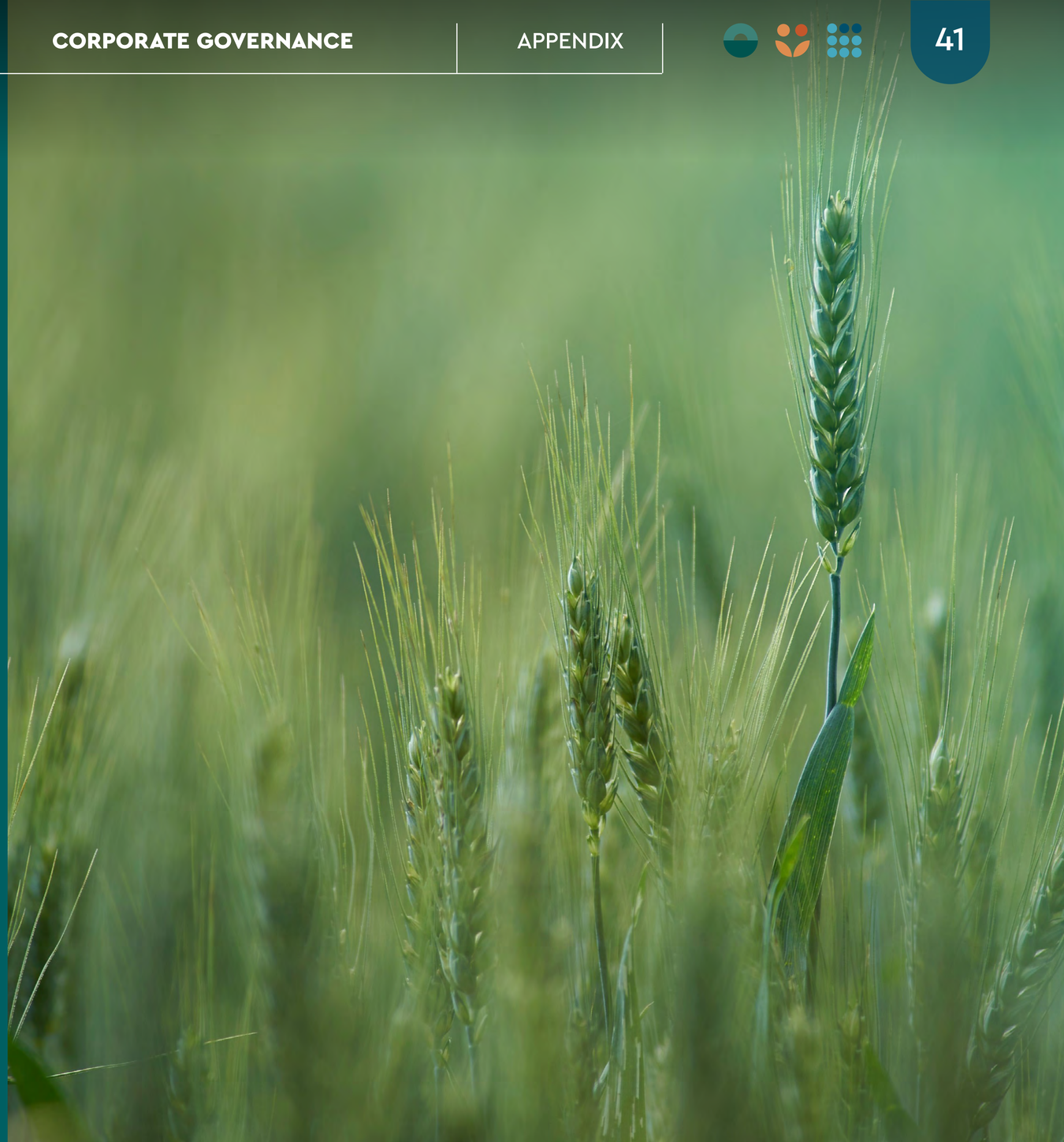
SOIL AND BIODIVERSITY CONSERVATION

TOTAL USE OF PESTICIDES IN LITRES:

YEAR	LITRES
2023	404,660
2024	255,679

A lower use of pesticides was recorded in 2024 compared to the previous year, due to the:

- introduction of more resistant plant varieties;
- changed sowing structure, with crops requiring less treatment;
- more favourable weather conditions, as the dry year reduced the need for treatments against fungal diseases.



SUSTAINABLE DEVELOPMENT IN THE FOCUS OF OUR RESEARCH AND DEVELOPMENT CENTRE

The Research and Development Centre (RDC) operating within the Sunoko company was established to **promote sugar beet production through the integration of science, expertise and practice.** It is focused on solving specific challenges in production, with direct application of research results in the field.

The RDC's recommendations, based on contemporary agronomy standards, **reach the end beneficiaries – farmers – through advisers working in the raw materials sector**. Numerous educational events are organised throughout the year, including workshops, winter gatherings, field days and the traditional Sugar Beet Production Seminar.

Through a comprehensive and responsible approach, the RDC encourages the targeted and rational use of pesticides, a reduction in the use of mineral fertilisers, the correct selection of varieties, as well as the preservation of soil fertility – a resource that is the basis of long-term sustainability in agriculture.

The importance of crop rotation as one of the key measures that can reduce weeds, pests and pathogens is always a focus of the RDC and the raw materials sector communications with farmers. In the context of climate change, the improvement, above all, of the physical properties of the soil in terms of the possibility of moisture conservation and the proper development of the root system at depth are of crucial importance for the survival of plants in long-term drought conditions. The popularisation of all measures that contribute to this, and especially measures that affect the reduction of soil compaction, is one of the most significant activities of the RDC.

The Research and Development Centre Inđija is equipped with state-of-the-art equipment for soil and sugar beet leaf analyses, and it uses innovative methods to determine the content of nutrients in soil and plants, and then provides adequate recommendations for sugar beet fertilisation. This significantly reduces the unnecessary consumption of excessive amounts of mineral fertilisers, primarily nitrogen. Based on the results of the research, both in the field and in the laboratory, the selection of a variety that is more tolerant to certain diseases and pests specific to the local agro-ecological system is made, thus reducing the amount of pesticides used to protect the sugar beet.

In cooperation with the raw materials sector, the Research and Development Centre (RDC) conducts its own monitoring of key pathogens and pests in sugar beet crops, as a supplement to the system organised by the Forecasting and Reporting Service (FRS) of Vojvodina. Based on the data collected, the RDC drafts precise recommendations for the optimal moment of crop protection.

In order to respond to the challenge of the increasingly common resistance of pathogens to certain pesticides, the RDC continuously examines the effectiveness of existing and new active substances, through field trials and laboratory research. The result of these analyses is a modern, selective sugar beet protection technology, which eliminates the use of inadequate means and enables effective and responsible plant protection.

This technology contributes to:

- **reduced energy and water consumption,**
- **a lower number of mechanisation passes and reduced soil compaction,**
- **fewer pesticide residues in the soil.**

In addition to chemical measures, the RDC also develops innovative approaches in the fight against weeds, including mechanical methods of protection. The first results indicate that this practice can significantly reduce the need for herbicides and their impact on the ecosystem, opening up space for even more sustainable approaches in plant protection.

All these activities led to the result that our fields, despite extremely unfavourable weather conditions, achieved higher yields compared to the average in the Republic of Serbia:

PLANT SPECIES	AVERAGE YIELD OF MK AGRICULTURE DIVISION	AVERAGE YIELD IN THE REPUBLIC OF SERBIA
MERCANTILE WHEAT	7.9 t/ha	5.3 t/ha
MERCANTILE CORN	7.25 t/ha	5.2 t/ha
MERCANTILE SOY	1.97 t/ha	1.6 t/ha
SUGAR BEET	54.7 t/ha	41.4 t/ha

Within the MK Agriculture division, significant savings in water consumption and the cost of the energy and fuel needed to deliver water from the source to the roots of the plant have been achieved through digitising the irrigation process and using specialised software for precise recommendations and irrigation control.

This technological approach enables **more efficient resource management** and a reduction in operating costs. Still, **2024 was extremely unfavourable for agriculture**, due to extreme climate conditions that affected the entire production process, further confirming the importance of adaptive and smart solutions in the agro-sector.

SUBIRRIGATION PROJECT IN SOLVING THE ISSUE OF EXTREMELY ADVERSE WEATHER CONDITIONS IN AGRICULTURAL PRODUCTION

Extremely high temperatures in the spring, accompanied by a lack of precipitation, as well as extreme heat during July and August, significantly hampered production, and even the irrigation systems did not fully manage to ensure the expected yields.

Despite the challenges, **on certain MK Agriculture locations the subirrigation project on 117 hectares was successfully commissioned** in its full capacity. As **the most modern and efficient irrigation system**, subirrigation had exceptional results.

On plots with regular sowing, yields were more than satisfactory. However, on land where sowing was delayed, high temperatures negatively affected plant fertilisation – a process particularly sensitive to climate extremes.
This experience reaffirms the need for the further development of tailor-made agrotechnical measures beyond the possibilities of classical irrigation.

REGENERATIVE AGRICULTURE

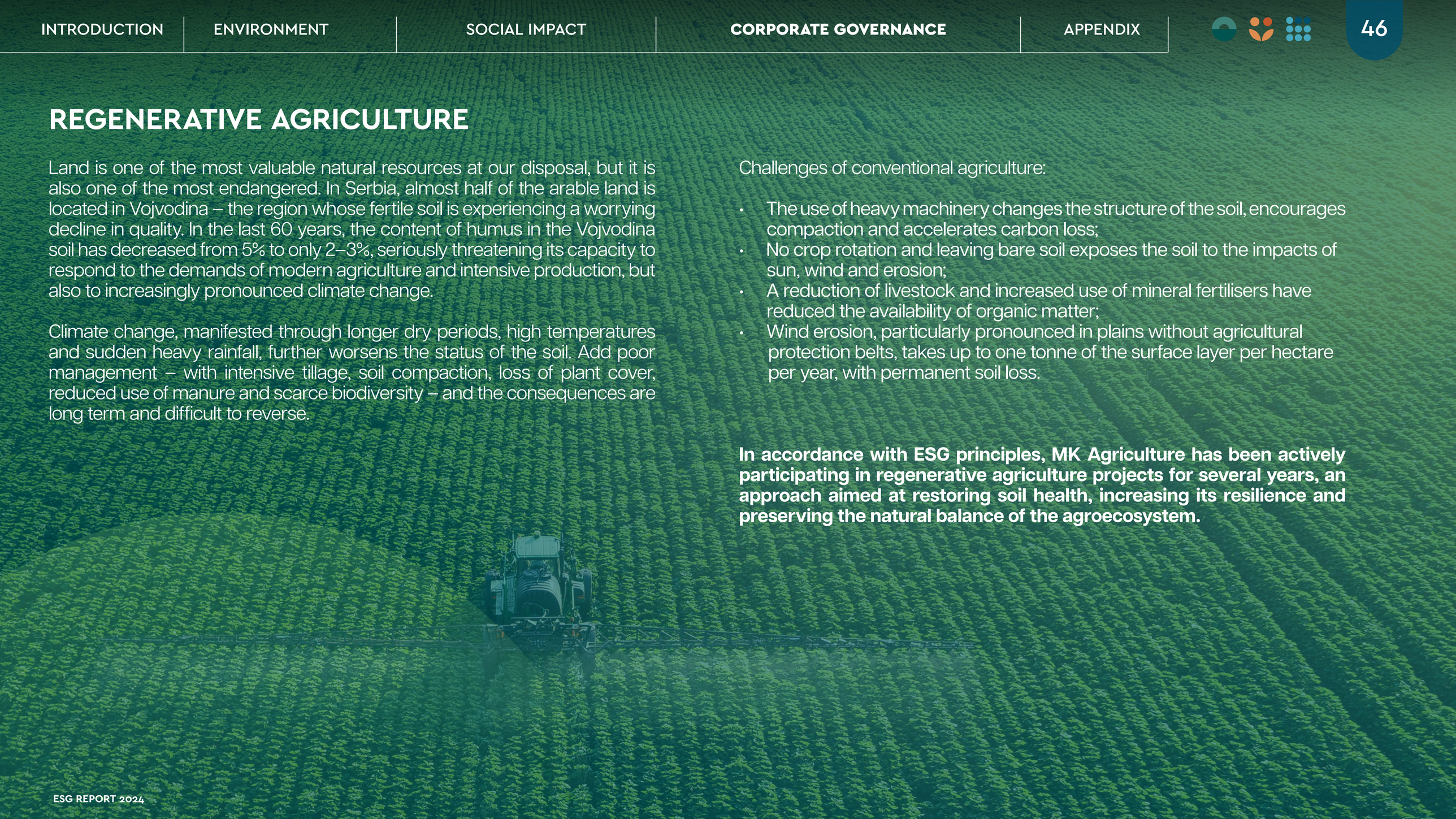
Land is one of the most valuable natural resources at our disposal, but it is also one of the most endangered. In Serbia, almost half of the arable land is located in Vojvodina – the region whose fertile soil is experiencing a worrying decline in quality. In the last 60 years, the content of humus in the Vojvodina soil has decreased from 5% to only 2–3%, seriously threatening its capacity to respond to the demands of modern agriculture and intensive production, but also to increasingly pronounced climate change.

Climate change, manifested through longer dry periods, high temperatures and sudden heavy rainfall, further worsens the status of the soil. Add poor management – with intensive tillage, soil compaction, loss of plant cover, reduced use of manure and scarce biodiversity – and the consequences are long term and difficult to reverse.

Challenges of conventional agriculture:

- The use of heavy machinery changes the structure of the soil, encourages compaction and accelerates carbon loss;
- No crop rotation and leaving bare soil exposes the soil to the impacts of sun, wind and erosion;
- A reduction of livestock and increased use of mineral fertilisers have reduced the availability of organic matter;
- Wind erosion, particularly pronounced in plains without agricultural protection belts, takes up to one tonne of the surface layer per hectare per year, with permanent soil loss.

In accordance with ESG principles, MK Agriculture has been actively participating in regenerative agriculture projects for several years, an approach aimed at restoring soil health, increasing its resilience and preserving the natural balance of the agroecosystem.



SPECIFIC MEASURES TAKEN IN MK AGRICULTURE DIVISION INCLUDE THE FOLLOWING:

Cover crops

80 ha of spinach and 50 ha of mustard were planted as cover crops, and they were later ploughed. This practice improves soil structure and increases the organic matter content.

Organic soil nutrition

FERTIPLUS 4-3-3 pelleted manure was used on 40 ha under soybeans, while organic fertiliser (fermented manure) was applied on 200 ha, and manure from our cattle farm on an additional 500 ha, thereby:

- increasing the level of organic matter;
- renewing biological activity of the soil,
- reducing the need for mineral fertilisers.

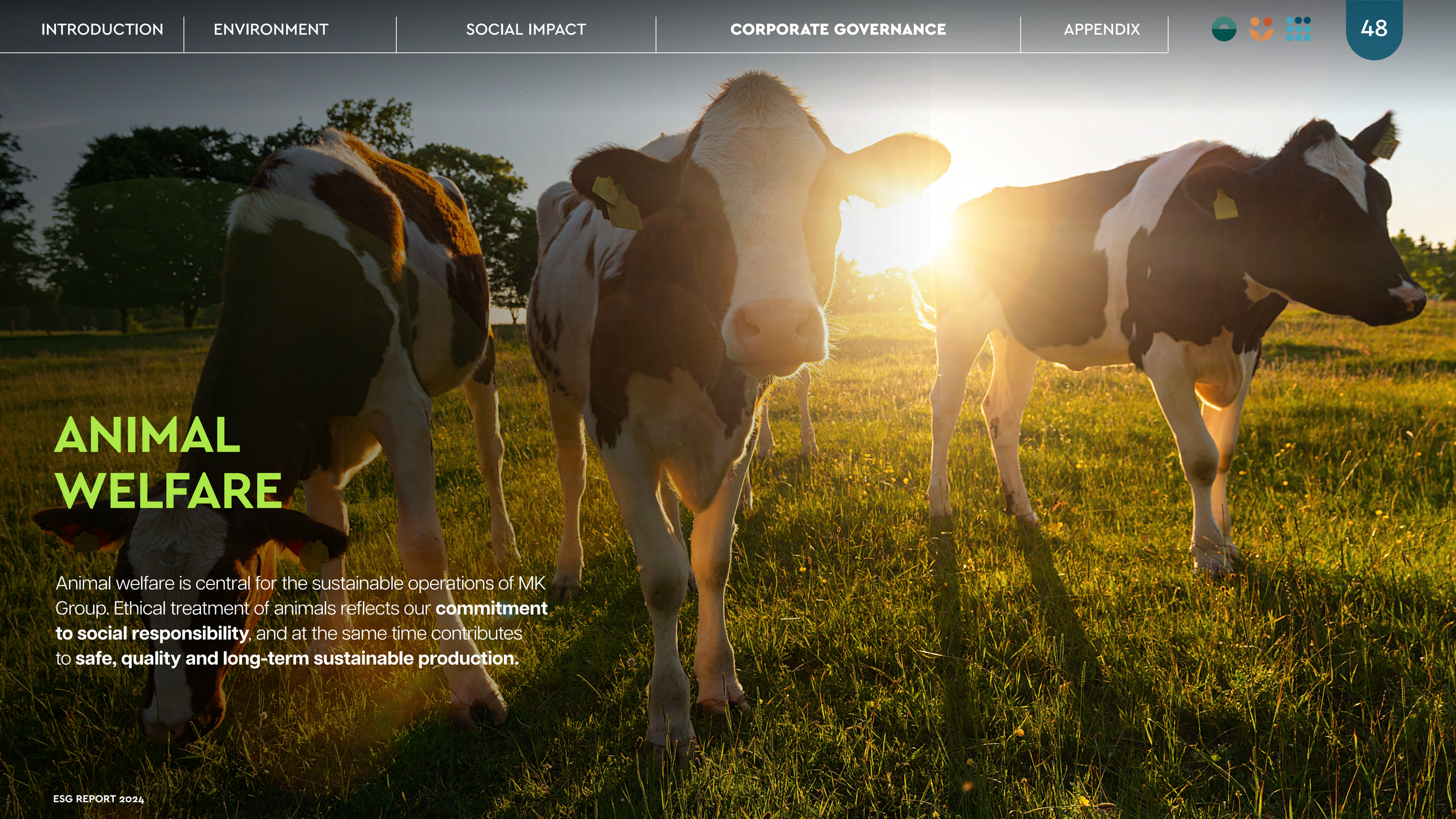
Sustainable soil cultivation

On about 1,000 ha of arable land, instead of conventional ploughing, the subsoiling method was applied – which breaks the plough sole, reduces CO_2 emissions and cuts fuel consumption by 5-6 l/ha.

Soil subirrigation

In PIK Bečej, the subirrigation system was commissioned on 117 ha. This system moistens the soil from the bottom up, avoids soil compaction, reduces leaching and preserves its structure.

Regenerative agriculture does not only bring short-term benefits in production, but ensures long-term fertility, resistance to climate risks, increasing biodiversity and preserving resources for future generations, which is the foundation of our sustainable future.



