

THE DRIVING FORCE OF RESPONSIBILITY

ESG Report 2022



MK GROUP





ESG Report 2022

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FOREWORD

Four full decades have passed since the first beginnings of MK Group, which today, after 40 years and EUR 1.6 billion of investment in business, represents an important driving force of the domestic and regional economy. The company development has been marked by a focus on continuous, sustainable growth and responsibility towards the communities we operate in and the people we live and work with, which has earned us the reputation of a stable system and a reliable partner.

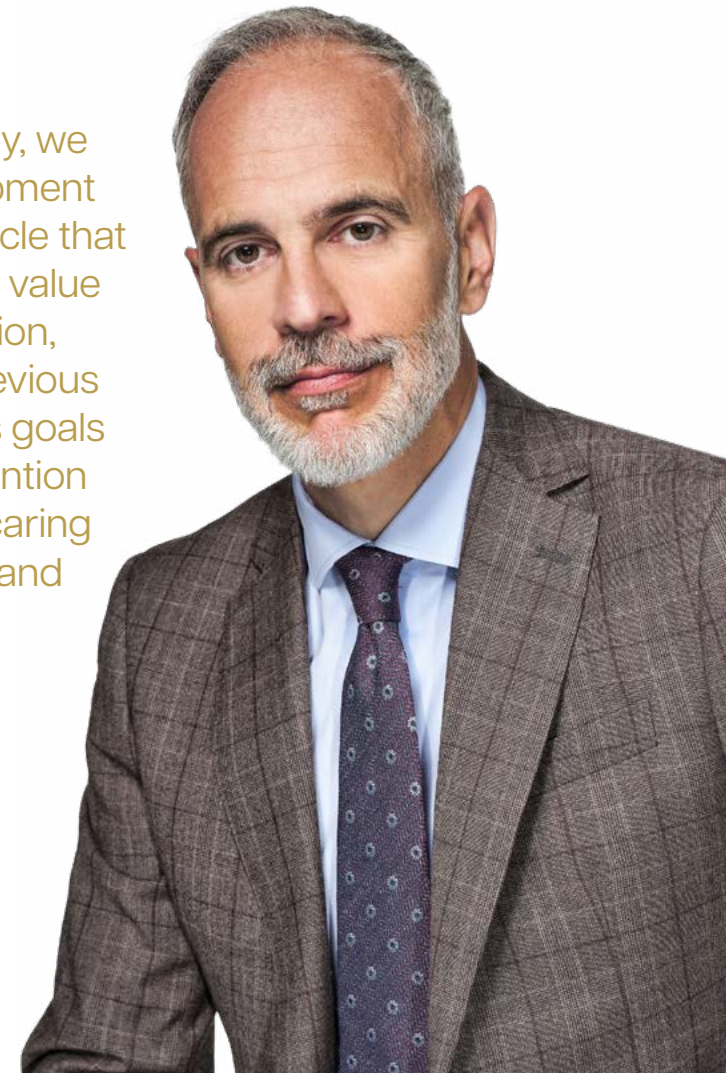
In the year of a significant anniversary, we decided to share our further development plans and present the investment cycle that we will implement by 2026. The total value of the new investments is EUR 1.6 billion, which is the same amount as the previous investments of MK Group. Ambitious goals are ahead of us, as well as a firm intention to create a sustainable future while caring for the environment, our employees and generations to come. As a company that operates in accordance with European corporate standards and provides a contribution to the UN Sustainable Development Goals, we present an ESG report 2022.

We are committed to achieving carbon neutrality, which is clearly demonstrated by the fact that in the last three years we have recorded a continuous reduction of carbon dioxide emissions at the level of the whole MK Group system. We will make a special contribution in the coming period through new investments in the energy generation from renewable sources, given that this year we announced EUR 900 million

“In the year of a significant anniversary, we decided to share our further development plans and present the investment cycle that we will implement by 2026. The total value of the new investments is EUR 1.6 billion, which is the same amount as the previous investments of MK Group. Ambitious goals are ahead of us, as well as a firm intention to create a sustainable future while caring for the environment, our employees and generations to come.”

of investment in green energy projects with a total capacity of 1 GW, which we will implement by 2026. We will thus give a significant contribution to achieving the goal of the Government of the Republic of Serbia to increase the share of energy from renewable sources in the total energy mix to at least 40% by 2040.