ANIMAL WELFARE

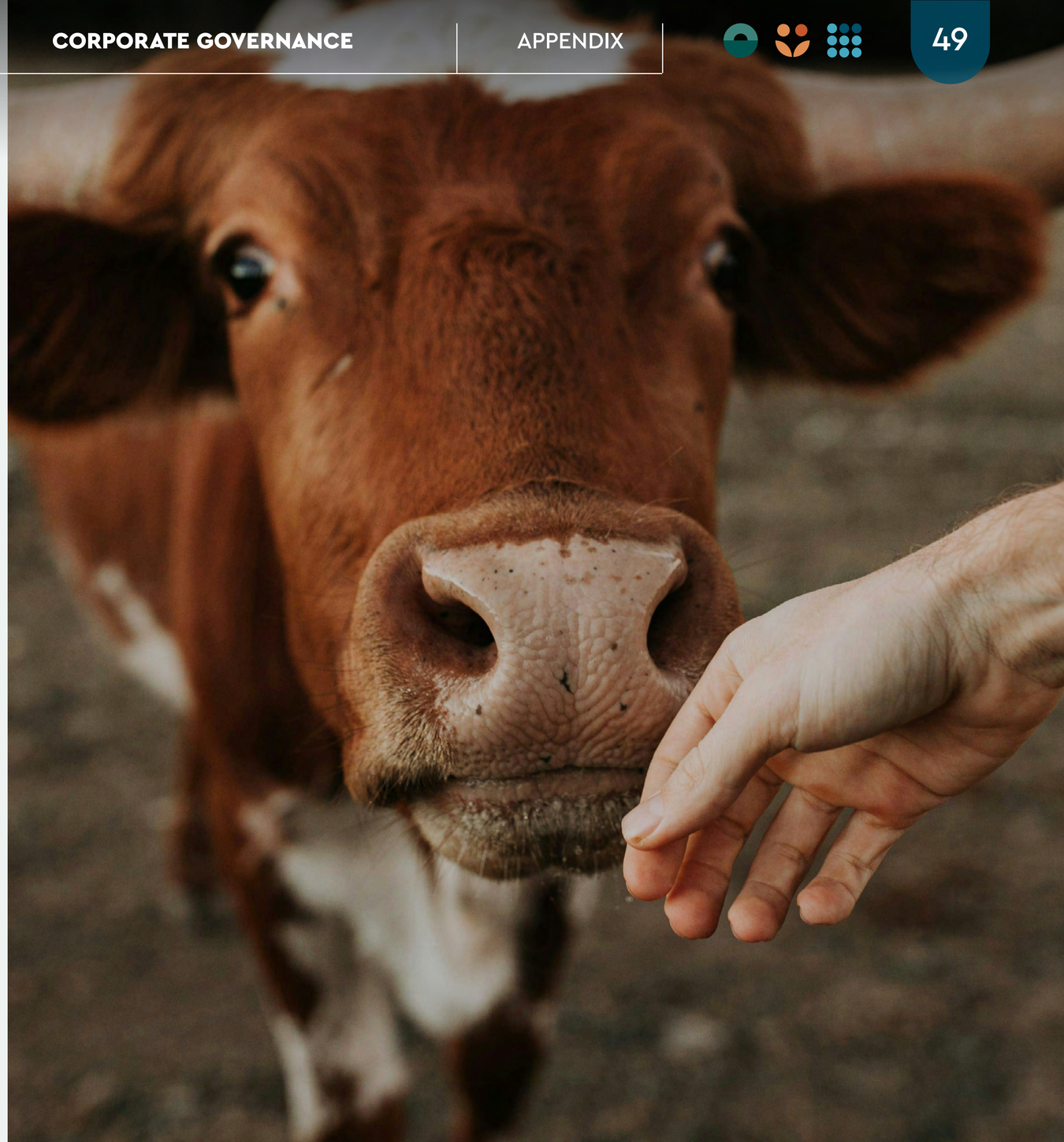
Animal welfare is central for the sustainable operations of MK Group. Ethical treatment of animals reflects our **commitment to social responsibility**, and at the same time contributes to **safe, quality and long-term sustainable production.**

COW CARE

In 2024, the cow farm within PIK Bečej received a well-deserved “Red Cow” award for farms implementing eight or more milking robots and transitioning to the XL management concept.

Unlike classic systems, the XL concept includes a higher level of automation, advanced analysis and efficient data collection, enabling:

- more precise control of the milking process;
- monitoring the health and welfare of each animal;
- improvement of the hygiene, quality and safety of raw milk;
- greater profitability with increased efficiency.



In order to improve animal welfare, in 2024, the following activities were undertaken on the cow farm:

- **Construction of a facility for group feeding of calves** – capacity: four groups of 25 calves each. The system uses devices for automatic milk replacer feeding, which ensures a stable intake and a high degree of hygiene.
- **Commissioning of the Calfrail facility for automatic feeding of calves, witha 50-calf capacity.** The system allows calves to take smaller amounts of milk several times a day, which mimics the natural sucking rhythm, improves growth and contributes to improved health. The devices record the individual milk intake, thereby significantly pro moting both monitoring and health care.
- **Modernisation of production standards 5 and 6** mud corridors were replaced, new litter boxes and milking robots were installed, which improved the living and working conditions, as well as the safety and comfort of the animals.
- **Reorganisation of the facility for pregnant heifers** – relief of existing capacities, creating more space and calmer conditions for animals in this stage of development.

PIG CARE

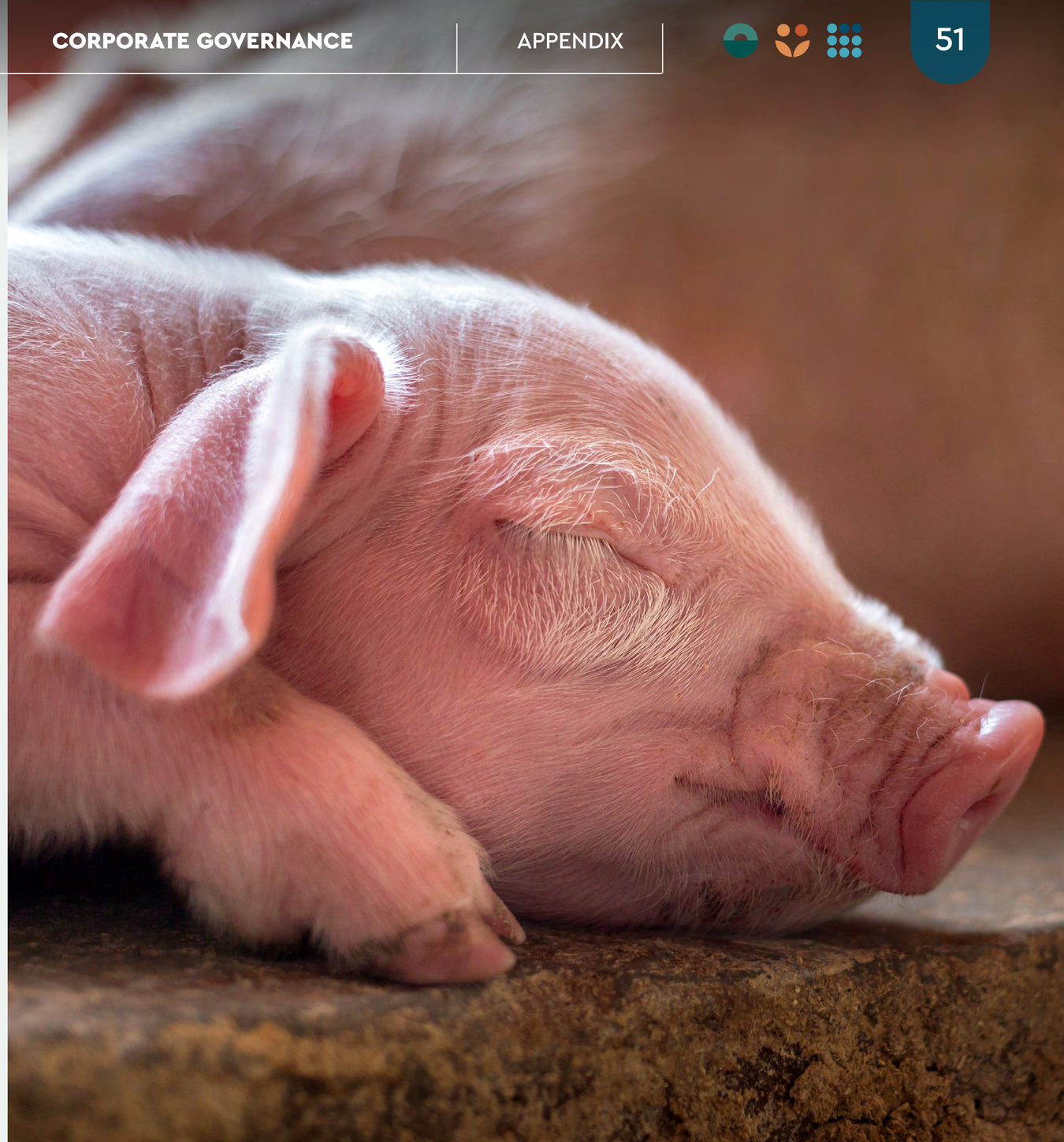
Within the company Carnex Stočarstvo, operating within the MK Meat division, a series of technological and organisational innovations were implemented, aimed at increasing animal welfare and farm safety.

The most significant step towards digitising pig farms and increasing animal welfare and the quality of process monitoring is the Pig Sense System that has already been installed in Carnex Stočarstvo company, operating within the MK Meat division.

The further development of the Pig Sense System in 2024 included the installation of LoraWan sensors on the pig farm in Vrbas, in accordance with the five-year plan of investments in the digitisation of farms and further development of the system in the field of early detection of respiratory infections within the framework of the A Wish Horizon project, supported by the EU.

The system enables the following:

- real time insight into the parameters of the environment the animals live in;
- data on the average daily consumption of concentrates by farm;
- detection of deviations from optimal values;
- creation of a reliable database for future machine-learning.



RAISING SAFETY AND SECURITY MEASURES TO THE HIGHEST LEVEL ON PIG FARMS

THE RISK REQUIRING A RESPONSIBLE APPROACH

African Swine Fever (ASF) is a viral disease that affects domestic and wild pigs, which was registered in Serbia as early as 2019, and the virus has since been confirmed at 72 locations across the country, according to data from the Veterinary Inspection from July 2023.

The virus spreads through infected animals, contaminated food and water, clothing, equipment and transport. Although the virus is not dangerous for humans, they are one of its key carriers, which further highlights the importance of strict control and education in the livestock production chain.

Taking into account the possible routes of infection, **safety and security measures on our farms have been raised to the highest level and include the following:**

- Disinfection of all vehicles upon entering the farm area: passing through disinfection gates, spraying with atomisers, 30-minute wait before permission to move on;
- Strict control of traffic inside the farm: only certain vehicles (for feeding and transporting pigs) have access, according to the principle of “one vehicle – one farm”;
- Protective equipment for drivers: disposable overalls and shoe covers, no entry into production facilities;
- Disinfection and hygiene protocols for employees: mandatory shower ing, disinfection of hands and shoes, changing into work uniform at each entry;
- Disinfection barriers and vessels at entry points to all facilities;
- Prohibition of visits, bringing food and mixing of employees between facilities;
- Thermally processed meals for employees and directing the entire entrance to one point with a secured fence;
- Constant staff education on ASF and biosecurity, with the support of veterinarians and farm managers.

These measures reflect our commitment not only to the preservation of production, but also to the responsible treatment of animals, employees and the environment. Only by timely reaction and responsible behaviour can we protect animal health and maintain the stability of domestic production.

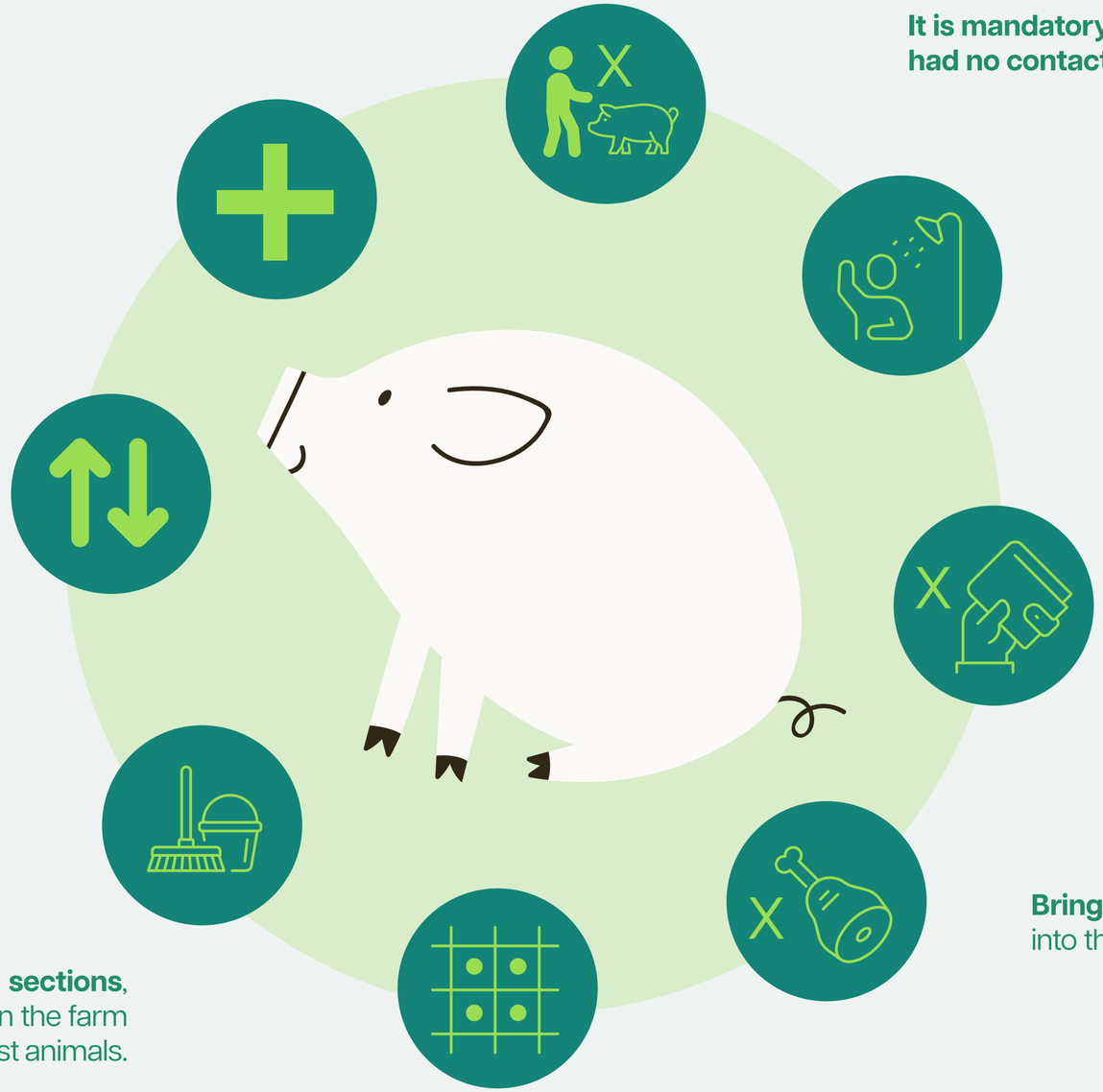
INTERNAL BIOSECURITY

Sanitation: before introducing new animals to the premises, it is necessary to conduct thorough cleaning, washing with warm water, and disinfection with appropriate products.

Complying with the principle
“all in – all out”.

Each section should have tools and accessories
that are used only in that section (guides, shovels, brooms, etc.).

Farm employees should be divided into sections, and if that is not possible, the work activities on the farm should be carried out starting with the youngest animals.



It is mandatory that all persons entering the farm had no contact with pigs in the previous 48 hours.

Showering and changing into the farm clothes is mandatory (the minimum actions to be followed are shown in the video presentation).

Bringing in any personal items is prohibited.

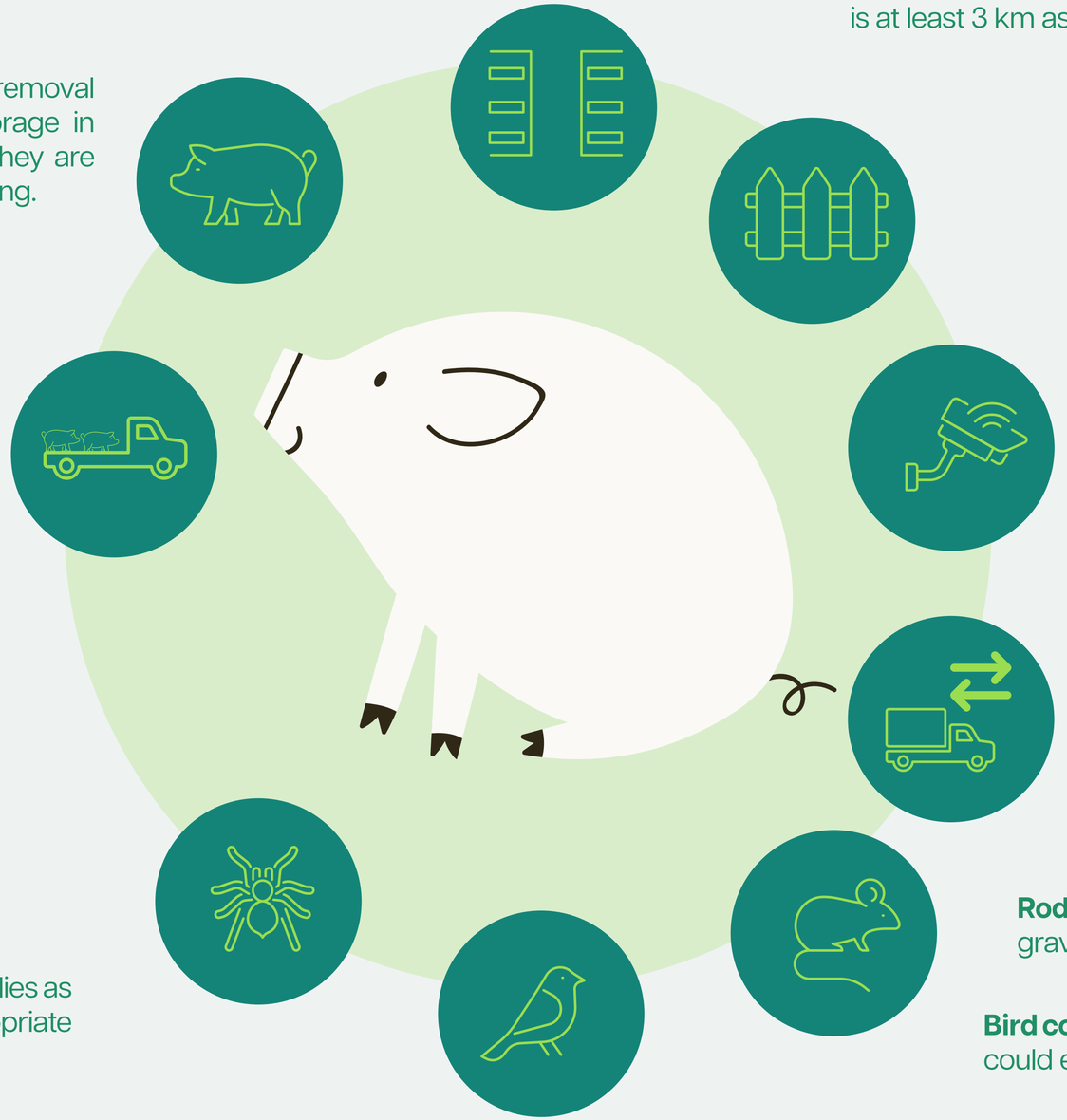
Bringing pork meat and its products
into the farm is prohibited.

EXTERNAL BIOSECURITY

Procedure with dead animals: regular removal of carcasses from the farm facility and storage in appropriate containers or refrigerators until they are taken over by facilities authorised for processing.

Animal delivery control: only a vehicle that is used within the farm or a vehicle that we are sure has been previously washed with hot water and appropriately disinfected may reach the loading ramp, and then the process of re-disinfection should be performed immediately before loading, and when the vehicle enters the farm complex. The delivery of animals via the loading ramp to the vehicle is carried out by a pig farm worker, while the person receiving the animals in the vehicle must not move on the loading ramp or make physical contact with the worker performing the loading. Animals may only move in one direction, towards the vehicle they are being loaded into, never back towards the farm building.

Insect control: regular extermination of adult flies as well as developmental forms by applying appropriate disinfection preparations



Location: the distance from another farm is at least 3 km as the crow flies.

Setting up a physical barrier: fence around the farm compound

Setting up a physical security or video surveillance: if possible.

Control of people entering the farm: mandatory showering and changing into clothes used exclusively and only inside the farm, as well as a ban on bringing in personal items (mobile phones, jewellery, etc.).

Rodent control: sheet metal siding around the foundation, gravel around the farm, bait houses around the farm

Bird control: placing bars or nets in all places where birds could enter the farm facility

1 SVET BEZ SIROMAŠTVA

8 DOSTOJANSTVEN RAD I EKONOMSKI RAST

2 SVET BEZ GLADI

9 INDUSTRIJA, INOVACIJE I INFRASTRUKTURA

3 DOBRO ZDRAVLJE

12 ODGOVORNA POTROŠNJA I PROIZVODNJA

4 KVALITETNO OBRAZOVANJE

16 MIR, PRAVDA I SNAŽNE INSTITUCIJE

5 RODNA RAVNOPRAVNOST

17 PARTNERSTVOM DO CILJEVA

SOCIAL IMPACT

The MK Group's vision is reflected in the aspiration that we will have a comprehensive positive impact on employees, consumers and the communities the company operates in.

Objectives in focus until 2026

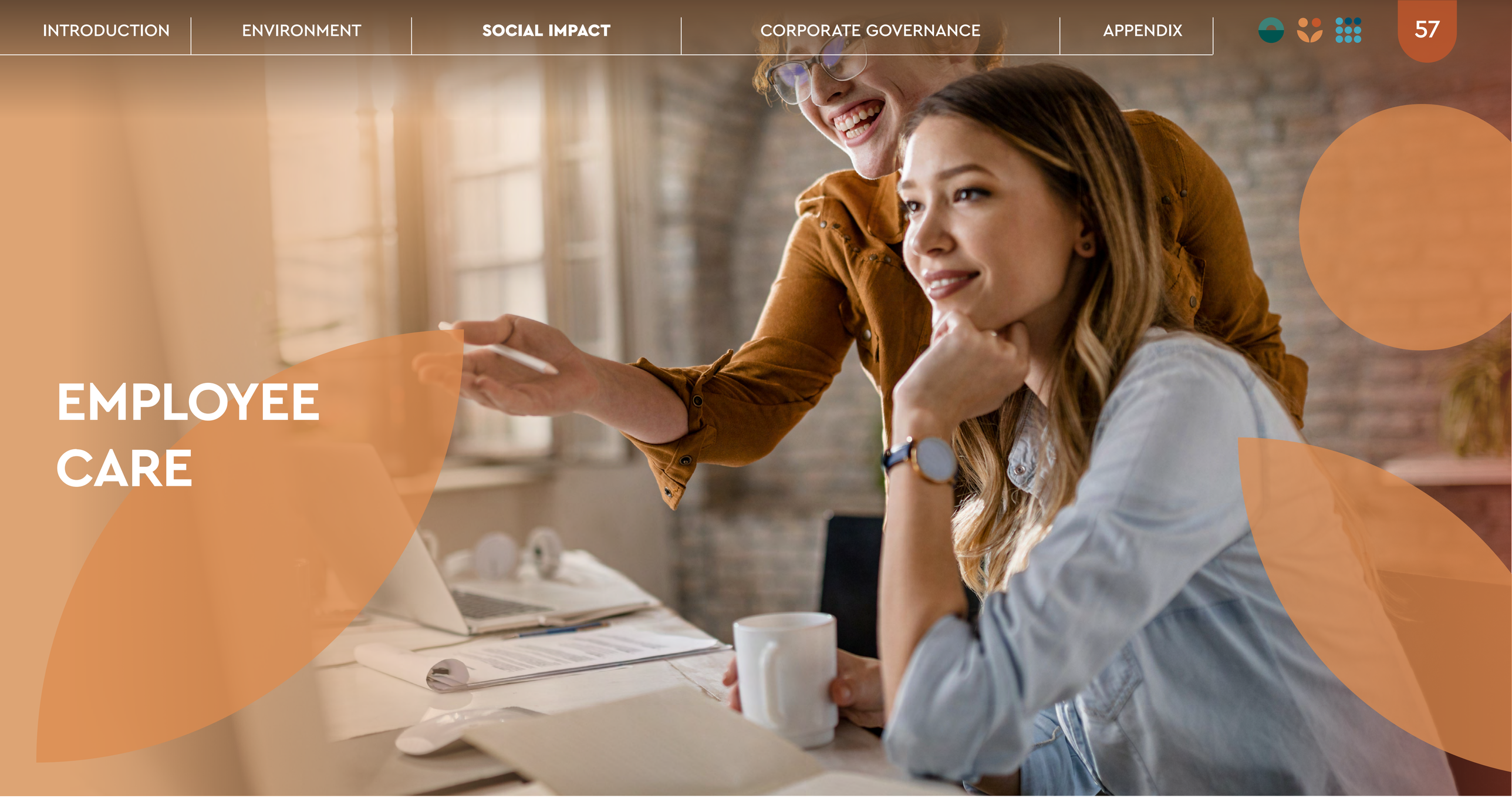
more than **50% women**
in management

EUR 5 million
for CSR for the period of 5 years

Key results in 2024

more than **50% women**
on the MK Group's Board of Directors

almost **EUR 1 million**
for CSR

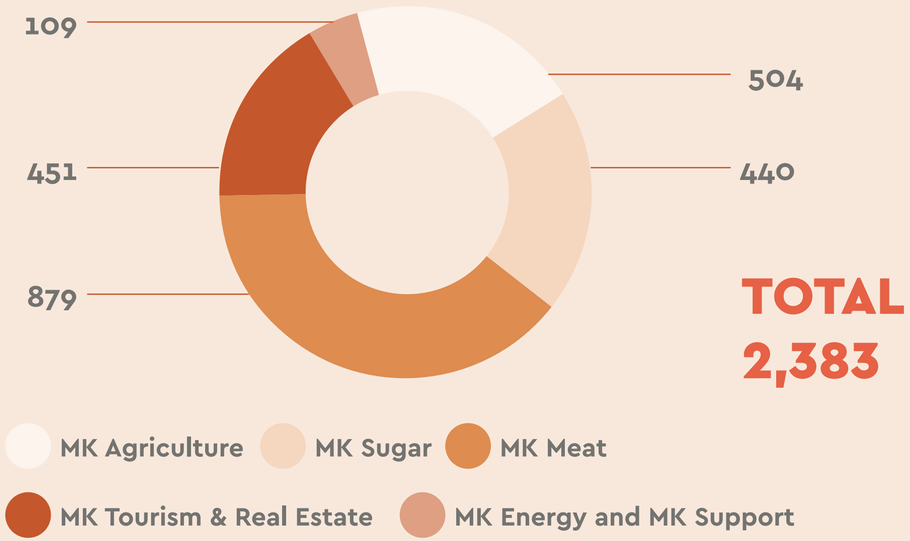


EMPLOYEE CARE

At the MK Group we believe that the strength of a team lies in each of its members. With about **4,000 employees, out of which 2,500 are full-time**, we foster a work environment in which **support, professional development and motivation are encouraged.**

Through a commitment to employee welfare and the creation of a stimulating work atmosphere, **we build a culture in which people stay, grow and contribute.** This is confirmed by the **Engagement Index of 86 in 2023,** clearly reflecting the **high level of satisfaction and engagement of our teams across the system.**

STRUCTURE OF THE TOTAL NUMBER OF EMPLOYEES ENGAGED BY DIVISION



EMPLOYEE BENEFITS
MK GROUP AND FIRST-GRADE PUPILS

MK GROUP AND FIRST-GRADE PUPILS

Caring for the youngest ones and investing in education represent **important parts of our corporate social responsibility the long-term strategy of MK Group**. In the 2024 school year, just like in the previous years, the MK Group member companies delighted the children of their employees with gifts and financial support of EUR 70 (in RSD equivalent), intended for preparation for the start of schooling.

This initiative aims to make it easier for parents to prepare, and for children to feel that starting a new chapter of life is both joyful and unforgettable. That is how we show that we value education and that we care about the families of our employees.

In 2024, the school desks were occupied for the first time by:
30 first-grade pupils whose parents work in PIK Bečej, PP Erdevik and Carnex.

DISCOUNTS AT HOTELS

Within our carefully nurtured corporate culture, employees have exclusive discounts for staying in hotels from our diverse and prestigious portfolio. This benefit is not only an opportunity for a quality and well-deserved vacation under more favourable conditions, but also a sign of mutual respect and the care that the company provides to its employees.

That is how we strengthen the sense of belonging, motivate loyalty and additionally create a culture that values commitment, balance and quality of life.

TEAM-BUILDING ACTIVITIES AND MK SPORT FEST

At MK Group we foster a culture of cooperation and togetherness, through carefully designed team-building programmes at the level of divisions, group members and the entire system. These meetings are not only an opportunity to relax, but also to strengthen mutual trust, team spirit and alignment with common values.

Our programmes include sports activities, trips, and excursions, as well as educational and development workshops contributing to better communication and connecting colleagues from the different sectors and countries we operate in.

MK Sport Fest was held in 2024 for the second time, and is becoming a distinctive symbol of our corporate culture. This all-day event brought together **more than 1,300 employees**, who participated in numerous sports competitions, creative activities and team challenges.

Through initiatives like these, we create a strong, connected community of employees, where teamwork, enthusiasm and loyalty represent the foundation of our long-term success.

FIND OUT MORE ABOUT US
– SEE OUR STORY
IN A CORPORATE VIDEO

DIVERSIFICATION, EQUALITY AND INCLUSION

EQUALITY AND EQUAL OPPORTUNITIES FOR ALL ARE AMONG THE BASIC PRINCIPLES WITHIN THE MK GROUP

Zero tolerance for any form of discrimination is the basis of our human resources policy. The MK Group strives for diversification when recruiting, ensuring respect for the principles of equal pay for the same jobs and equal contribution. The recruitment process is based only on an evaluation of qualifications, competences and work experience relevant to a specific position.

Freedom of association is guaranteed, and we renew collective agreements with unions every three years, while new salaries are negotiated every year through the annexes of collective agreements, to ensure that wages and working conditions remain in line with changes in the labour market. As many as 66% of employees are included in collective agreements, which include provisions on working hours, breaks, annual leave and safety at work. Our employees have legal protection and the freedom to negotiate their working conditions. Collective agreements guarantee security and stability of employment, and offer employees a common voice in negotiations with the employer, which allows them to more easily express their needs and interests.

NUMBER OF EMPLOYEES – FULL-TIME EMPLOYEES	2023	2024
Persons with disabilities	25	28
Employees under 30 years of age	306	288
Employees between 30 and 50 years of age	1276	1314
Employees over 50 years of age	969	781

GENDER EQUALITY

> We are proud to point out that to date there has not been a single incident related to gender discrimination in our operations. Women held **40.8% of managerial positions in the MK Group in 2024. More than half of the MK Group's Board of Directors are women.**

At the MK Group we believe that **diversity in management positions enriches the business environment and fosters a culture of innovation, mutual respect and cooperation**. The presence of women in management is not only a reflection of the gender balance in the company, but also a strong incentive for the professional development and empowerment of all employees.

This approach not only contributes to greater productivity, but reflects the values we build our identity on: responsibility, equality and trust in the power of different perspectives.

NUMBER OF EMPLOYEES – FULL-TIME EMPLOYEES	2023	2024
Women	**872**	829
MK Agri-food, MK Energy, MK Support	661	619
MK Tourism & Real Estate	211	210
Men	**1,679**	1,554
MK Agri-food, MK Energy and MK Support	1,463	1313
MK Tourism & Real Estate	216	241
TOTAL	**2,551**	**2,383**

REPRESENTATION OF MEN AND WOMEN IN MANAGEMENT POSITIONS FROM MIDDLE TO TOP LEVEL IN THE MK GROUP	2023	2024
Women	40.8%	40.8%
Men	59.2%	59.2%

INVESTMENT IN THE KNOWLEDGE AND DEVELOPMENT OF EMPLOYEES

At the MK Group we continuously **listen to the needs of our teams through regular analysis and feedback,** believing that **employee development represents the foundation of joint success.** That is why we create educational programmes adapted to real challenges, **encouraging a culture of learning, knowledge sharing and professional development.**

Internal training sessions are focused on improving specific competences, while external programmes allow employees to gain insights into modern industry trends and expand their knowledge through contacts with experts outside the company.

Through all these initiatives, the MK Group is committed to investing in the growth and empowerment of its people, building a motivated, flexible team that is ready to face the challenges of modern business. Our learning and development culture makes it possible for every employee to discover, develop and realise their full potential.

The total number of training hours in 2024 was 9,414, which is 814 hours more than in 2023. With EUR 647,912 invested in education in 2024, almost twice as much as in 2023, the MK Group clearly demonstrates commitment to developing knowledge and empowering its teams.

EMPLOYEE TRAINING HELD	2023	2024
TOTAL VALUE OF EMPLOYEE TRAINING SESSIONS HELD (EUR)	397,000	647,912

THE TOTAL NUMBER OF TRAINING HOURS IN 2024 WAS 9,414, (IN 2023 THERE WERE 8,600 h).

PROJECT MANAGEMENT – PROJECT LEADER DEVELOPMENT WITHIN THE MK GROUP

In accordance with the MG Group's strategic orientation towards strengthening the project culture and improving operational efficiency, the PMO (Project Management Office) was established at the holding company level at the end of 2024. That is why the representatives of each MK Group member company were selected to attend the training on the methodology of project development.

The goal of the training was to empower employees through the adoption of modern knowledge and tools in project management. The programme included the key stages of the project cycle, planning skills, organisation and monitoring of project implementation, as well as practical tools for everyday work.

This initiative is an important step in the further professional development of employees, but also in building a cohesive and competent project team at the level of the entire MK Group.

INTERNAL COACHING PROGRAMME

Listening to the needs of our teams, at the beginning of 2024, we launched an internal coaching programme as a new dimension of support for the development of managers. Through **75 hours of individual sessions**, our employees had the opportunity to explore their own potential, strengthen introspection and empathy, and shape specific steps towards personal and professional advancement.

The first results are extremely encouraging, **as the participants recognised their strengths, clearly defined goals and initiated changes that are also felt in their teams.**

With the same enthusiasm, we continue to spread the culture of development, open dialogue and support.

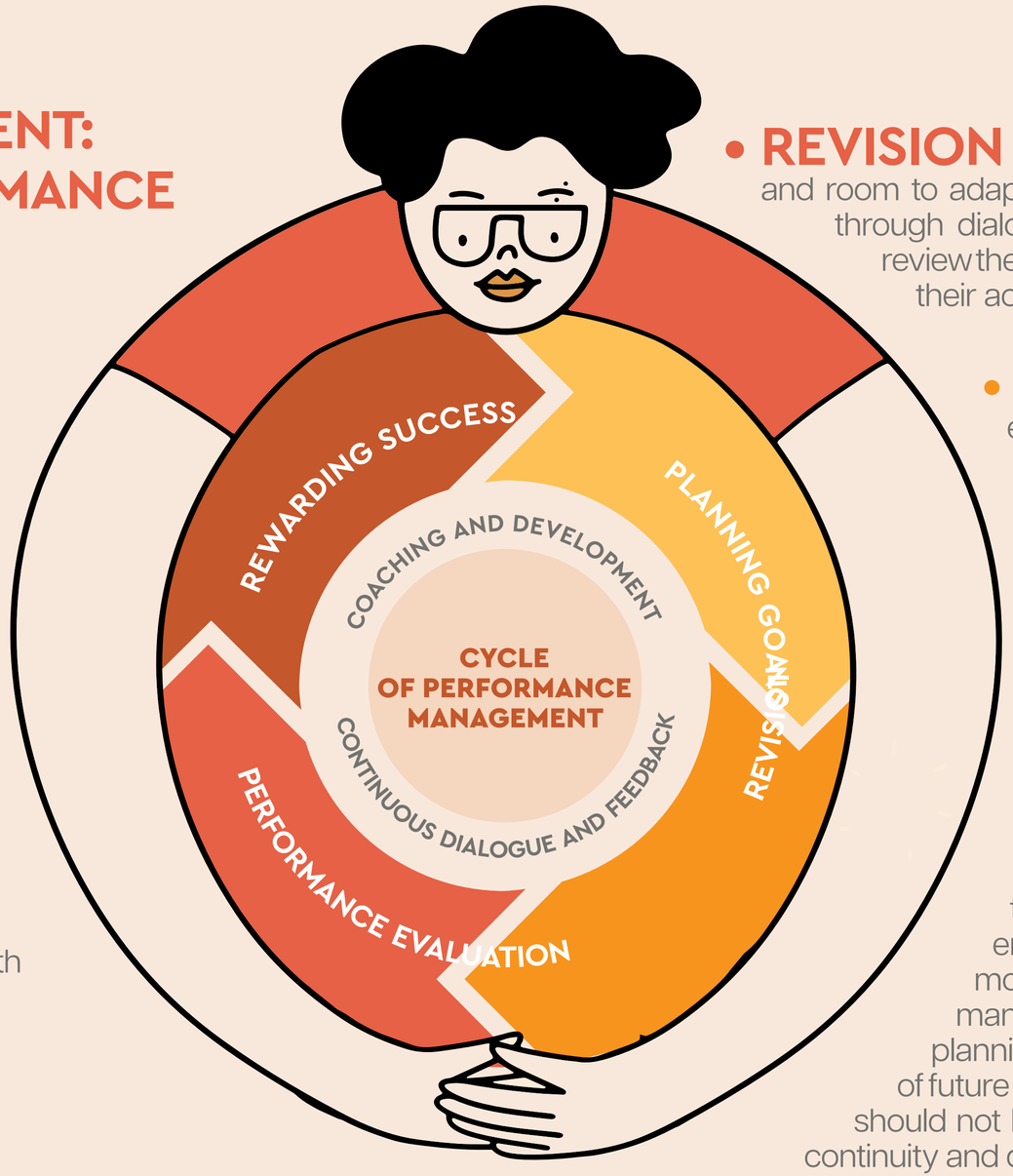
CONTINUOUS DEVELOPMENT: THE ESSENCE OF PERFORMANCE MANAGEMENT

Continuous performance improvement is the foundation of our approach to people and organisational development. Through a structured performance management process, we encourage more efficient work aligned with the company's strategic objectives and the personal advancement of each team member.

The performance management cycle includes several key stages:

• OBJECTIVE PLANNING

is the basis of the whole process, because clearly defined objectives ensure focus and efficiency. Through the “line of sight”, strategic objectives are clearly communicated from the highest level to each individual, ensuring the alignment of team and personal contributions with the company’s direction.



• REVISION OF OBJECTIVES

provides flexibility and room to adapt to changes. During this part of the process, through dialogue and support, managers and employees review the relevance of objectives together and strengthen their achievable contribution.

• PERFORMANC EVALUATION

enables the assessment of results, but also the identification of room for improvement. This stage opens up room for two-way communication, through which employees receive specific insights and guidelines, while managers play an active role as support, coaches and development leaders.

• REWARDING THE RESULTS

is a strong stimulus. Through fair and transparent performance appraisal, the company recognises and encourages engagement, which has a positive effect on motivation and overall team dynamics. Performance management is also a tool for career development planning, talent management, as well as identification of future leaders. Everything is based on feedback, which should not be reserved only for the end of the year, as its continuity and quality directly impact the development of each employee.