“We have to be aware that every sigh and bite we take comes from nature [...] and that the basic assumption of human life is a healthy planet” – these are the words of David Attenborough,



the famous author of the BBC series about the Earth and nature, but also the core of our philosophy as a company that originated from agriculture, and today is one of the largest regional producers in the agricultural and food sector. That is why we respect the soil as a non-renewable resource, in order to repay it with care for what we harvest from it, conserve its fertility with sustainable agricultural practices and thereby ensure a stable food supply. In the current geopolitical circumstances that have led to disruptions in supply chains, food security has become a topic of national security strategies. We treat the use of all natural resources particularly responsibly, and their efficient consumption is an integral part of our business policy. In the coming period, we will especially deal with the topic of sustainability within our value chains, in order to provide an even stronger contribution to the fight against climate change.

Behind the MK Group's four decades of success are its employees. The synergy of their knowledge and skills on one hand, and commitment and perseverance on the other hand, is our great strength and driver of development. That is why employees are the focus of all our business processes, as evidenced by the established training and development programmes, rewards, and corporate culture promotion. We create a motivating and empowering work environment and carefully listen to the needs of employees through regular annual surveys. The results of the employee satisfaction survey in 2022 showed that even more than 90% are satisfied with their job and proud to work in MK Group.

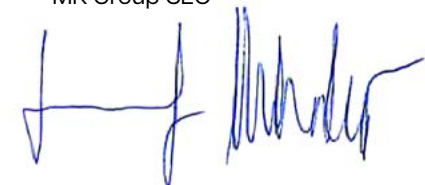
In the anniversary year, we look forward to a future full of investment in our people and the communities we operate in. We have committed to allocate EUR 5 million for socially responsible activities in the next 5 years. We will continue to expand our regional philanthropic "Family Support" programme in which we traditionally award employees who have a baby, but also send donations to institutions and organisations that promote family values and provide support to children and parents. In order to contribute to measures to encourage birth rate growth, in 2022 we donated EUR 570,000 to seven maternity wards in the Adria Region. We will continue supporting children and youth, educational and health institutions, as well as continuing to help vulnerable social groups.

Aware of the challenges of the modern business environment, as well as those that come with a large and diversified system such as MK Group, we have committed to working on the development of corporate governance. We have formed an efficient and agile organisation, with a clearly defined structure, management roles and procedures that support the business processes. We are proud of the fact that half of the MK Group Board of Directors is made up of women and that over 40% of women occupy management positions at the level of the entire system, with the promise that their number will increase to 50% by 2026.

During 2022, we set a strategic approach to managing ESG topics, defined goals for the next five years in each area, established a system for non-financial reporting of the Group and member companies, and formed an ESG structure and a team that will be responsible for managing ESG risks and opportunities. We will continue to transparently inform stakeholders, regularly monitor and analyse our progress in achieving the set goals in order to be champions of sustainability.

In the year when we observe 40 years of operating and celebrate our past and future successes, I would like to thank everyone who followed us along the way. We end this year full of optimism, believing that the best is yet to come and looking forward to a sustainable future and a healthy planet that we would like to leave to new generations. That is our mission, as well as our duty and responsibility.

Mihailo Janković
MK Group CEO



MK GROUP – 40 YEARS OF SUSTAINABLE DEVELOPMENT

MK Group has 40 years of successful business behind it. Four decades of clear vision and smart decisions have resulted in sustainable development that brings stability and value to our employees, economy and community in the entire region.

The vision of continuous growth, set by our founder and president Miodrag Kostić, led us to the position of one of the largest investment companies in Southeast Europe, with a focus on three key business areas: agriculture and the food industry, tourism and the real estate sector, and renewable energy sources.



We enjoy an international reputation due to our proven expertise in creating and managing sustainable and profitable business models. Year after year, we record growth in business results. We are expanding our business primarily in the Adria Region: Serbia, Slovenia, Croatia and Montenegro. MK Group is

recognised on these markets as a responsible leader building the future through new investments in business and people – employees, business partners and local communities it operates in. .





MK GROUP

One vision. Smart decisions.



EUR 420 million
operating
income in 2022

4000
employees in the
Adria Region



EUR 1.6 billion
of investments
during 40 years

EUR 60 million
of taxes paid
in 2022



40% growth
of EBITDA
in 2022

30% growth
of revenue and
net profit in 2022



AN ANNIVERSARY MARKED BY INVESTMENTS

Watch a video on operations and new projects of MK Group



EUR 1.6 billion

investment cycle by 2026



EUR 350 million for agriculture



EUR 900 million for green energy



EUR 380 million for tourism

The focus of a large part of the investment is the “green” agenda and investments in renewable energy sources, from new wind farms to the largest agrosolar project in the Balkans with EUR 900 million allocated over the next three years. We remain committed to agriculture and the food industry, with investments in digitalisation, process automation and the application of artificial intelligence, and this is where we are investing more than EUR 350 million by the end of 2025. We will continue expanding in tourism and investing in our hotels, new attractive real-estate projects and creating unforgettable destinations, for which the planned three-year investments are worth EUR 380 million.

MK Group decided to celebrate its significant anniversary this year in light of future and new projects. On this occasion, we announced a new investment cycle worth as much as EUR 1.6 billion, which we will implement by 2026. An interesting fact is that this is exactly the amount that the company has invested in its development over 40 years, and now it will invest the same amount in a period of only three years. It is no surprise then that our anniversary slogan is “Celebrating future – the best is yet to come.”

CELEBRATING THE FUTURE



40 YEARS  MK GROUP
THE BEST IS YET TO COME

MK AGRI-FOOD

Watch a video on
our agricultural
production



Within this Division, there are the following sub-divisions:
MK Agriculture, MK Sugar and MK Meat

MK AGRICULTURE



MK Agriculture Division includes the following segments: farming, vegetable and fruit processing, apple production, winegrowing and animal husbandry. We confirm our leadership position in Serbian agriculture by the above-average yields achieved on the 13,500 ha we cultivate. The total annual production of all farming and vegetable crops amounts to 250,000 t.

Our Flora factory, with processing capacities located in Bečej, markets about 15,000 t of frozen and canned vegetables and fruits on domestic and foreign markets. Agrounija, our member company, exports apples to more than 25 countries on 3 continents from the apple orchard in Krčedin that occupies 82 ha. Its annual production is 15,000 t, whereas Erdevik winery sells about 380,000 litres of wine from grapes produced in a vineyard that occupies 60 ha on the slopes of Fruška gora. PIK Bečej farm with 950 dairy cows delivers more than 9 million litres of milk every year.

Agriculture is globally recognised as a sector with a high potential for digitisation, and our business strategy follows this trend. Soil mapping, variable sowing and fertilising allow us precise agriculture. The fact that 70% of the land we cultivate is under the irrigation systems contributes to very high yields. We respect good agricultural practices with the principles of traceability and sustainability, but also the rationalisation of the use of raw materials in order to conserve the soil.



Watch a video on investment into alcohol factory



MK SUGAR



Sunoko is the largest sugar producer in the region and one of the most efficient companies in the sugar industry in Europe. With three sugar factories in Pećinci, Vrbas and Kovačica, it fully meets domestic needs. Owing to Sunoko, Serbia is the only country in the Balkans which is self-sufficient in terms of sugar production, and which has the potential to increase sales on the foreign market as a net exporter, which makes sugar beet a strategic crop for our country.

In 2022, Sunoko processed more than 1 million tonnes of sugar beet from about 18,500 ha and produced

about 160.000 t of sugar. On this path, we rely on the efficiency of our sugar factories and the synergy of the work of the Research and Development Centre and the raw materials sector. Sunoko investments into research and development contributed to the growth of sugar beet yields in Serbian fields.

This year, Sunoko started the realisation of an investment worth EUR 33 million in an alcohol factory, which will expand its activity outside the sugar industry, and make Serbia an alcohol exporter for the first time.



MK MEAT



Carnex is the leader of the meat industry in Serbia and one of the largest producers of meat and meat products in the region, with a complete production system from “farm-to-table”. With a tradition of 65 years, it is one of the most loved brands, and its products are recognised on the market for their quality.

Within the meat industry, Carnex offers a rich portfolio with about 150 different meat products in 5 categories: sterilised cans, semi-permanent sausages, ready meals, fermented products, fresh meat. It annually sells about 20,000 t of products, and apart from domestic sale, it exports to 15 countries. Apart from Europe, Carnex products are consumed from the US and Australia, through Russia, all the way to Equatorial Guinea in Africa, and can also be found on the tables of consumers in Sweden and Switzerland, whose markets were opened last year. Last year, Carnex achieved record production and sales results and growth in all segments. The growth trend continues in the pate category, and in the category of ready meals, it is the largest factory in the region. When it comes to the vegan portfolio, it is at the very top of the hummus market.