BEST OF THE BEST – ANNUAL AWARDS 2024 WINNERS

For the fourth year in a row, we have been presenting the Annual Awards of the MK Group, to distinguish and reward our employees who demonstrate a winning spirit, dedication and team culture that leads us to joint success every day.

These awards are not only a recognition of the results achieved, but also an opportunity to empower our community and promote key corporate values: **excellence, continuous development and synergy.**

Through the annual award process for 2024, all employees had the opportunity to nominate colleagues whom they recognise as true ambassadors of these values. The response increased by additional 16% compared to the previous year, with as many as **946 nominations from all parts of the system.** The MK Group's Board of Directors, together with CEOs of the member companies, selected the winners based on the number and quality of applications, as well as the results achieved.

The winners in six categories were announced at the award ceremony attended by all the finalists.

FIND OUT MORE ABOUT US – SEE OUR STORY IN A CORPORATE VIDEO

AMBASSADOR OF EXCELLENCE

Mina Subotić

Digital marketing coordinator, MK Mountain Resort

The values that additionally distinguish Mina Subotić and emphasise her excellence are promptness, innovation and responsibility. Her commitment to work and dedication to every task not only result in top results, but also contribute to strengthening our organisational culture. Her ability to recognise and implement innovative solutions helps us improve our business. Besides that, Mina's team spirit contributes to the creation of an inspiring work environment.

AMBASSADOR OF CONTINUOUS DEVELOPMENT

Goran Dronjak

Technologist Shift Leader, Sunoko

Goran is a young and ambitious professional who contributes to the improvement of processes and the development of the company every day. Proactive, with initiative and willingness to take responsibility and make decisions, he has with ideas and suggestions that often contribute to the efficiency and quality of the business itself. His commitment to continuous learning and professional development is recognised throughout the MK Group system, so this year he received the "Launch an Idea" award. For his colleagues, Goran is a symbol of the selfless sharing of knowledge and encouragement of team cooperation.

AMBASSADOR OF SYNERGY

Gabrijela Jovanović

Office Assistant, Carnex

Our colleague Gabrijela Jovanović is a valued contact who connects colleagues from different parts of the MK Group system. Her ability to build relationships with colleagues employed across our community makes her a key factor in fostering collaboration and improving the atmosphere in the team. Her empathy, patience and understanding make Gabrijela an exceptional colleague.

THE BEST MANAGER

Jan Turan

Production Manager, Flora – PIK Bečej

Jan Turan is an outstanding team leader, who is known for his proactivity and innovative approach to work. During just one year of working at Flora, Jan gained great the trust and respect of his colleagues. His ability to propose new methods and solutions brings freshness and improves the company's processes.

THE BEST TEAM

Infrastructure Department MK Group

The Infrastructure Department represents the technical and strategic backbone of operations. Their expertise includes a wide range of activities – from planning and implementing technological solutions, to maintaining and improving existing systems and ensuring data security and information protection. This team is not only a support, but also a strategic partner in achieving business goals. In addition, they solve problems for each user on a daily basis and enable all colleagues to perform their tasks efficiently and safely. Their ability to quickly identify and resolve technical challenges contributes to business continuity and minimises disruptions.

SPECIAL AWARD FOR THE BEST PROJECT

Aleksandra Stojanović

Project Director of the Miodrag Kostić Endowment

Aleksandra Stojanović, Director of the Corporate Affairs Department of the MK Group and Project Director of the Miodrag Kostić Endowment has been a part of company management team for more than a decade. Her interdisciplinary knowledge, strategic thinking and strong sense of organisation make her a key pillar in the implementation of numerous initiatives. Under her leadership, many projects have been successfully implemented in record deadlines and in accordance with the highest standards, confirming her commitment, efficiency and high level of professionalism. Aleksandra fosters a work environment that encourages innovation, collaboration and creativity, and her commitment to process development and improvement makes her an invaluable resource to the company. Through her work, she actively contributes to shaping a sustainable and responsible future for the MK Group.

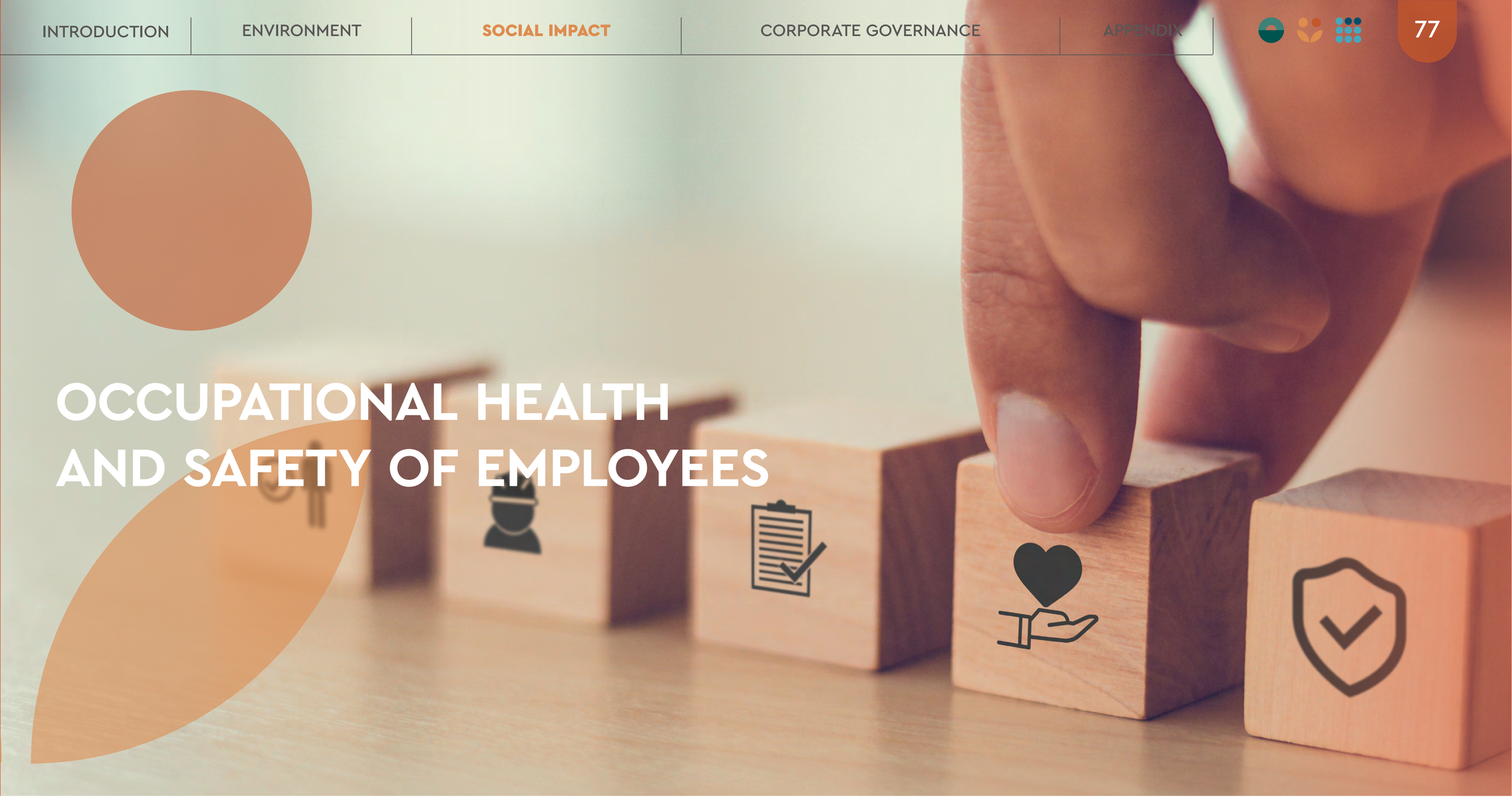
ČESTITAMO NA OSVOJENOJ NAGRADI
SPECIJALNA NAGRADA ZA PROJEKAT GODINE

MK GROUP
GODIŠNJE NAGRADE
2024

NOMINACIJE ZA AMBASADORE IZVRSNOSTI
IZVRSNOST

MK GROUP
GODIŠNJE

OCCUPATIONAL HEALTH AND SAFETY OF EMPLOYEES



OCCUPATIONAL HEALTH AND SAFETY OF EMPLOYEES

At the MK Group, occupational health and safety are always a priority. We consistently implement **high standards of protection**, in order to ensure a **safe, healthy and supportive work environment for all employees**, regardless of the type of engagement, whether they are full-time or part-time.

Key activities within the occupational health and safety system include:

- regular inspection of work equipment
- risk assessment of injuries and occupational diseases
- organising medical and sanitary examinations
- continuous staff education
- distribution of personal protective equipment in accordance with the assessed risks

In accordance with the requirements of the international standard ISO 45001:2018, external audits are conducted every year in member companies: Carnex d.o.o. Vrbas, Sunoko d.o.o., PIK Bečej d.o.o., Agrounija fruit, and Carnex stočarstvo d.o.o. Bečej. Apart from that, the internal occupational health and safety team regularly checks all legal entities within the MK Group system.

During 2024, training simulations focusing on emergency situations and safe evacuation were conducted in the mentioned companies, as a part of a broader preventive approach and strengthening the capacity of employees for crisis scenarios.

The MK Group consistently implements high standards of occupational health and safety, aimed at preserving the safety, health and well-being of all employees. Our approach includes ongoing education, proactive risk management and continuous performance monitoring.

One of the key tools in this process are the **annual internal seminars** for experts in the field of occupational safety, which enable the **timely monitoring of legal changes**, development of professional capacities and exchange of best practices among group members.

During the reporting period, there was an increase in the total number of occupational injuries compared to the previous year.

This is related to:

- **the increased scope of field activities,**
- **the increasing number of employees in different locations,**
- **the promotion of the reporting and recording system, including for minor injuries.**

2023		2024
68	MINOR INJURIES	96
6	MAJOR INJURIES	11
74	TOTAL INJURIES	107
3,001	DAYS LOST DUE TO WORK-RELATED INJURIES	4,009

NUMBER OF WORK-RELATED INJURIES

This reflects the functioning and transparency of the internal reporting system. At the same time, there were no fire incidents recorded that would endanger the safety of employees, which confirms the effectiveness of the technical and preventive protection measures that are applied.

There is a special emphasis on **employee education, improvement of workplace ergonomics, systematic supervision and continuous strengthening of the safety culture.**

The MK Group remains **committed to further development of a safe and healthy work environment**, with a clear ambition to continue being an **example of responsible and sustainable practice in the region.**

PREVENTIVE SAFETY CULTURE

The MK Group companies consistently monitor all occupational injuries, conduct detailed analyses of causes and define precise corrective measures. A thorough investigation is conducted after each incident, in order to prevent similar situations in the future and constantly improve security procedures.

All member companies implement a system of authorisations for the performance of risky activities, such as working at height, in confined spaces, welding, manipulation of flammable substances and other activities with an increased degree of risk. This control mechanism provides additional safeguards before such tasks are undertaken.

There is also a system for recording and analysing the "near miss" situations, events that could have led to an injury or damage, but were avoided by a timely reaction. This approach enables learning from potentially dangerous situations and strengthens the culture of prevention, even when an incident has not occurred.

CONSUMERS AND QUALITY CARE

TABLE OF STANDARDS ACCORDING TO WHICH MK AGRI-FOOD DIVISION COMPANIES HAVE BEEN CERTIFIED

Standards certified at MK Agri Food division in 2024

	MK Agriculture	MK Sugar	MK Meat
ISO 9001:2015	√		√
ISO 14001:2015	√	√	√
ISO 45001:2018	√	√	√
ISO 50001:2018			√
HACCP	√		√
IFS FOOD	√	√	√
BRC	√		
FSSC 22000		√	
HALAL		√	√
KOSHER		√	
DONAU SOJA	√		
GLOBAL G.A.P.	√		
GRASP	√		
GMP+FSA		√	
FSA		√	

NOTE

** Companies within the Agri Food division that certified its production in accordance with the requirements of different international standards, whereby the subject and the area of standard implementation may differ both within one division and within one company: PIK Bečej (ISO 9001, ISO 14001, ISO 45001, IFS Food, BRC, HACCP, Donau Soja), Agrounija, ogranak Agrounija fruit (ISO 14001, ISO 45001, IFS Food, BRC, HACCP, Global G.A.P. GRASP), PP Erdevik (ISO 9001, HACCP), Sunoko (IFS, FSSC 22000, HALAL, KOSHER, GMP+ FSA, ISO 14001, ISO 45001, FSA), Carnex (HACCP, IFS Food, HALAL, ISO 9001, ISO 14001, ISO 45001, ISO 50001)*

PRODUCTION ACCORDING TO THE HIGHEST STANDARDS

As the leading sugar producer in the region and the largest sugar producer and seller in the Republic of Serbia, with a market share of more than 70%, Sunoko approaches the quality and safety of its products with a sense of responsibility. It continuously invests in optimising production costs, increasing sugar beet processing capacity and improving the quality of finished products.

The concept of food safety is constantly evolving and improving. Regular internal and external training sessions increase employee awareness and maintain a high level of food safety culture. Compliance with food quality and safety standards is verified through frequent internal checks, external and supplier audits.

Regular certification checks confirm the consistent production of a high-quality product that is safe from the point of view of health. All Sunoko locations are certified in accordance with the FSSC 22000 standard, recognised by the Global Food Safety Initiative (GFSI), enabling international recognition and presence on the global market.

All production locations also have certificates of international standards for animal feed safety GMP+ FSA (Feed Safety Assurance Module 2020), as well as Kosher, Halal and FSA (SAI platform) certificates confirming the sustainable approach to agriculture.

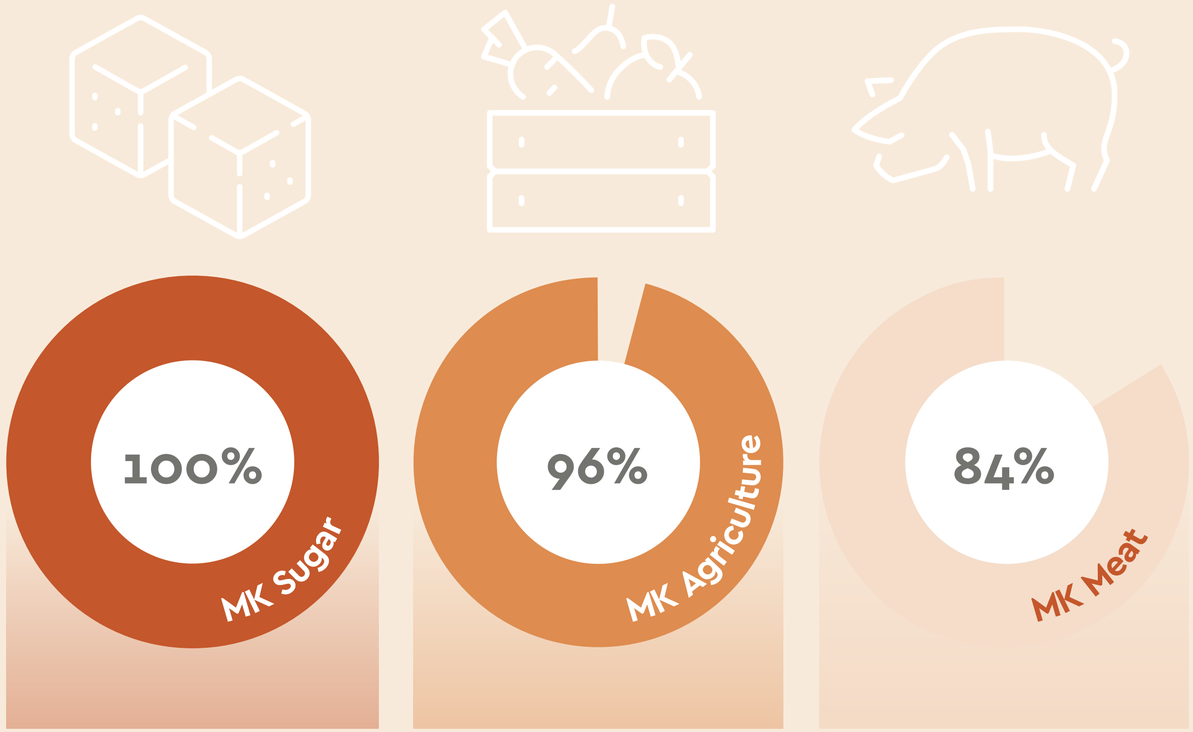
Product quality and safety controls are regularly conducted in accordance with the applicable legislation of the EU and the Republic of Serbia, both internally and externally, in accredited laboratories across Europe. The test results confirm compliance with laws and customer requirements, as well as a high level of product safety.

In line with the growing customer demand for ethical production, all Sunoko production centres regularly undergo SMETA audits as members of the SEDEX platform – one of the leading global advocates of ethical trade, promoting responsible and sustainable practices in supply chains.

There is a broad chain of suppliers in the MK Agri-Food division, and ESG education is essential. As the industry leader, we are responsible for gradually including our partners, particularly SMEs, in ESG frameworks. This is one of our main objectives in the coming period.

Our experience shows that more and more SMEs are showing interest in ESG, although access and readiness varies. Many recognise sustainable business as the new standard, necessary for partnerships, funding and competitiveness. However, they face challenges such as limited resources, lack of knowledge, low digitisation and lack of cooperation with other companies and institutions. Clear directions are needed for the implementation of ESG principles in specific activities.

Our divisions MK Sugar, MK Agriculture and MK Meat obtain most of the raw materials they use from local suppliers, thus contributing significantly to a reduction in their carbon footprints.



PERCENT OF PRODUCTS AND SERVICES PURCHASED FROM LOCAL SUPPLIERS IN 2024

(for significant regions and significant activities)

VALUE CHAIN

MK Meat division manages the entire of meat production process, including every step – from its own production of animal feed, through pig breeding farms, to a modern industrial plant for processing and the production of finished products. This integrated model enables complete control of quality and safety in all production stages.

Because of investments in automation of the sampling process, modernisation of equipment and transport lines, a stable quality of fodder and controlled breeding conditions are ensured.

The Pig Sense sensor system has been implemented on the farms, with more than 300 devices that, via a web platform, monitor key parameters – food consumption, temperature, humidity and ammonia level – in real time. This technology enables more efficient, responsible and sustainable breeding, in accordance with contemporary standards and principles of animal welfare.

We produce 160,000 fattening pigs annually in such conditions. The quality of the input raw material is followed by care for animal welfare, through participation in the EU-funded A WISH project in which Carnex as the Pilot 6 leader develops and applies sensor technology for monitoring conditions on the farm, in the depot and in the slaughterhouse.

QUALITY FOR MORE THAN 65 YEARS

As a result, we get high quality meat – without pesticides, hormones, antibiotics or other residues. The fresh meat we sell originates exclusively from our farms and is characterised by a uniform texture, natural colour and specific smell, with exceptional sensory features.

Our more than 65 years of experience in meat production technology, with respect for good production and hygiene practices, confirms the leadership position of Carnex and preservation of brand quality. Through strict receiving, processing and final control, we ensure that only products meeting the highest standards reach the market.

The control plans are based on domestic and international regulations, and all test methods are verified through inter-laboratory comparisons and by accredited laboratories.

Receiving control includes declarations and sensory, chemical and microbiological analysis of raw materials, as well as packaging. Food samples, food contact surfaces, water, ice, air and bioresidues are controlled during the process, whereas the final control includes comprehensive testing of finished products – both internally and in external laboratories. Only the products that pass all control stages and that are approved can be released on the market.

We pay special attention to nutritional values – our products are rich in protein, contain less fat or have other benefits for consumers, as clearly highlighted on the declarations:

- The premium hot dog is a source of protein, without artificial colours, made from pork and beef
- Alpine sausage has an even richer taste, without artificial colours or flavour enhancers
- Pressed ham contains less than 2% fat, with no lactose or artificial colours
- Premium loin meat, Special ham and Exclusive chicken breast are all free of lactose and artificial colours, with a low fat content
- Smoked chicken breast contains less than 1.5% fat, with no lactose or artificial colours
- Meat breakfast contains 84% pork, with no enhancers and artificial colours

The **Smazalice** brand was developed for children and offers chicken and turkey pâtés without additives, made from pure meat. The line of poultry pâtés without additives also includes chicken, spicy chicken and turkey pâtés.

We also offer lean products, such as fish pâté without preservatives (with vegetables, tuna, trout), as well as sterilised lean dishes: Beans, Peas, Sarma, Veggie picante. There are also 100% natural hummuses, without additives.

We are proud of the products with the national "Serbian quality" designation:

- Rustik – fermented dry sausage from domestic meat, rich in protein
- Homemade bacon – without enhancers and additives, naturally dried and smoked
- Homemade sarma – traditionally prepared, without preservatives or artificial additives

We remain true to CARNEX quality.

Our commitment includes investments in automation and increasing the efficiency of production lines, along with constant monitoring of market needs and new product development. In the meat industry, we have automated the production and packaging processes of sterilised cans; processes of production, packaging and cartoning of sterilised canned food; investment, packaging and cartoning processes of vacuum-packed cured sausages. We have also established automatic data collection from measuring points in the production process in real time; we continue to invest in process automation and modernisation of production equipment; we are additionally committed to the automatic collection of data from production lines, which also gives the monitoring of productivity and efficiency its own automated framework.

We take great care of the environment. The aluminium, vacuum foil and cardboard used in the packaging process are recyclable, thus contributing to the preservation of the environment. In addition, the cardboard used for packaging is made of almost 99% recycled materials.

Quality assurance is also achieved through certified standards. Carnex d.o.o. Industrija mesa Vrbas has implemented seven certified standards: HACCP, IFS Food and Halal in the field of food safety, ISO 9001:2015 in quality management, ISO 14001:2015 in the field of environmental management, ISO 45001:2018 in occupational health and safety, and ISO 50001:2018 in energy management.

Our **consumers rate our brand image highly** and confirm our commitment to constant improvement of the offer, understanding the needs and wishes of consumers, ensuring constant and reliable quality, the safety and authenticity of products, and innovations that contribute to the overall efficiency of operations.

Sunoko

Sunoko produces its entire amount of sugar from sugar beet grown in Vojvodina, in the area of our production facilities, from seeds that have not been genetically modified.

As cooperation with business partners and primary producers of raw materials is still a priority for Sunoko, in 2024 the Days of Sugar Beet Fields were organised in summer, and the Seminar on Sugar Beet Production in winter. In 2024, both events brought together a large number of business partners and farmers who grow sugar beet.

Along with the exchange of experience and selfless sharing of knowledge about modern technologies and digitisation in agriculture, the Research and Development Centre in Inđija also presented its experience in the implementation of new technologies for sugar beet production and protection. Such gatherings ensure the valuable transfer of knowledge and a way for the latest findings in sugar beet production to find their way to practical application.

AWARDS FOR QUALITY

Vinarija Erdevik

Omnibus Lector Chardonnay (vintage 2019)
Silver medal

Geronimo (vintage 2021)
Bronze medal

Marlot Delon Cabernet Sauvignon – Merlot (vintage 2017)
Silver medal

Stiflers Mom Shiraz (vintage 2019)
Silver medal

Ex Cathedra Sauvignon Blanc (vintage 2021)
Silver medal

Omnibus Lector Chardonnay (vintage 2021)
Silver medal

NOVI SAD FAIR 2024 AWARDS:

carnex

1. **Grand Champion Cup**
   - Industrija mesa “CARNEX” DOO, Vrbas – for superior quality and a wide range of products
2. **Product group quality champions:**
   - Industrija mesa “CARNEX” DOO, Vrbas – “Peas with pork in the sterilised ready meal group
   - Industrija mesa “CARNEX” DOO, Vrbas – “Liver pâté” in the liver sausages and pâtés group
   - Industrija mesa “CARNEX” DOO, Vrbas – “Rustic sliced product” in the fermented dry sausage group
   - Industrija mesa “CARNEX” DOO, Vrbas – “Pancetta sliced product” in the bacon group
   - Industrija mesa “CARNEX” DOO, Vrbas – “Premium hot dog” in the fine chopped boiled sausages group
   - Industrija mesa “CARNEX” DOO, Vrbas – “Mini Alpine sausage” in the chopped boiled sausages group
   - Industrija mesa “CARNEX” DOO, Vrbas – “Cold meat” in the meat can group

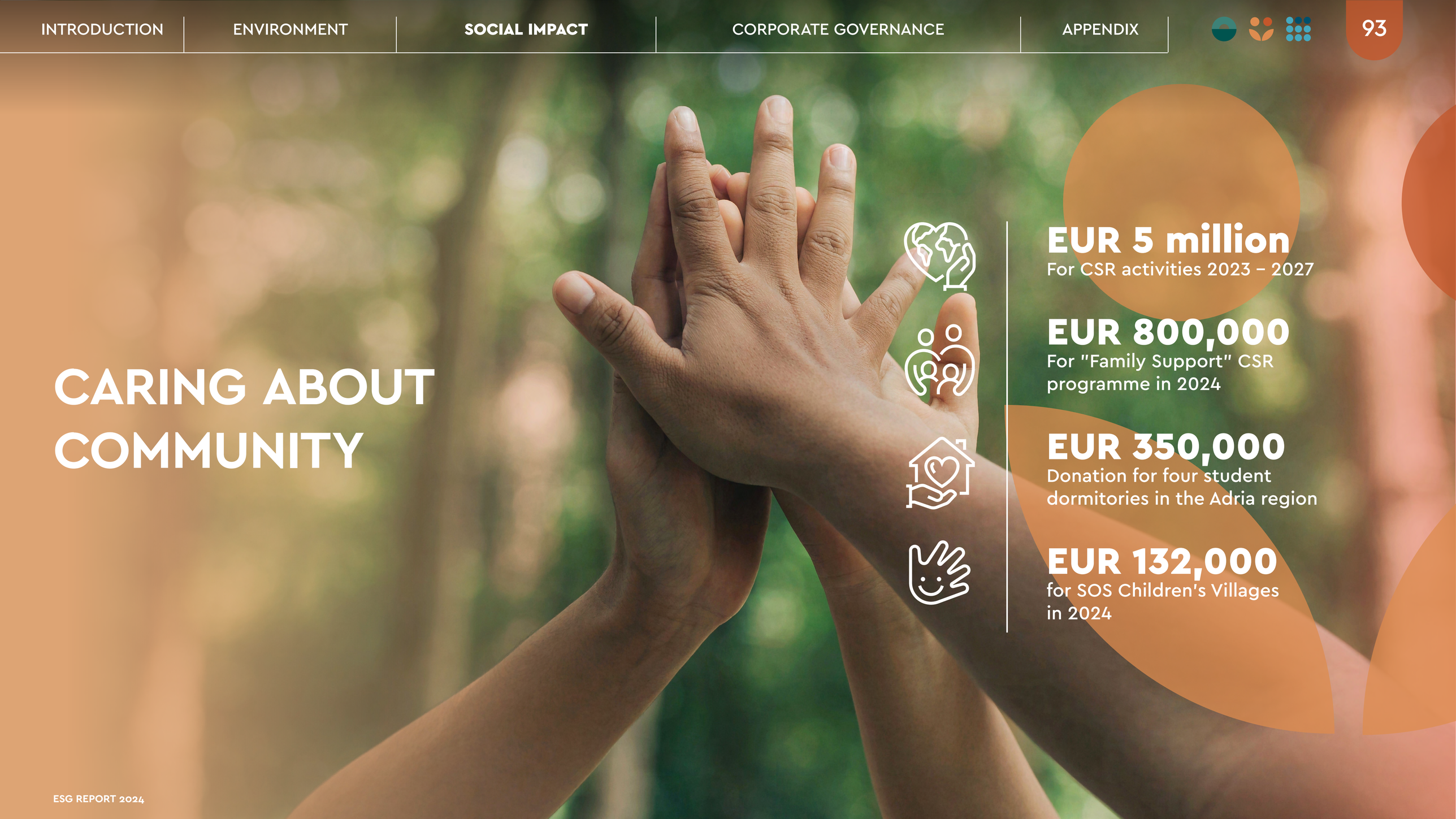
3. Medals won for the quality of meat products

Smazalice chicken pâtés	Gold medal
Fish pâtés with vegetables	Silver medal
Liver pâté	Grand gold medal
Peas with pork	Grand gold medal
Beans with bacon	Gold medal
Beans with sausage	Gold medal
Pork stew	Gold medal
Lean beans	Silver medal
Grill sausage with cheese	Silver medal
Grill kranjska sausage	Grand gold medal
Dry pork prosciutto with paprika	Silver medal
Dry pork prosciutto with pepper	Silver medal
Sremska sausage	Gold medal
Smoked bacon	Gold medal
Carnex Novi Sad	Gold medal
Mini wrapped delicacy	Gold medal
Mini wrapped pizza ham	Gold medal
Grill sausage	Silver medal
Thin spicy sausage	Silver medal
Premium hot dog	Grand gold medal
Čajna sausage	Silver medal
Mediterranean sausage	Gold medal
Spicy kulen	Gold medal
Homemade sarma	Gold medal
Vegetables with chicken	Gold medal
Vegetables with pork	Silver medal
Beef stew ready-made meal	Gold medal
Peas with chicken ready-made meal	Gold medal
Mini Alpine sausage	Grand gold medal
Mini chicken breast	Gold medal
Smoked chicken breast	Gold medal
Homemade sausage in vacuum packaging	Silver medal
Sliced rustic	Grand gold medal
Sliced pancetta	Grand gold medal
Sliced kulen	Silver medal
Dried pork prosciutto, sliced	Gold medal
Chicken pâté	Silver medal
Spicy chicken pâté	Grand gold medal
Pâté with ham	Gold medal
Cold meat	Grand gold medal

TASTE AWARDS 2024:

Color Media Communications,
in cooperation with Food Talk conference

- In the “Best Product – Meat Industry” category, Carnex was awarded for its “Carnex chicken pâté” product



CARING ABOUT COMMUNITY

EUR 5 million
For CSR activities 2023 – 2027

EUR 800,000
For "Family Support" CSR programme in 2024

EUR 350,000
Donation for four student dormitories in the Adria region

EUR 132,000
for SOS Children's Villages in 2024

COMMUNITY AS A PRIORITY

The year in which we marked **40 years of successful business operations has significantly empowered our commitment to community development and the creation of long-term values**. As a sign of that commitment, the MK Group made a strategic decision to **invest EUR 5 million into CSR projects in the following five years.**

We place special emphasis on supporting young people, believing that they are the drivers of positive changes and the foundation of the region's sustainable future. Through philanthropic initiatives, **we are building a path to a more lasting social impact and contributing to a better quality of life for generations to come**.

DONATIONS IN 2024	VALUE (EUR)
MK Group	EUR 254,000
MK Agri-food	EUR 488,118
MK Tourism & Real Estate	EUR 221,850
MK Energy	EUR 8,250
TOTAL	**EUR 972,218**

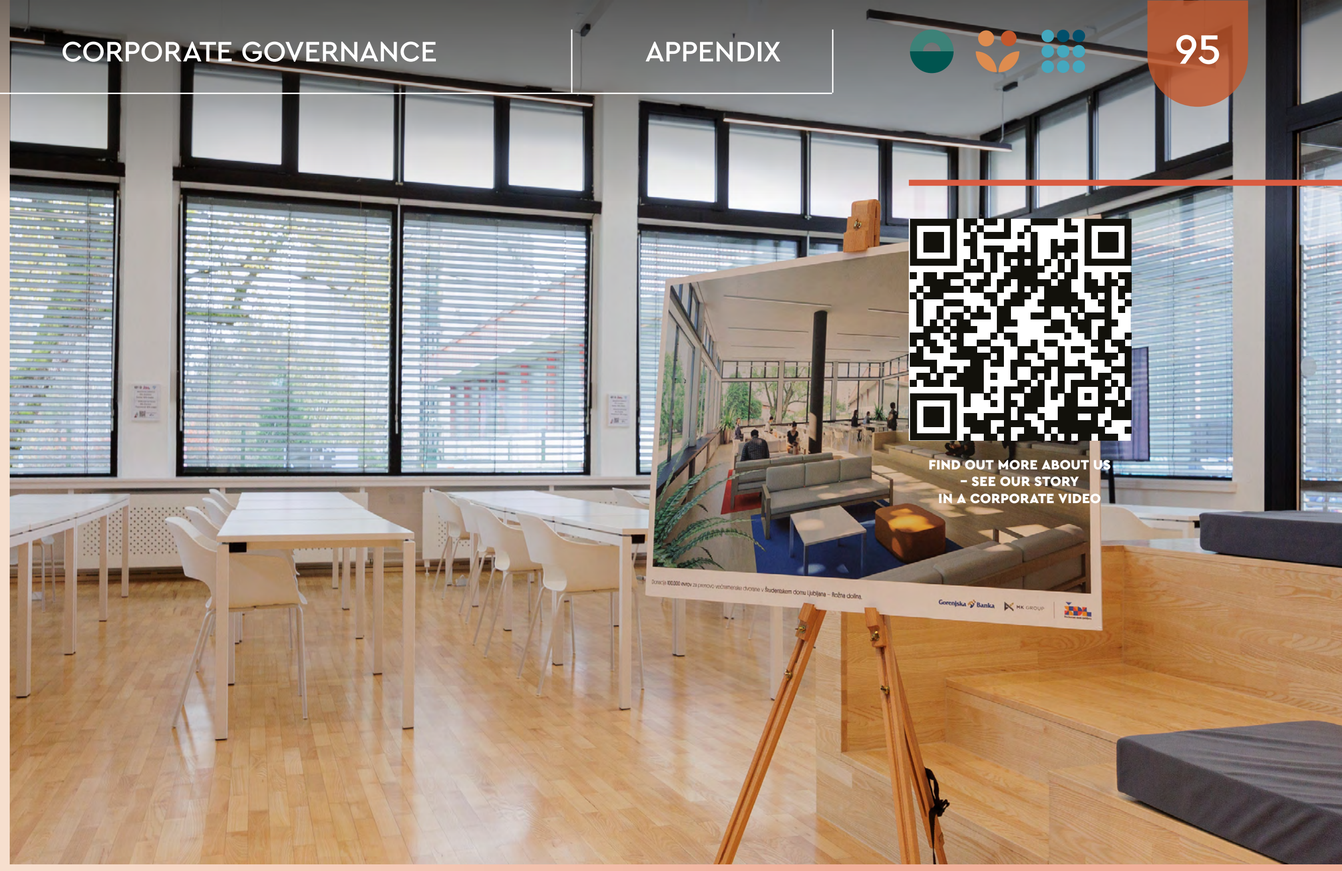
FOCUS OF CSR PROJECTS:

- **Family and parenthood support**
- **Programmes for children and youth**
- **Support for education**
- **Assistance to healthcare institutions**
- **Assistance to vulnerable social groups**

SUPPORT FOR EDUCATION: DONATIONS TO STUDENT DORMITORIES IN THE ADRIA REGION

In 2024, within the “Family Support” programme, the MK Group invested more than **EUR 400,000** in the renovation of student dormitories across the Adria region, with additional funds provided for the renovation of a primary school in Montenegro.

Owing to the cooperation with AIKBank and Gorenjska banka, more than 6,000 students started the new academic year in modern and well-equipped spaces that encourage education, socialising and personal development.



EUR 100,000	“SLOBODAN PENEZIĆ” STUDENT DORMITORY, BELGRADE, SERBIA
EUR 100,000	“DR ANTE STARČEVIĆ” STUDENT DORMITORY, ZAGREB, CROATIA
EUR 55,000	“DUŠAN BOJOVIĆ” PRIMARY SCHOOL, ŽUPA NIKŠIĆKA, MONTENEGRO
EUR 50,000	“PLAVI DVOR” STUDENT DORMITORY, PODGORICA, MONTENEGRO
EUR 100,000	STUDENT DORMITORY LJUBLJANA – ROŽNA DOLINA, LJUBLJANA,

FAMILY SUPPORT – INVESTMENT IN PEOPLE AND THE FUTURE

The "Family Support" programme, initiated by the MK Group in 2017 as an internal initiative, continued providing concrete support for employees who became parents in 2024. During the year, total financial assistance of EUR 102,000 was granted to 180 families, as a sign of care and gratitude for the trust that employees place in the company.

From the establishment of the programme until today, the MK Group has supported 1,000 families and celebrated the arrival of 1,640 babies, with a total of EUR 596,000.

Over time, "Family Support" has grown into a broader mission. In addition to internal activities, we also extended it to the community – through support for institutions and organisations that care about parenting, early development and family policy.

Because for us, sustainability does not start with business plans, but with the safety of every child that comes into this world.

1,000 families

1,640 babies

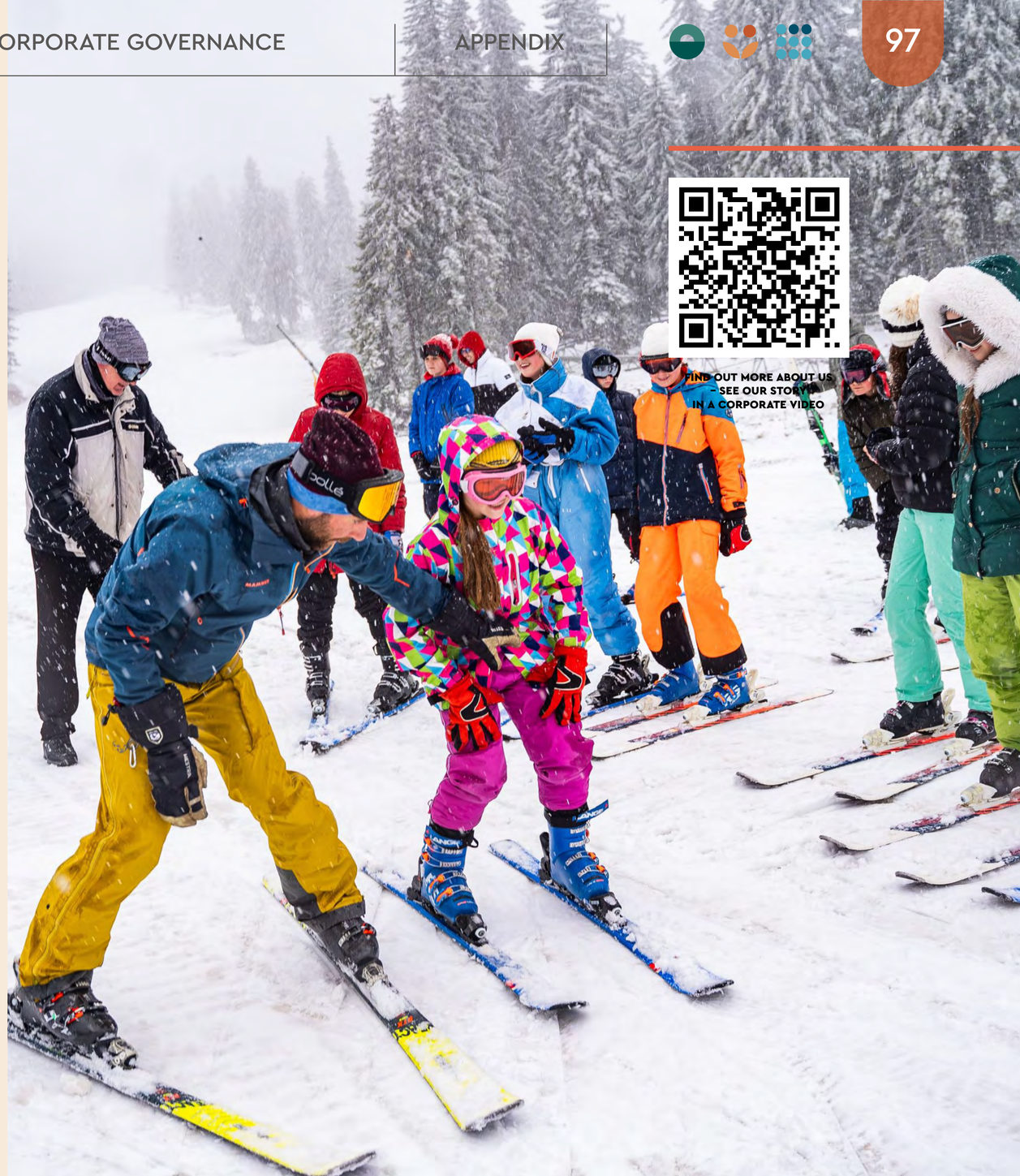
Total EUR 596,000

CSR ACTIVITIES WITH A TRADITION LONGER THAN A DECADE

WINTER VACATION FOR CHILDREN FROM KOSOVO AND METOHIJA

For 13 years now, **the MK Group has organised winter holidays for the best pupils of primary schools from Kosovo and Metohija** providing them with the unforgettable experience of staying at the Grand Hotel on Kopaonik.