Carnex is also the largest pig manufacturer in Serbia. The annual manufacturing capacity is 150,000 of fattening pigs on 6 pig farms. In this way, the company provides 80% of its own needs for meat production. Selection and breeding are strictly taken care of on the farms, ensuring thus the high quality of pork meat. It also has its own fodder factory.



MK ENERGY



MK Group is a pioneer in Serbia in terms of renewable energy sources and a leader in wind energy projects. We are the largest independent producer of green energy on our market.

The capacity of the projects implemented so far is close to 200 MW, and in the next three years we will complete the construction of new capacities to reach as much as 1 GW from renewable energy sources.

Together with Fintel Energija we built the first wind farm in our country in 2015, and since then we have built two more wind farms on the territory of Vojvodina. In 2023, we completed the first wind farm in East Serbia – Krivača, in partnership with a Slovenian investment fund Alfi. In addition to new wind farms, the plan is to implement the first agrosolar project in the Balkans, in the territory of the municipality of Kula. We are planning to construct new biogas plants, in addition to the already existing one in Vrbas.

Completed RES projects:

- Kula Wind Farm – 2015
- La Piccolina Wind Farm – 2016
- Košava faza I Wind Farm – 2019
- Krivača Wind Farm – 2023
- Sunoko Vrbas Biogas Plant – 2021

RES projects planned for implementation by 2026:

- Kula 2 Wind Farm
- Košava faza II Wind Farm
- Agrosolar Kula
- Bečej Biogas Plant



PALACE HOTEL



Watch films on MK Group
investments tourism

MK Group Divisions

MK TOURISM & REAL ESTATE

MK Tourism & Real Estate Division includes the hotels owned by MK Group and several tourism and real-estate projects. This Division portfolio consists of:



- **Hotel Grand Kopaonik**
- **Grand Residences**
/ Kopaonik



- **Hotel Kempinski Palace**
Portorož
- **Portorož Airport**
(majority ownership)



- **Hotel Kempinski Adriatic**
/ Savudrija
- **Golf court Adriatic**
/ Savudrija
- **Skiper Resort** / Savudrija
- **Petram Resort & Residences** / Savudrija













- **“Budvanska rivijera”**
Hotel Group (minority
share in ownership)
- **“Sveti Stefan”**
Hotel Group (minority
share in ownership)

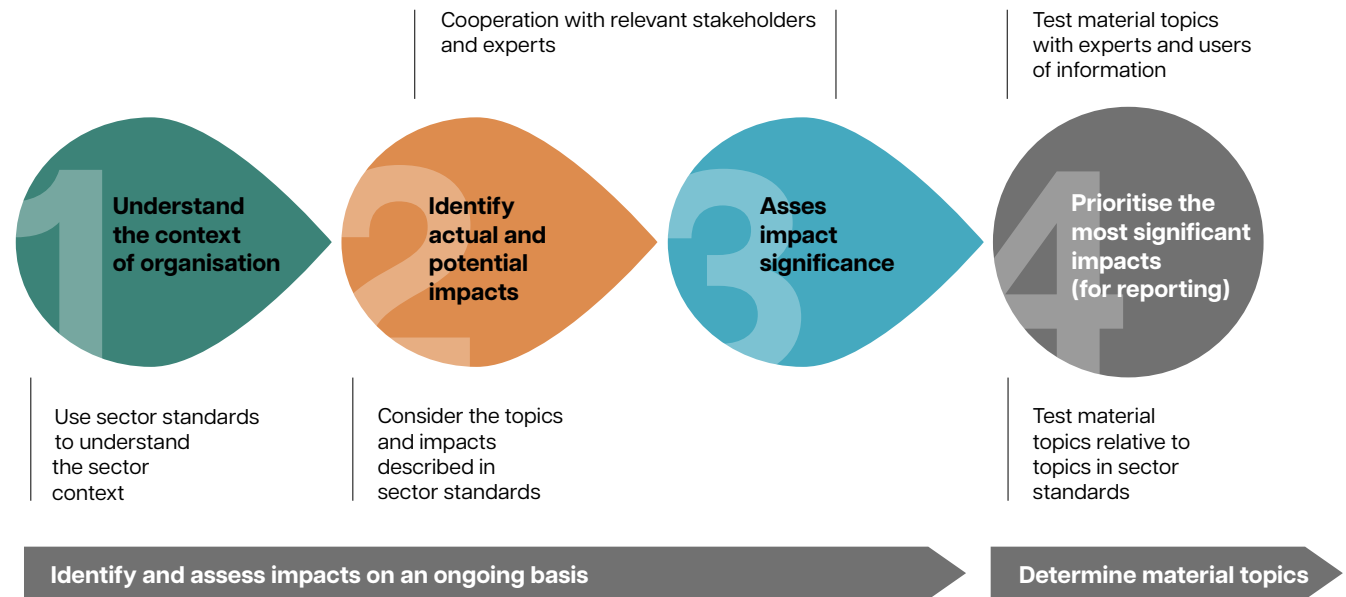
In parallel with the growth of business in the hotel industry and tourism, MK Group is dedicated to sustainable development of destinations and their promotion. With our activities, we contribute to winter and summer destinations extending their season and attracting guests throughout the year. We pay special attention to the preservation of nature and the