This long-term initiative is implemented in cooperation with the Office for Kosovo and Metohija, and it is aimed at rewarding the effort and achievements of the most successful pupils from the southern province, but also at further encouraging them to continue investing in their education and personal development. In addition to vacations, special attention is devoted to designing educational, sports and entertainment content, through which children develop social skills, team spirit and self-confidence, with full support and facilities available at the Grand Hotel Kopaonik.



SUPPORT FOR SOS CHILDREN'S VILLAGES

For more than a decade, the MK Group has been supporting the work of the SOS Children's Villages Serbia through donations and projects aimed at strengthening the family and caring for the most vulnerable. Miodrag Kostić is the only donor from the region who has received the highest recognition, the Badge of Honour, as awarded by the SOS Children's Villages international organisation, now present in 135 countries worldwide. In the last two years, the total support of MK Group and member companies to SOS Children's Villages amounted to almost EUR 220,000, and the continuation of support includes the contribution to Family Strengthening Centres, in order to improve living conditions and prevent the separation of children from their biological families.

SUPPORT FOR NURDOR

For more than a decade, the MK Group has been supporting the National Association of Parents of Children with Cancer (NURDOR) and Parents' House in Novi Sad, a safe haven for children facing serious health challenges.

Miodrag Kostić, founder of the MK Group, handed over his family home worth EUR 1.5 million for use by the Institute for Health Care of the Children and Youth of Vojvodina, in cooperation with NURDOR. Founded in 2013, this is the first parents' house in the territory of Vojvodina and is intended for children with malignant diseases, who come from other towns for treatment, accompanied by their parents.

To date, 175 families have stayed in this home, and in 2024 15 children and their parents used the house on several occasions during the year.

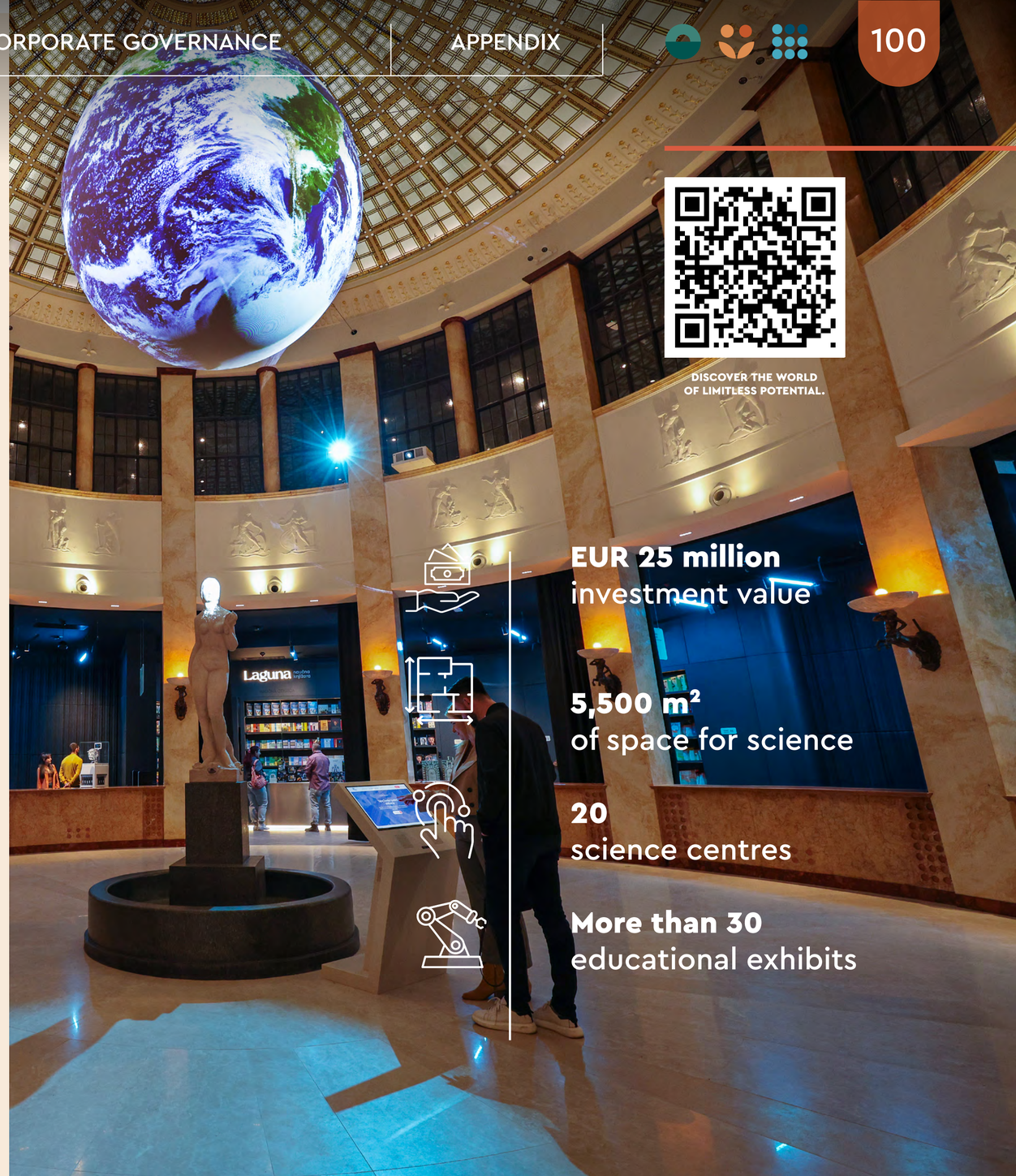
Within its long-term cooperation with NURDOR, in 2024 the MK Group also organised the traditional distribution of New Year's gifts for children with cancer.

THE MIODRAG KOSTIĆ ENDOWMENT – PALACE OF SCIENCE

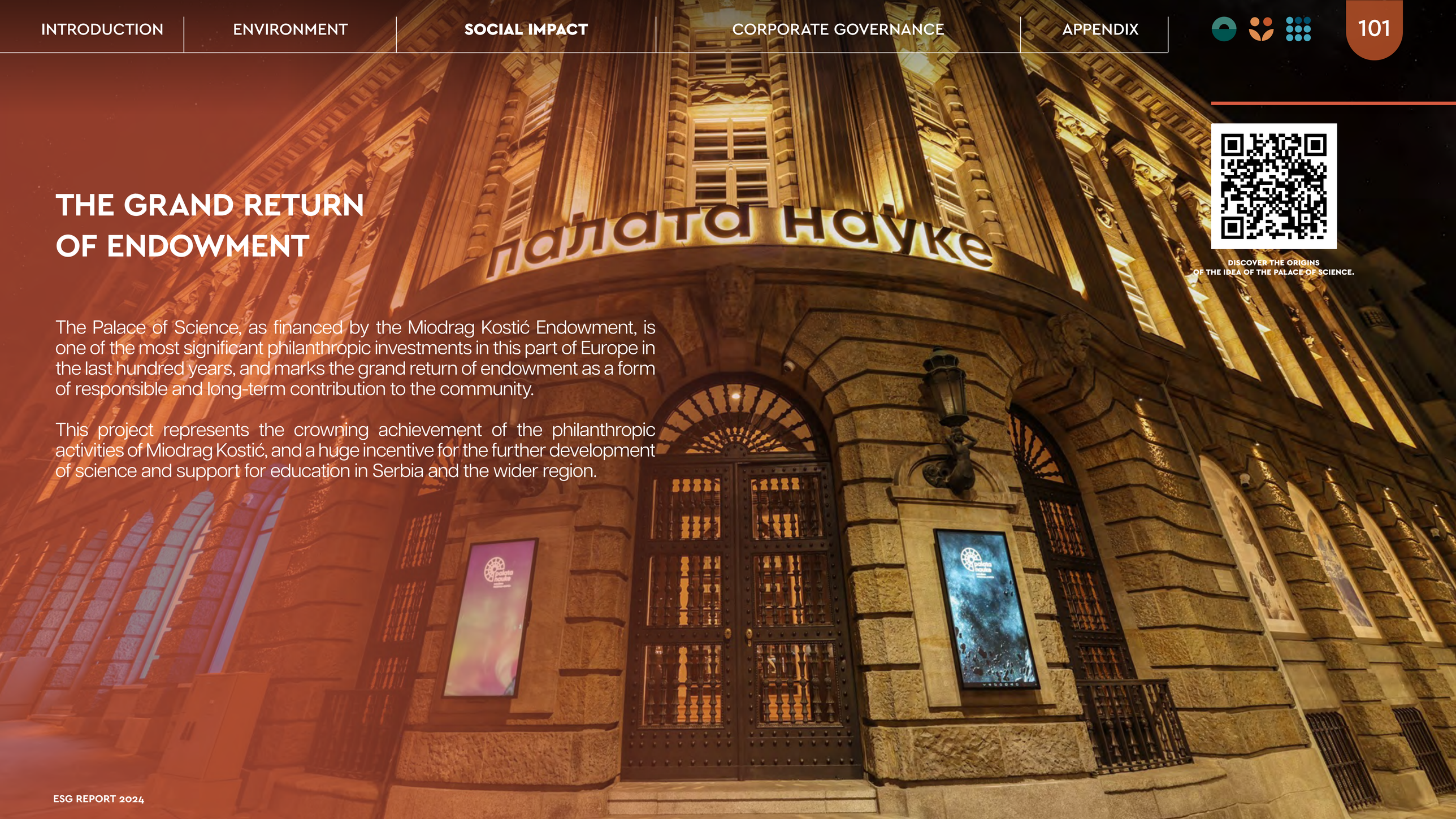
At the end of 2024, the Palace of Science was opened in the heart of Belgrade – the first centre for research and the popularisation of science in Serbia, and the largest one in the region. This capital project was implemented with the support of a donation from the Miodrag Kostić Endowment, worth more than EUR 25 million, which turned 5,500 m² of one of the most beautiful buildings in Belgrade into a modern science institution.

The Palace of Science is designed as an open, interactive space for learning, research and inspiration, a place where curiosity, innovation and social responsibility meet. The Planetarium, 30 educational exhibits, Show Lab, and Children's Science Corner provide an accessible and modern scientific experience to the public.

The scientific and research segment of the Palace are a particularly important part of this project, as it includes 20 scientific centres, 19 of which were founded in cooperation with the Faculty of Electrical Engineering, University of Belgrade, and one in cooperation with Radio Television of Serbia. These centres conduct research in the fields of the future, such as robotics, artificial intelligence, biomedicine, sustainable energy, 3D sound and many other impressive scientific fields.



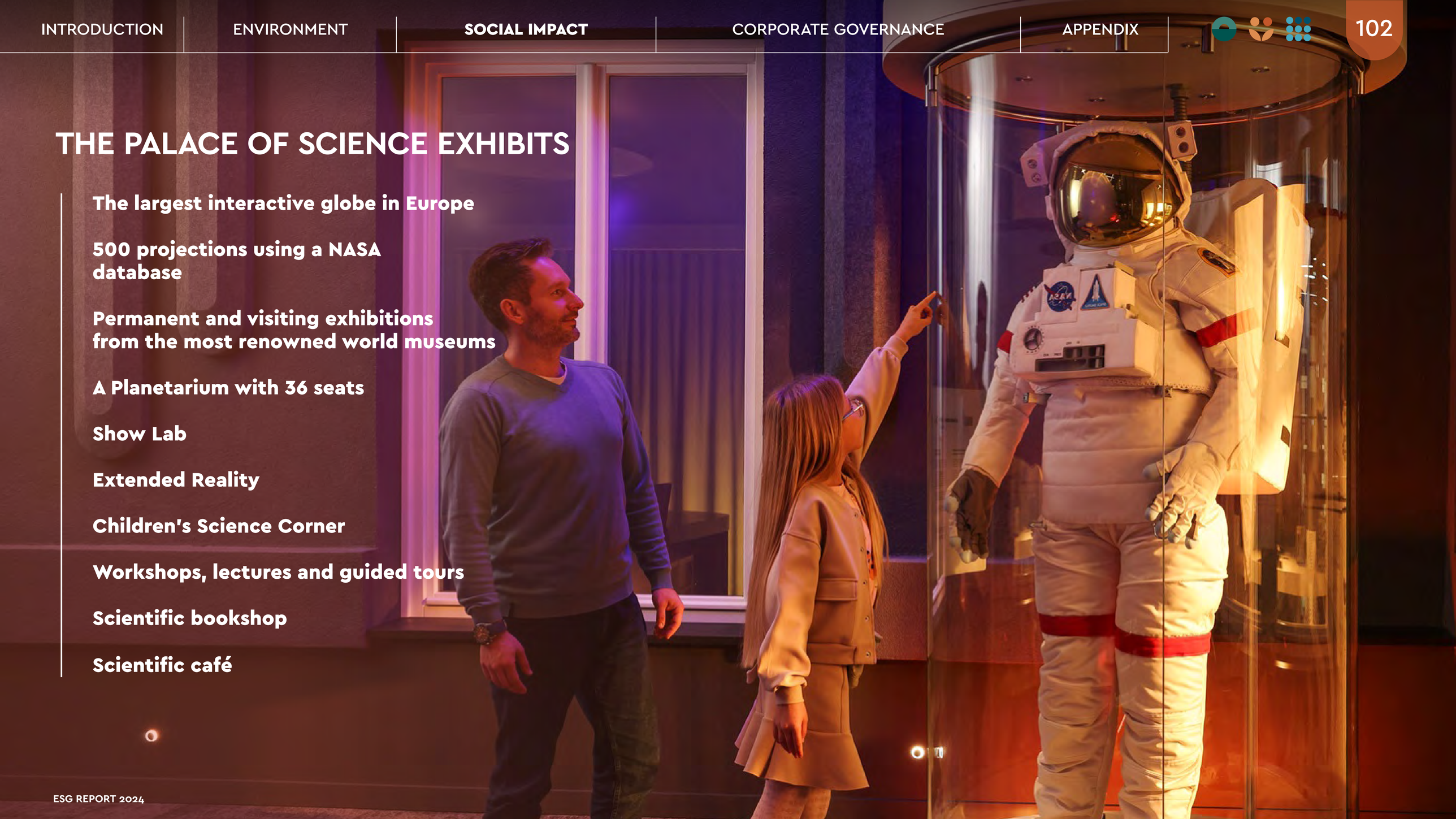
THE GRAND RETURN OF ENDOWMENT



The Palace of Science, as financed by the Miodrag Kostić Endowment, is one of the most significant philanthropic investments in this part of Europe in the last hundred years, and marks the grand return of endowment as a form of responsible and long-term contribution to the community.

This project represents the crowning achievement of the philanthropic activities of Miodrag Kostić, and a huge incentive for the further development of science and support for education in Serbia and the wider region.

DISCOVER THE ORIGINS
OF THE IDEA OF THE PALACE OF SCIENCE.



THE PALACE OF SCIENCE EXHIBITS

- **The largest interactive globe in Europe**
- **500 projections using a NASA database**
- **Permanent and visiting exhibitions from the most renowned world museums**
- **A Planetarium with 36 seats**
- **Show Lab**
- **Extended Reality**
- **Children's Science Corner**
- **Workshops, lectures and guided tours**
- **Scientific bookshop**
- **Scientific café**

CORPORATE SOCIAL RESPONSIBILITY RECOGNITIONS FOR 2024

The ĐORĐE VAJFERT CSR AWARD was awarded to the MK Group in the category of the corporate social responsibility of large companies for the Palace of Science project of the Miodrag Kostić Endowment.

THE SERBIAN PHILANTHROPY FORUM awarded the **RECOGNITION FOR KINDNESS** to Miodrag and Aleksandar Kostić for their outstanding contribution to philanthropy, with special reference to the establishment of the Palace of Science - the Miodrag Kostić Endowments.

THE PHILANTHROPIST SPECIAL AWARD for the Palace of Science project was awarded to the MK Group by the Moja Srbija Association.

THE DIPLOMACY & COMMERCE AWARD FOR SUPPORTING SCIENCE AND EDUCATION was given in recognition of the philanthropic initiatives of the MK Group and its strategic support for science and education, especially through the establishment of the Miodrag Kostić Foundation.

THE SAM AWARD FOR THE MOST SOCIALLY RESPONSIBLE COMPANY OF THE YEAR was presented to the MK Group for the regional donation to student dormitories within a long-term “Family Support” project.

THE MUNICIPALITY OF PEĆINCI – CORPORATE SOCIAL RESPONSIBILITY AWARD was given to the MK Group was awarded for its exceptional local support, as expressed in the donation of a kindergarten to the Municipality of Pećinci, which directly improved the quality of life in the community.

1 SVET BEZ SIROMAŠTVA

2 SVET BEZ GLADI

3 DOBRO ZDRAVLJE

4 KVALITETNO OBRAZOVANJE

5 RODNA RAVNOPRAVNOST

6 ČISTA VODA I SANITARNI USLOVI

7 DOSTUPNA I OBNOVLJIVA ENERGIJA

8 DOSTOJANSTVEN RAD I EKONOMSKI RAST

9 INDUSTRIJA, INOVACIJE I INFRASTRUKTURA

10 SMANJENJE NEJEDNAKOSTI

11 ODRŽIVI GRADOVI I ZAJEDNICE

12 ODGOVORNA POTROŠNJA I PROIZVODNJA

13 AKCIJA ZA KLIMU

14 ŽIVOT POD VODOM

15 ŽIVOT NA ZEMLJI

16 MIR, PRAVDA I SNAŽNE INSTITUCIJE

17 PARTNERSTVOM DO CILJEVA

CORPORATE GOVERNANCE

Corporate governance promotion at the Group level is one of the objectives set for the five-year period. In 2024, several status changes were introduced in the system, in order to enable greater organisational transparency and more sustainable corporate governance. This initiative is a part of a wider ESG framework, with a focus on strengthening the principles of good governance.

Through restructuring, we established a more clearly defined ownership structure that better reflects the three key divisions of our business: agriculture, tourism and real estate, and green energy generation. This reorganisation enables more efficient risk management, more transparent financial reporting and stronger accountability by segment, creating the foundations for long-term sustainable growth and development of each business branch.