environment in which our facilities are located. All of our hotels offer clients ultimate service and facilities, thanks to which they are positioned on the European tourist map and bring tourists from all over the world to the region. We bring innovations and world trends to these spaces, and our expertise is confirmed by cooperation with global hotel chains Kempinski and Marriott.






STAKEHOLDERS AND MATERIAL TOPICS

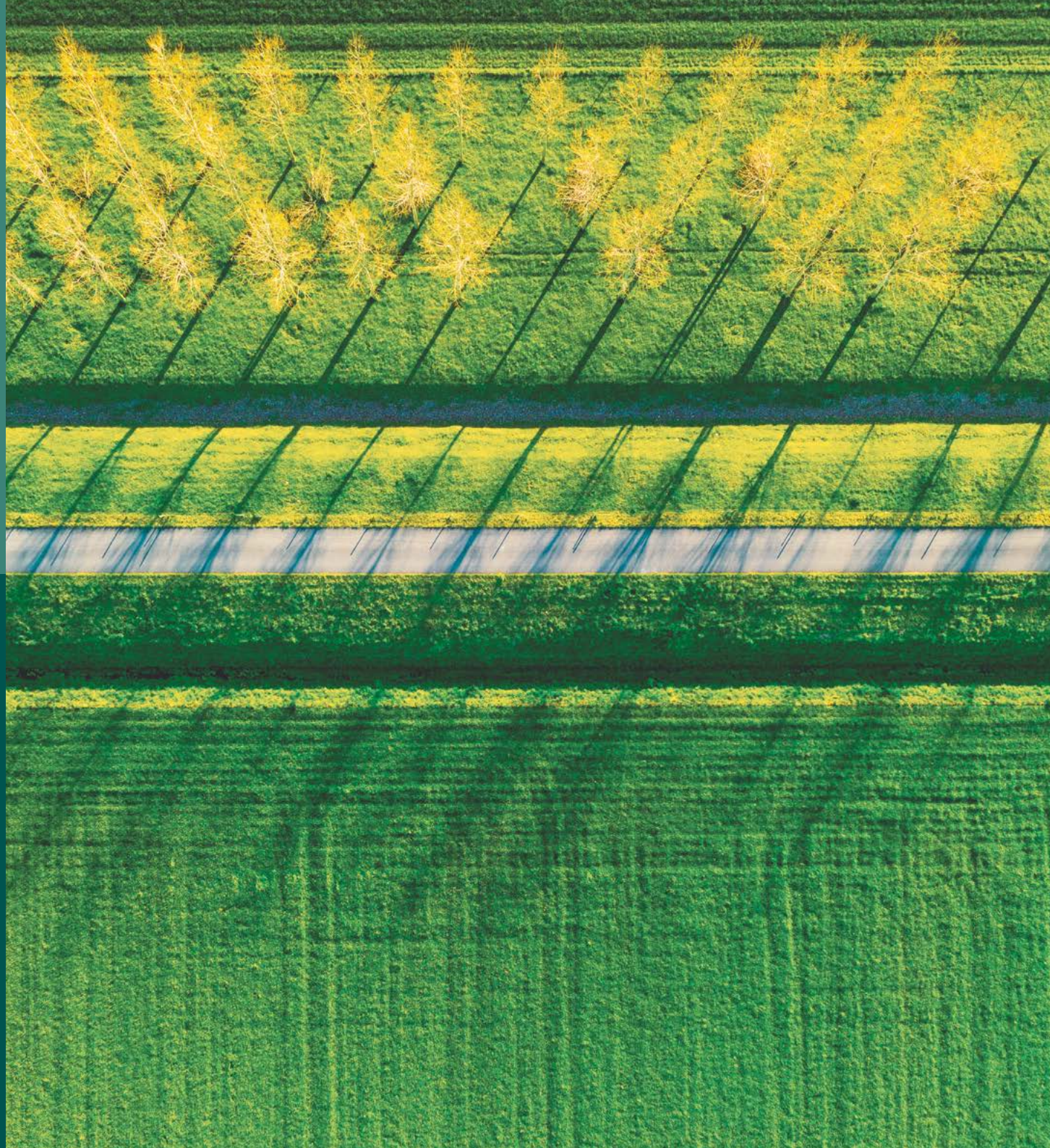
-  EMPLOYEES
-  COMMUNITY
-  BUYERS AND CLIENTS
-  SUPPLIERS
-  BUSINESS PARTNERS
-  FINANCIAL INSTITUTIONS
-  PUBLIC INSTITUTIONS
-  CIVIL SOCIETY ORGANISATIONS
-  EDUCATIONAL INSTITUTIONS
-  MEDIA

MK Group pays great importance to dialogue and cooperation with stakeholders, because we are aware that the success of our company is not only a matter of internal strategies, but also the result of interaction with external actors. This approach is deeply rooted in our organisational culture and business philosophy, as we believe it is the key to achieving sustainable development and overall welfare. The way we approach dialogue with stakeholders is based on transparency, openness, integrity and respect. We believe that this is the only way to achieve a long-term and productive cooperation. Systematic and continuous communication with all stakeholders and evaluation of their perspectives on economic, social, environmental, ethical and management matters, allows us to understand the needs and expectations of our employees, business partners and the communities we operate in. We have identified the stakeholders who have the greatest impact on our business, but also those who are most impacted by us. This assessment helped us focus our efforts on key groups:



In order to achieve sustainable development and transparent reporting, MK Group applies a materiality assessment process in order to identify key topics of greatest importance to our business. This process defines the content of the ESG report and the topics covered by the reporting according to GRI (Global Reporting Initiative) standard guidelines.

ESG area	Material topics		Sustainable development goals						
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 the employees	Diversity, 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 the community	Partnership with local communities							
		Support to 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							



environment



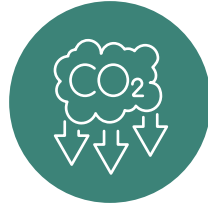
We are committed to achieving carbon neutrality, which is clearly demonstrated by the fact that in the last three years we have recorded a continuous reduction of carbon dioxide emissions at the level of the whole MK Group system. We will make a special contribution in the coming period through new investments in the energy generation from renewable sources. We respect the soil and conserve its fertility through sustainable agricultural practices. We treat the use of all natural resources responsibly, and their efficient consumption is an integral part of our business policy.

environment

OUR AMBITION FOR GREEN FUTURE

MK Group contribution to UN Sustainable Development Goals





Emissions

25% reduction of
scope 1 and scope 2 emissions by 2026

60t CO₂ savings per day
of campaign for each of the three
Sunoko manufacturing centre



Green energy

1 GW of green energy
through new investments in
renewable sources by 2026

50,000
households can be supplied
by energy from our
three wind farms

2,660,000 kWh
electricity generated
in biogas plant in 2022



Waste management

14,000 tonnes of organic waste
turned to energy in
Biogas Plant in Vrbas in 2022

99% of waste is biodegradable waste
and 97% was handed over to the operator

For four decades of its operation, MK Group has been growing on the principles of sustainable development. Care for nature and the environment in which it operates and the resources it uses is embedded in the company's business processes and operations, with the aim of ensuring a cleaner planet and future for generations to come. With that mission in mind, MK Group keeps pace with European corporate standards and the 2030 Agenda of the United Nations, in order to contribute to the achievement of the Sustainable Development Goals. Numerous projects that we implement strategically with the intention of protecting the environment and reducing pollution, extend through all our divisions, and in particular focus on reducing greenhouse gas emissions, rationalising energy consumption, water use and its recirculation, using renewable energy sources and conscientious waste management.