FOUNDER AND PRESIDENT OF THE MK GROUP

Miodrag Kostić
Founder of the MK Group

Aleksandar Kostić
President of the MK Group

Miodrag Kostić, the Founder of the MK Group, was one of the most successful businessmen in Southeast Europe, and founded the company in 1983. He established an efficient, effective and large-scale system management, with a 40-year history. The MK Group leadership team, headed today by the President **Aleksandar Kostić**, continues to successfully achieve his vision of steady growth.

COMPANY MANAGEMENT

The Board of Directors, led by the CEO, plays a key role in shaping the company's strategic direction. The directors' expertise and leadership skills are essential to achieving and maintaining high business standards.

In cooperation with the Board, the CEO is responsible for operational management of the company and for the realisation of strategic goals.

BOARD OF DIRECTORS MK GROUP

Mihailo Janković
CEO

Jovan Purar
Legal and General Affairs

Violeta Kovačević
Group Finance Director of the MK Group

Verica Teofilović
Finance and Risk Management

Aleksandra Stojanović
Corporate Affairs

Dejan Cupać
IT and Technology

Danijela Havrilčak
Human Resources

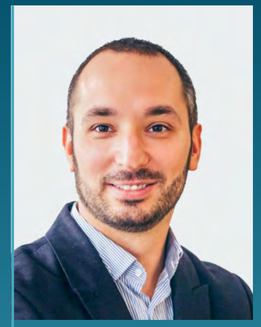
DIVISION MANAGEMENT

Slobodan Košutić
MK Sugar

Ivan Zeković
MK Meat

Sanja Savić
MK Agriculture

Novak Bojanić
MK Tourism & Real Estate, Petram Resort & Residences



Marko Keserović
MK Tourism & Real Estate, Grand Kopaonik

Luka Bjeković
MK Energy

PERFORMANCE MEASUREMENT

The MK Group systematically approaches performance measurement in order to encourage the assumption of responsibility and continuous improvement of business results. Clear goals are set and feedback is regularly exchanged through constant communication between managers and employees. The annual performance evaluation includes several stages – setting goals, semi-annual evaluation and final evaluation of achievements.

The entire process is managed through the **SAP Success Factors** platform that provides simple and transparent access to information, which further encouraging accountability and engagement at all levels.

RISK MANAGEMENT

Risk management in MK Group is based on a clearly defined organisational structure, with precise responsibilities and a comprehensive approach at all levels. Procedures are carried out according to procedures that are continuously improved, with the support of effective internal control systems. The key pillars are responsibility at all levels, independence of functions that assume and control risks, transparency to relevant parties, and implementation of measurement and control systems approved by the management.

Roles and responsibilities in risk management include a structure that enables effective communication and supervision, and the participants in that process are: the Board of Directors, Group Risk Management Committee, Risk Management Sector, Risk Management Committees and leaders at the division level, as well as risk owners within these divisions.

The risk management process includes six key steps:

1. Risk identification and analysis
Collection and classification of data on risks specific to each business division.
The information is centralised in the Group Risk Register.

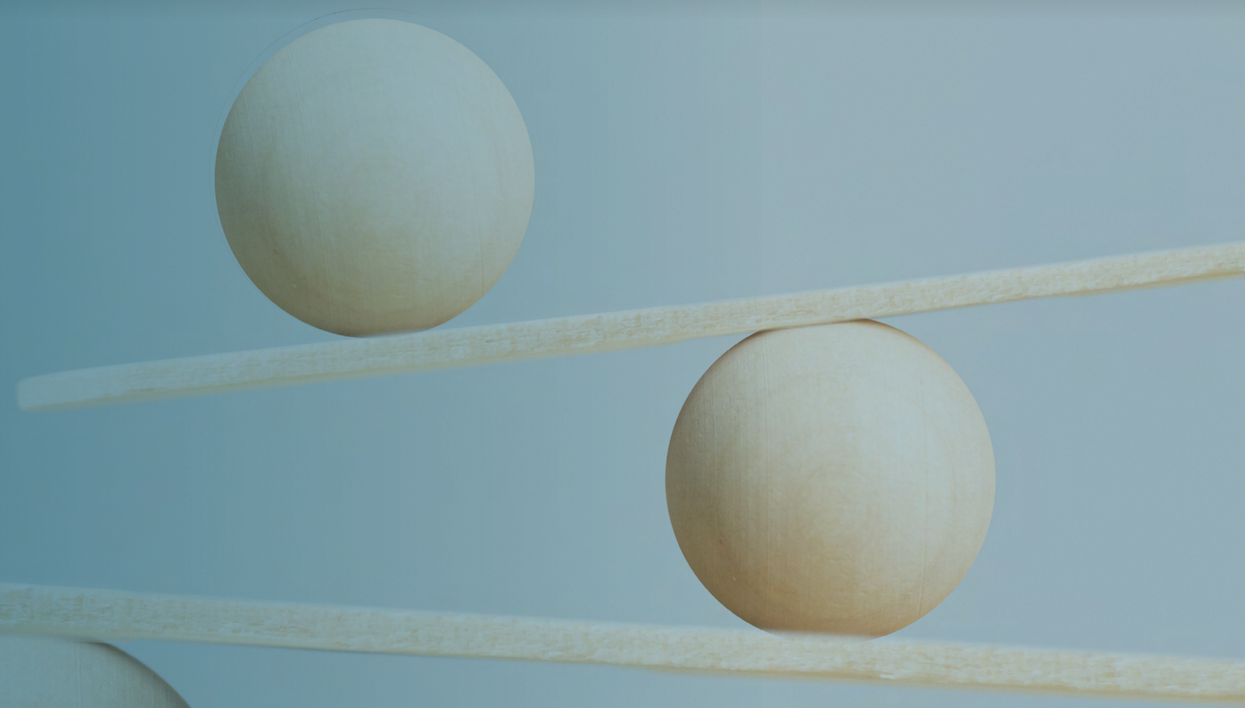
2. Risk measurement
Each risk has defined metrics that are specified in risk management procedures (e.g. creditworthiness, days past due, price risk, liquidity, etc.).

3. Defining risk limits
Setting risk exposure limits that enable control and monitoring.
The limits are defined and approved by the Risk Management Committees, at the level of the Group and business divisions.

4. Risk monitoring
Regular risk measurement and monitoring in accordance with defined limits.
It includes reporting mechanisms in the case of overruns.

5. Risk control
The implementation of the risk management strategy and supervision of its implementation under the competence of the Board of Directors and relevant committees and sectors.

6. Reporting
The risk management sector organises the collection and distribution of reports to the Committees and other stakeholders, with mandatory use of standardised forms.
MK Group has a clearly defined "neutral risk appetite", which means it takes a balanced approach to risk – both return goals and risk level are considered equally, and risk management procedures are based on cost efficiency and priorities.



The risk management framework supports the strategic objectives and vision of the MK Group through sustainable and efficient business models. There is a strategic focus on growth, capacity optimisation, higher margin products, vertical integration, synergy among members, modernisation and ESG principles.

The risk appetite matrix is used for the classification of attitude to risk – the MK Group is in the middle of the spectrum, with a "neutral attitude to risk", which implies:

- A balanced approach to risk and return
- There is no preference in the way the risk is treated
- Decisions are made based on cost effectiveness and management priorities.

All business divisions are classified as having a neutral risk appetite:

- Sugar – Focus on production efficiency and maintaining market position
- Farming – Modernisation and transition to more profitable cultures
- Meat – Capacity revitalisation, digitisation, sales and distribution optimisation.

This framework was defined by the MK Group's Board of Directors and represents the limit of the acceptable risk in accordance with the company's capacities and strategy.

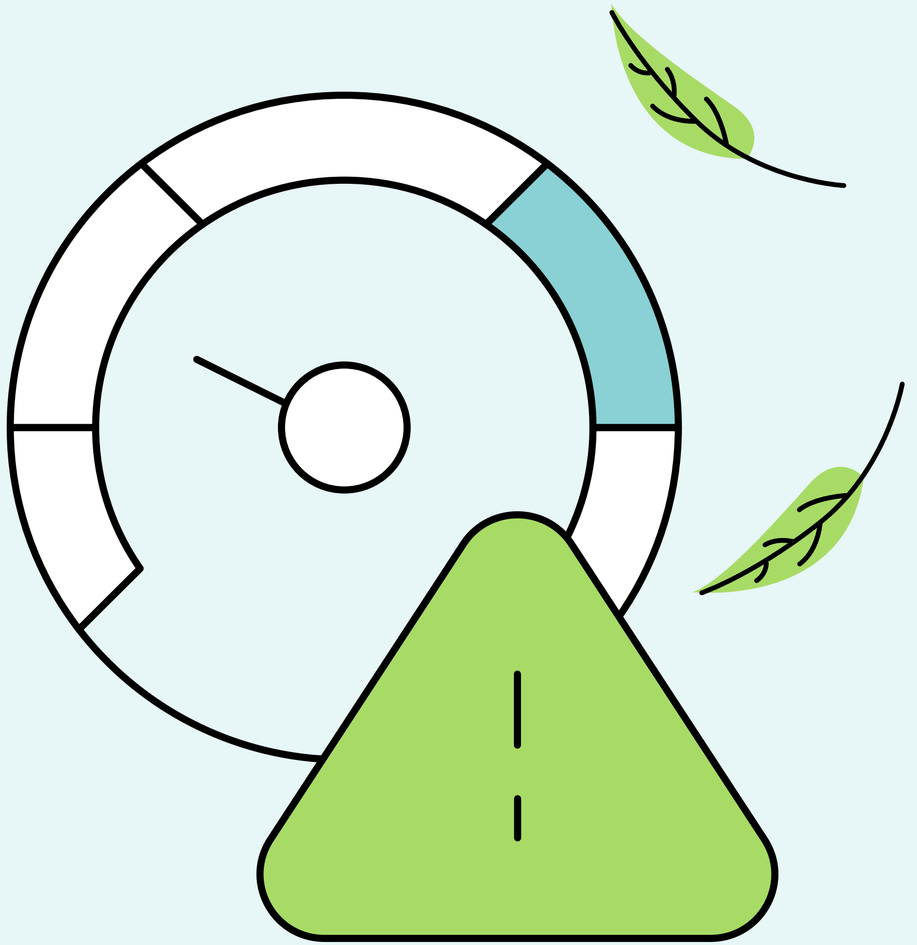
The MK Group's risk register:

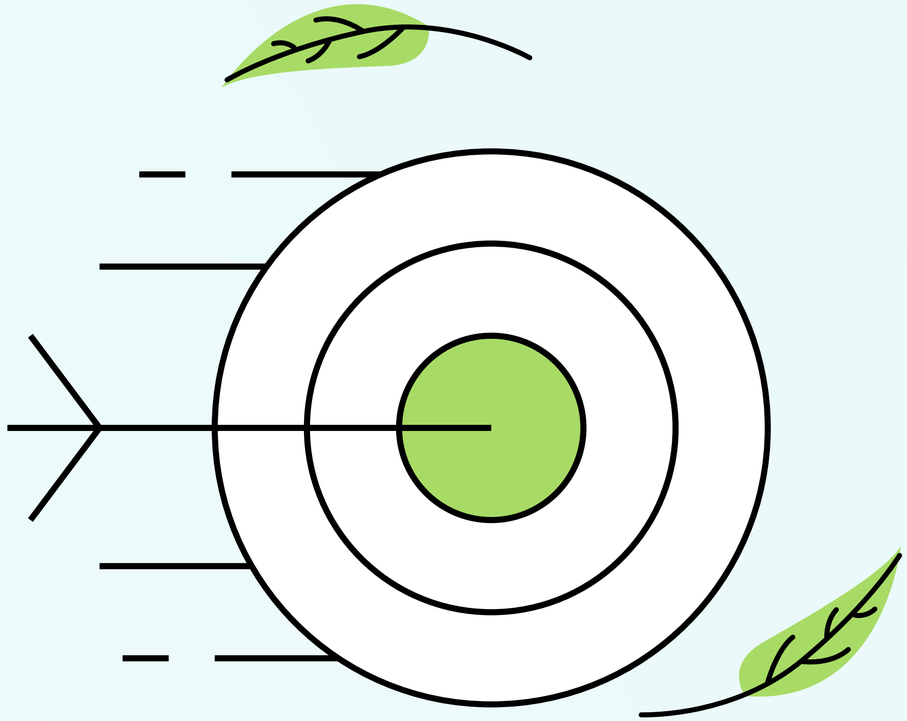
1. **Financial and market risks** – include capital, liquidity, credit, currency, interest rate risk, price risk, concentration risk, guarantee risk, investment and real estate risk.

2. **Operational and HR-related risks** – include procurement risks, IT risks, project and security risks, as well as health, safety and human resource management risks.

3. **Regulatory risks** – include legal, property rights, legal compliance, insurance and fraud risks.

4. **Market and environmental risks** – include sovereign risks, competition, climate risks, reputation, strategic risks and external factors (e.g. political instability, terrorism).





The implementation of the risk management policy

- The risk management policy is reviewed annually by the Board of Directors, and more often if necessary, depending on changes in strategy, risk appetite or macroeconomic conditions;
- All employees in the Group, from management to operational level, are responsible for risk management within their competences;
- Policy is integrated into all business activities, including strategic planning, projects and day-to-day decision-making;
- Specific guidelines and procedures for the most important types of risk are also defined:
    - Financial policy and liquidity management,
    - Price, credit and collateral risk management,
    - Interest and foreign exchange risk management.

ANTI-CORRUPTION CONDUCT AND CONFLICT OF INTEREST PREVENTION

The MK Group remains committed to a high standard of business ethics and legality, consistently implementing measures aimed at preventing corruption and conflicts of interest. Our Code of Ethics continues to be the foundation of corporate behaviour and includes clear guidelines for all employees regarding compliance, avoidance of conflicts of interest, and matters regarding sponsorship, donations and gifts.

In order to preserve transparency, all internal procedures, including procurement and selection of business partners, are regularly reviewed and adjusted to support fair and responsible business operations. Special emphasis is placed on educating employees about the importance of integrity, and all employment contracts clearly define obligations that exclude the possibility of corrupt behaviour.

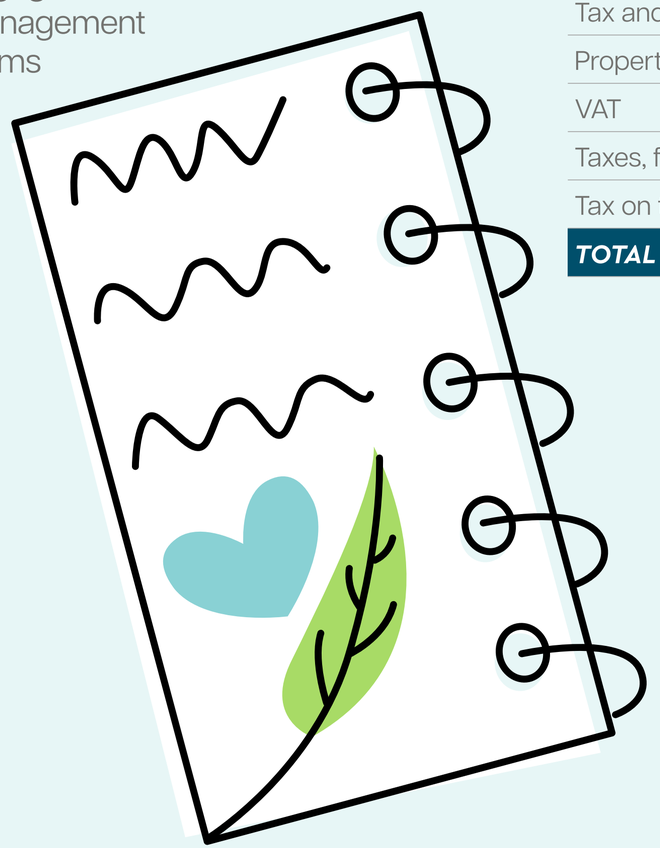
The MK Group fully complies with all applicable regulations related to the transparency of contractual relationships and ownership structure, which further contributes to strengthening the trust of the public and regulatory bodies. This practice enables a better insight into the operations, prevents hidden interests and reduces the risk of abuse.

In addition to this, regular internal audit and internal control activities have already been established, enabling systematic monitoring and assessment of our compliance with integrity policies. We also assess and vet third parties, especially business partners and suppliers, to ensure compliance with our anti-corruption standards and values.

The MK Group continues to develop a culture of zero tolerance for corruption, ensuring that all employees are aware of their responsibility in preserving the company's reputation and the trust of its partners and clients.

CODE OF ETHICS AND COMPLIANCE

The significance of the tax function for strategic and operational management of the MK Group was recognised and realised through the job position of Tax Manager, and through the appropriate support of external competences that are engaged when needed.
The tax function itself exists within the Finance and Risk Management of the MK Group parent company – and as such it performs activities, both for MK Group as an entity, and for all entities within the system – with regard to specific, complex transactions, which are more likely to pose a risk because of inadequate legal procedures, and for cases that require professional tax planning, in order to achieve the optimal company burden.



TOTAL TAXES PAID IN 2024	EUR MIL
Corporate income tax	9.84
Tax and contributions on wages and other personal income	15.91
Property taxes	2.09
VAT	9.18
Taxes, fees and customs and excise duties	2.32
Tax on the use of goods, and other tax duties	0.07
TOTAL	***39.41***

At the parent company level, there are the following types of action:

- **prevention** – through risk analysis of member companies in accordance with the specific activity they are engaged in, appropriate training sessions that are organised periodically and at times of significant changes in tax regulations, consultations and counseling with member companies on a daily basis;

- **reporting** – through a combination of relevant data and parameters related to the calculation and payment of various tax forms of all companies operating within the Group;

- **control** – through analysis and cross-referencing the collected data, i.e. through analysis of individual complex transactions in which certain entities participate, activities aimed at checking the conduct of a certain entity in terms of compliance with regulations are carried out, and guidelines for eliminating possible wrong actions are provided.

Taking into account the scope of activities, the number of companies (employees), the various activities in which the companies operate, their specific characteristics in terms of the legal regulation of tax procedures, as well as the frequency of acquisitions, which require the highest degree of expertise and competence, tax planning and optimisation activities are also carried out at the level of the tax function in the parent company.

Each of the member companies of the system, as a separate entity, monitors tax procedures for current operations within the Finance Sector, i.e. accounting functions provided by the relevant personnel. The legal representative of the individual entity is responsible for tax compliance, management and control, and that responsibility is further transferred to the director of finance, i.e. the head of accounting.

The MK Group is very clear and transparent about the rule that all tax duties should be calculated and paid in full compliance with the related legislation, and it has the mechanisms described above that enable the use of all available resources to ensure that the regulations are appropriately applied. That is why the risks for incorrect tax procedures are reduced to a minimum, although they cannot be completely avoided. The reason for this is that the tax regulations in Serbia are very complex and subject to frequent amendments, which is followed by a significant number of official opinions that are binding for the actions of the Tax Administration (the number of which is measured in the thousands), and that, on the other hand, in practice many unequal actions of the Tax Administration are registered in terms of tax controls, even in the same tax-legal situations.

That is why the tax function continuously cooperates with all regulatory institutions in the related domains, in order to ensure compliance with legislation at the highest possible level.

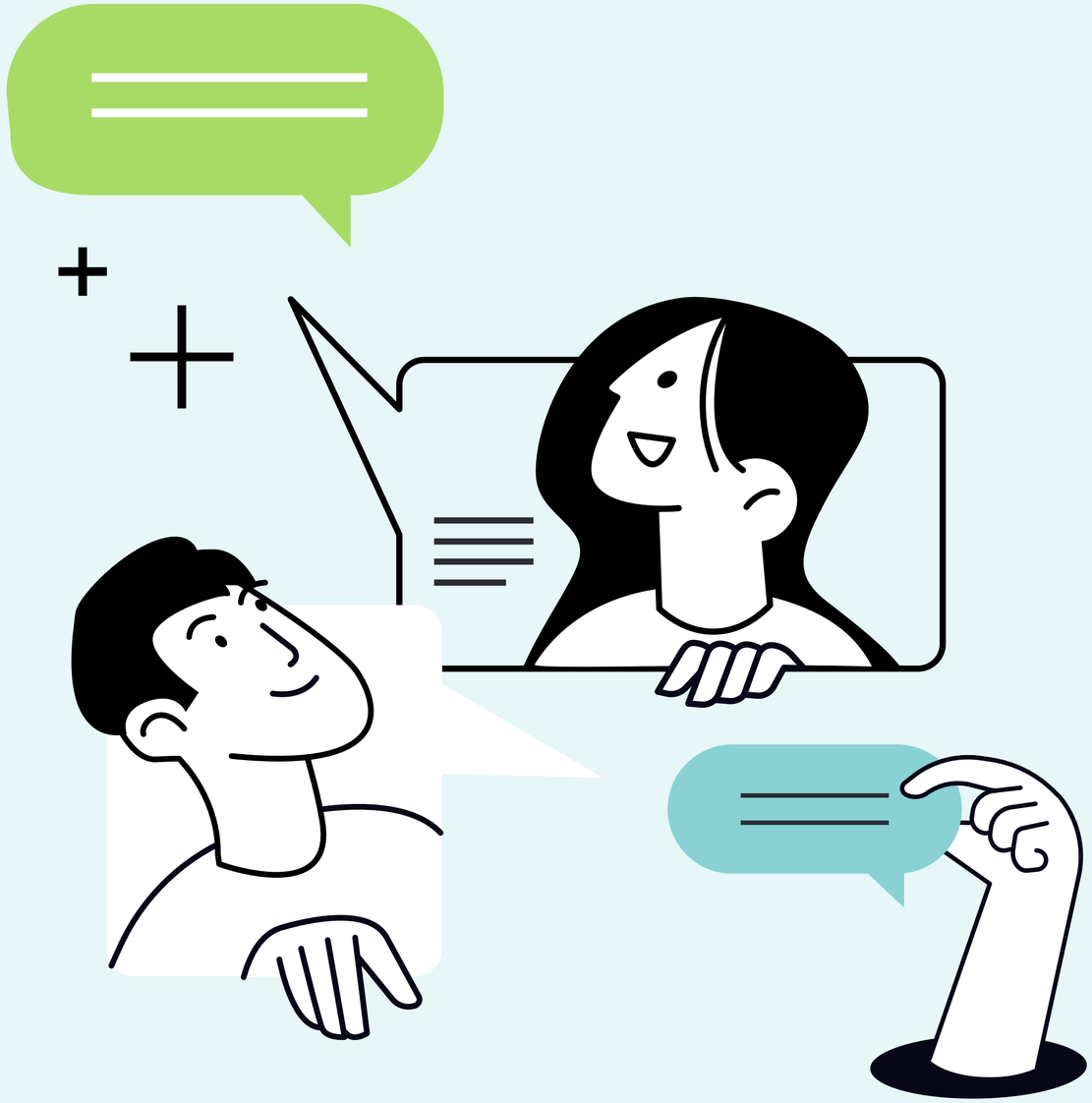
TRANSPARENT COMMUNICATION WITH STAKEHOLDERS

Open and two-way communication as a basis of trust

Transparent and regular communication with stakeholders represents the foundation for building mutual trust, stronger partnerships and long-term cooperation. **The open and timely transfer of information is key for understanding common goals and achieving responsible decision-making.**

To ensure sharing of information and encourage the active engagement of all relevant actors, the MK Group uses a wide range of communication channels, including **business meetings, media releases, an official website, social networks, internal portals and publications, newsletters, corporate events and business conferences.**

In this way, we create a culture of transparency and mutual dialogue, listening to the needs and expectations of stakeholders in every segment of our business.



MEMBERSHIPS IN BUSINESS ASSOCIATIONS

The MK Group is an active member of numerous domestic and international associations and business organisations, the most prominent of which are:

NALED (National Alliance for Local Economic Development),
AMCHAM (American Chamber of Commerce in Serbia),
Serbian Chamber of Commerce (PKS),
Serbian Association of Managers (SAM),
Foreign Investors Council (FIC),
”Privrednik” Serbian Business Club, with numerous other organisations in the field of economics, management and sustainable development.

Through active membership, initiatives and dialogue with decision-makers, the MK Group makes a concrete contribution to the improvement of regulatory and institutional frameworks, shaping a responsible and predictable economic policy, as well as strengthening the overall competitiveness of the business environment in the Republic of Serbia.

Our commitment to cooperation with key actors in the business community reflects a strategic approach to creating more favourable conditions for investment, innovation and sustainable economic development.

DATA SAFETY

Ensuring data security in the digital environment of a modern company like the MK Group is the foundation of preserving client trust, protecting business assets and compliance with regulatory requirements. The MK Group recognises the key role that information security plays in sustainable business, and approaches this task systematically and strategically.

In order to protect sensitive data, including the personal data of clients and employees, as well as confidential business information, the company applies advanced information security technologies, based on modern principles such as the zero-trust approach, which implies continuous verification of users and devices, without default trust, and multi-factor authentication (MFA), which additionally ensures access to information systems.

All business processes within the MK Group are harmonised with the Information Security Management System (ISMS), in accordance with the ISO/IEC 27001 international standard. For this purpose, the **Information Security Policy** was adopted at the level of the entire Group, defining the strategic direction and basic principles for preservation of data integrity, confidentiality and availability.

We pay special attention to cooperation with verified external partners in cybersecurity, to ensure an additional layer of control, expertise and innovation.

As part of continuous education, all employees are regularly provided with onboarding education, e-learning and specialised workshops on data protection and the safe use of information systems. This is how an organisational culture of security awareness is developed at all levels.

In accordance with General Data Protection Regulation (GDPR), the MK Group consistently implements measures to protect the personal data of its users and employees, including transparent policies for the collection, processing and storage of data, as well as enabling the exercise of the right to access, modify and delete data.

Through continuous improvements, partnerships and a responsible approach, the MK Group remains strongly committed to maintaining a secure digital environment for its users, partners and employees.

OUR SUSTAINABILITY TEAM

The MK Group's Sustainability Team consists of delegated division coordinators and division heads. They are responsible for managing ESG risks and opportunities, prioritising initiatives in accordance with the division's strategic direction and ESG strategy. They also directly communicate with the ESG Board and revise annual ESG plans. The team also organises and coordinates professional ESG training for employees and provides support for sustainability reporting.

ESG BOARD

Beata Fridrich

Board Chair
Environmental Protection and Standards Manager, Chemicals Advisor

Verica Teofilović

Board member
Finance and Risk Management Director

Milos Savic

Board member
Internal Audit Director

	MK AGRICULTURE	MK SUGAR	MK MEAT
	The team is led by: **Sanja Savić**, Division A/Director	The team is led by: **Slobodan Košutić**, Division Director	The team is led by: **Ivan Zeković** Division Director
E	**Rada Đuričin** Standards and Quality Coordinator	**Biljana Bogdanović** Quality Control Coordinator	**Tatjana Miljanić** EMS Assistant in Carnex d.o.o. IM and Carnex Stočarstvo d.o.o.
S	**Jovana Mirković** HR Manager	**Una Blažević** HR Manager	**Nikolina Gajić** HR Manager
G	**Rada Marjan** Legal and General Affairs Manager	**Milenko Pudar** Legal Affairs and Administration Director	**Biljana Savić** Legal and General Sector Director

	MK TOURISM & REAL ESTATE		
	Petram Resort & Residences	Grand Kopaonik	Kempinski Hotels
ESG	**Novak Bojanić** Director Other team members: Igor Košturjak, Filip Petrović	**Marko Keserović** Director Other team members: Goran Lazić, Miljan Milić, Miloš Karadžić	**Marina Sorta,** Maintenance Department Coordinator Other team members: Uroš Mauković, Ljiljana Sokolova

	MK ENERGY		
ESG	**Luka Bjeković** Director	**Jelena Majić** Legal and General Affairs Manager	**Emilija Markovic** Finance Specialist MK Group

OUR ESG PATH AT THE MK GROUP

Why does the MK Group report on sustainability?

Reporting on sustainability is an opportunity for us to transparently present the values and practices that guide our operations. Ever since its foundation, responsible business has been the basic principle of our company, and today that principle finds its full expression through sustainable development. That is why in 2023 we decided to incorporate ESG principles into the development strategy, and to clearly show how we shape our environment and how our environment shapes us.

How is the ESG structure organised within the company?

Because of the diversity of activities within our Group, we have created a unique ESG structure that unites most of the member companies in the region. It is led by the ESG Board reporting to the MK Group's CEO and plays a key role in strategic implementation and the monitoring of results. At the division level there are ESG teams led by sustainability ambassadors, each led by a division director. This form of organisation enables two-way communication between management and employees, the faster exchange of information and sharing of best practices.

What is the role of employees in ESG?

Our employees play a crucial role in putting ESG principles into practice. Their commitment and ideas ensure that sustainability does not remain only at the level of strategy, but becomes an integral part of everyday operations. That is why in every division we appointed sustainability ambassadors who transfer knowledge, take initiatives and link teams. In this way, we ensure that good practices and proven approaches are applied across the company. We are proud that more than 40 of our colleagues from the entire region are currently actively involved in such an important process.

How do you monitor the results?

We have developed an ESG portal in order to ensure reliable information is made available to those who need it. This platform makes it possible for us to collect, analyse and verify qualitative and quantitative data from all our companies. We thus significantly improved the way we monitor results, made the process more systematic and created the foundations for transparent and credible reporting.

RESPONSIBILITY AND SUPPORTFOR PARTNERS

Why is ESG important in the supply chain?

ESG principles are becoming strategically important for all companies, not only those operating in the EU, but also for those cooperating with European partners. The national legislation to provide harmonisation with the EU standards will be an important step forward and a prerequisite for the competitive advantage of all market participants. It is essential to set the direction, clear guidelines and a framework that will encourage companies to develop their own ESG policies and strengthen responsible operations in all segments.

How does the MK Group support its supply chain partners?

Our agri-food division has a broad chain of suppliers, which is why we particularly invest into education and knowledge transfer. As a large company that is the sector leader, we have a responsibility to build sustainable practices together with our partners, and small and medium enterprises in particular. Our experience shows that there is a huge interest in ESG, but that resources, knowledge and digitisation still represent challenges. That is why our goal is not only to meet the standards, but to enable ESG to become an opportunity for the growth and competitiveness of the entire value chain through cooperation, the exchange of experiences and support.

DIALOGUE AS A DRIVER OF DEVELOPMENT

Why are material topics important?

Material topics help companies recognise issues with the highest impact on the environment, society, employees and economy. When correctly defined, they open the door to innovation, growth and new development opportunities. That is why at the MK Group we pay close attention to their regular review and adjusting to new circumstances and the needs of the community.

How do you include the stakeholders?

An increasing number of partners, institutions and communities wants to discuss ESG topics and learn more about the concrete activities that companies are undertaking in this area, due to the increased awareness of key actors about the importance of these issues. We believe that such a dialogue is a valuable opportunity to share opinions, ideas and experiences. In the upcoming period, we plan to expand the circle of participants in these conversations even more, as this will enable us to have more diverse and deeper insights and more comprehensive analyses, because we believe that solutions that contribute to a sustainable future can be shaped only through a common voice and cooperation. We will also promote the methodology for implementing dialogue with interested parties.

What are the plans for the future?

In the following period, we will focus on strengthening the ESG structure, expanding the dialogue with stakeholders and supporting partners in the supply chain. We will keep on developing the ESG portal and investing in the education of employees about this topic. Our vision is for ESG to become a natural part of every business process and the basis of creating lasting value for our employees, partners and the communities we operate in.

We will regularly review and update the material topics in accordance with changes in all our companies and environment, and in accordance with stakeholder requirements, as they represent the basis for further identification and adoption of new goals in the context of sustainable development. We will also continue to monitor the level of achievement of the prescribed goals, and their promotion, because we are slowly but surely approaching the end of our first five-year ESG cycle.

ESG Board members

GRI LIST OF INDICATORS AND MAPPING OF MATERIAL TOPICS

LIST OF LEGAL ENTITIES WHOSE ESG DATA WERE USED IN THE PUBLICATION

The ESG Report 2024 included the legal entities within MK Agri-Food (MK Agriculture, MK Meat and MK Sugar) and MK Tourism & Real Estate Division, which make up 80% of the total revenues of the MK Group. Starting next year, we are planning to expand our ESG strategy and sustainable development reporting to even more members of the MK Group.

This Report discloses data for 2024. If any additional information regarding this Report is needed, please contact us via email at info@mkgroup.rs.

- Agrounija d.o.o.
- Carnex d.o.o.
- Carnex stočarstvo d.o.o.
- Carnex veterina d.o.o.
- Energobalkan d.o.o.
- Erdevik d.o.o.
- Hotel Palace Portorož d.o.o.
- IVICOM Energy d.o.o.
- Kuća Vina Krčedin d.o.o.
- MK Fintel Wind a.d.
- MK Group d.o.o.
- MK IT Business Solutions d.o.o.
- MK Mountain Resort d.o.o.
- Petram Resort d.o.o.
- PIK Bečej d.o.o.
- PIK Bečej Veterina d.o.o.
- Rezidencija Skiper d.o.o.
- Skiper Hoteli d.o.o.
- Sunoko d.o.o.
- Vetropark Kula d.o.o.

	Reference standard	Disclosures	Description of disclosures	Page number
E	**GRI 302: ENERGY 2016**	302-1	Energy consumption within the organisation	23
		302-2	Energy consumption outside of the organisation	23
		302-3	Energy intensity	24-30
		302-4	Reduction of energy consumption	27-28
		302-5	Reductions in energy requirements of products and services	27-28
	GRI 303: WATER AND EFFLUENTS 2018	303-1	Interactions with water as a shared resource (what is the water source, where and how is water used, where and how is wastewater discharged)	31-33
		303-2	Management of water discharge-related impacts	33
		303-3	Water withdrawal	31-32
		303-4	Water discharge	32-33
		303-5	Water consumption	31-33
	GRI 304: BIODIVERSITY	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	n/a
		304-2	Significant impacts of activities, products, and services on biodiversity	41-47
		304-3	Habitats protected or restored	n/a
		304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	n/a
	GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) emissions	22
		305-2	Energy indirect (Scope 2) emissions	22
		305-3	Other indirect (Scope 3) emissions	22
		305-4	GHG emissions intensity	20-22
		305-5	Reduction of GHG emissions	26-30
	GRI 306: WASTE 2020	306-1	Waste generation and significant waste-related impacts	34
		306-2	Management of significant waste-related impacts	34-40
		306-3	Waste generated	34, 39-40
		306-4	Waste diverted from disposal (landfill and any other form of disposal other than recycling)	35-40
		306-5	Waste directed to disposal (landfill and any other form of disposal other than recycling)	34
	GRI 201: ECONOMIC PERFORMANCE 2016	201-2	Financial implications and other risks and opportunities due to climate change	42-45
	GRI 13: AGRICULTURE 2022	13-4	Conversion of natural ecosystems	n/a
		13-5	Soil health	41-47
		13-6	Pesticide use	41-43
		13-11	Animal health and welfare	48-54
		13-23	Supply chain monitoring option	81-92
	GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-2	Negative environmental impacts in the supply chain and actions taken	125

	Reference standard	Disclosures	Description of disclosures	Page number
S	GRI 2: GENERAL DISCLOSURES 2021	2-7	Employees	57-76
	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational health and safety management system	78
		403-2	Hazard identification, risk assessment, and incident investigation	77-80
		403-3	Occupational health services	77-80
		403-4	Worker participation, consultation, and communication on occupational health and safety	77-80
		403-5	Worker training on occupational health and safety	77-80
		403-6	Promotion of worker health	77-80
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	77-80
		403-8	Workers covered by an occupational health and safety management system	77-80
		403-9	Work-related injuries	79
		403-10	Work-related ill health	77-80
	GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	65
		404-2	Programmes for upgrading employee skills and transition assistance programmes	65-67
		404-3	Percentage of employees receiving regular performance and career development reviews	68
	GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity of governance bodies and employees	63-64
	GRI 406: NON-DISCRIMINATION 2016	406-1	Incidents of discrimination and corrective actions taken	63-64
	GRI 413: LOCAL COMMUNITIES 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	93-103
		413-2	Operations with significant actual and potential negative impacts on local communities	n/a
	GRI 13: AGRICULTURE 2022	13-9	Food safety	82-85
	GRI 13: AGRICULTURE 2022	13-20	Employment practices	63
	GRI 13: AGRICULTURE/GRI 415: PUBLIC POLICY 2016	13-24 /415-1	Public policy/Political contributions	n/a
	GRI 13: AGRICULTURE 2022/GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	n/a
	GRI 13: AGRICULTURE 2022/GRI 408: CHILD LABOR 2016/GRI 409: FORCED OR COMPULSORY LABOR 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	n/a
		409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	n/a
	GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Assessment of the health and safety impacts of product and service categories	82-86
		416-2	Incidents of non-compliance concerning the health and safety impacts of product and service	n/a

	Reference standard	Disclosures	Description of disclosures	Page number
G	GRI 2: GENERAL DISCLOSURES 2021	2-1	Organisational details	6-14
		2-2	Entities included in the organisation's sustainability reporting	128
		2-3	Reporting period, frequency and contact point	128
		2-4	Restatements of information	n/a
		2-5	External assurance	16
		2-6	Activities, value chain and other business relationships	6-14, 86-90
		2-9	Governance structure and composition	105-107
		2-10	Nomination and selection of the highest governance body	105-107
		2-11	Chair of the highest governance body	105-107
		2-12	Role of the highest governance body in overseeing the management of impacts	16, 123
		2-13	Delegation of responsibility for managing impacts	123
		2-14	Role of the highest governance body in sustainability reporting	123
		2-15	Conflicts of interest	114
		2-16	Communication of critical concerns	106-107
		2-17	Collective knowledge of the highest governance body	123-126
		2-18	Evaluation of the performance of the highest governance body	68, 108
		2-19	Remuneration policies	63
		2-20	Process to determine remuneration	n/a
		2-21	Annual total compensation ratio	n/a
		2-22	Statement on sustainable development strategy	123-126
		2-23	Policy commitments	116-118
		2-24	Embedding policy commitments	124-126
		2-25	Processes to remediate negative impacts	116
		2-26	Mechanisms for seeking advice and raising concerns	116
		2-27	Compliance with laws and regulations	116-118
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	GRI 3: MATERIAL TOPICS 2021	3-1	Process to determine material topics	15-16
		3-2	List of material topics	17
		3-3	Management of material topics	123-126
	GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Direct economic value generated and distributed	5
	GRI 204: PROCUREMENT PRACTICES 2016	204-1	Proportion of spending on local suppliers	85
	GRI 205: ANTI-CORRUPTION 2018	205-1	Operations assessed for risks related to corruption	n/a
		205-2	Communication and training about anti-corruption policies and procedures	114
		205-3	Confirmed incidents of corruption and actions taken	n/a
	GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	114
	GRI 207: TAX 2019	207-1	Approach to tax	116-118
		207-2	Tax governance, control, and risk management	116-118, 109-113, 121-122
		207-3	Stakeholder engagement and management of concerns related to tax	116-118

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2024 VISION OF SUSTAINABLE FUTURE