As a responsible company, we recognise climate change as a threat to the planet and the economy, which is why we

have committed to reducing the emission of carbon dioxide and other greenhouse gases by 25% by 2026, with the aim of achieving carbon neutrality. Aware of the importance of topics such as energy sustainability, with its activities and projects, MK Group provides a strong contribution to the goal of the Government of the Republic of Serbia to increase the share of energy from renewable sources in the total energy mix to at least 40% by 2040.

We give a special contribution to this goal through our MK Energy Division, as a pioneer and leader in green energy generation in Serbia. In the next five years, independently or with partners, we will implement several wind and solar energy projects with a total capacity of 1 GW, representing investments worth around EUR 900 million.

Aware of the importance of water as a resource, MK Group is committed to its sustainable and rational use, treatment and

recirculation. That is why our ambition is to further increase the efficiency of using water resources by 2030, and we will continue to be an example of good practice when it comes to wastewater treatment and conscientious return of water to nature.

As plastic pollution has become one of the planet's biggest environmental problems, MK Group actively addresses the issue of rationalising its use, primarily through recycling and replacement with alternative materials.

When it comes to waste in general, we have committed to reduce municipal waste by 5% by 2026.

With the set goals in mind, our ambition is clear. Caring for future generations and a cleaner, greener planet is our obligation and responsibility.

EMISSION OF GREENHOUSE GASES

MK Group recognises challenges, threats and risks originating from climate change and global warming, and acts in accordance with them. In accordance with the 2030 Agenda of the United Nations, the European Green Deal and the Green Agenda for the Western Balkans, our company and all its members are actively working to contribute to the reduction of greenhouse gas emissions.

That is why we have committed to reduce emissions of carbon dioxide (CO₂) and other greenhouse gases by 25% by 2026, with the ultimate goal of achieving carbon neutrality.

In defining the negative consequences of our operations in the form of emissions of the mentioned gases, we rely on the globally adopted categorisation with three scopes of emissions.

Scope 1 – Encompasses direct greenhouse gas emissions from sources that we control, like our facilities (plants, buildings) and vehicles.

Scope 2 – Encompasses indirect greenhouse gas emissions related to electricity, steam, heat and cooling energy purchase. These emissions result from activities that are indirectly related to our operations.

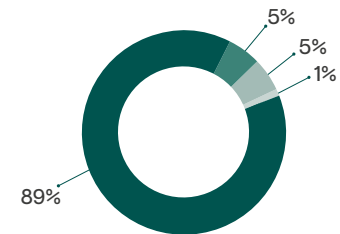
Scope 3 – Encompasses emissions that we indirectly impact through our value chain, through input and output activities, such as transportation and distribution of our products or materials, business trips and employee trips to work, further processing of generated waste, as well as losses in energy transmission and distribution.

In order to achieve its goals of reducing greenhouse gas emissions, MK Group relies on the application of innovative solutions and clean technologies, in which significant funds have been invested at the level of the entire system in the last few years. Thanks to this, a trend of decreasing scope 1 and 2 emissions can be observed at the group level. Between 2020 and 2022 only, direct emissions were reduced by almost 65,000 t CO₂.

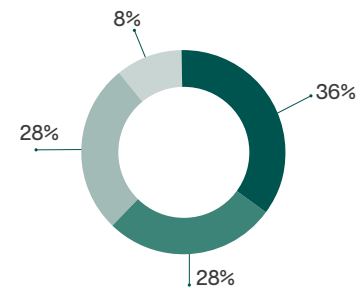
Between 2020 and 2022 only, direct emissions were reduced by almost 65,000 t CO₂.

Scope 3 emissions are not a part of our measurements at the moment. Due to the complexity of their calculation, we are in the phase of process research and analysis of all activities, and in the coming period we will intensify our efforts in order to establish a credible database for the calculation of scope 3 emissions in cooperation with the relevant participants in the supply chain.

Structure of greenhouse gas emissions per MK Group divisions in 2022

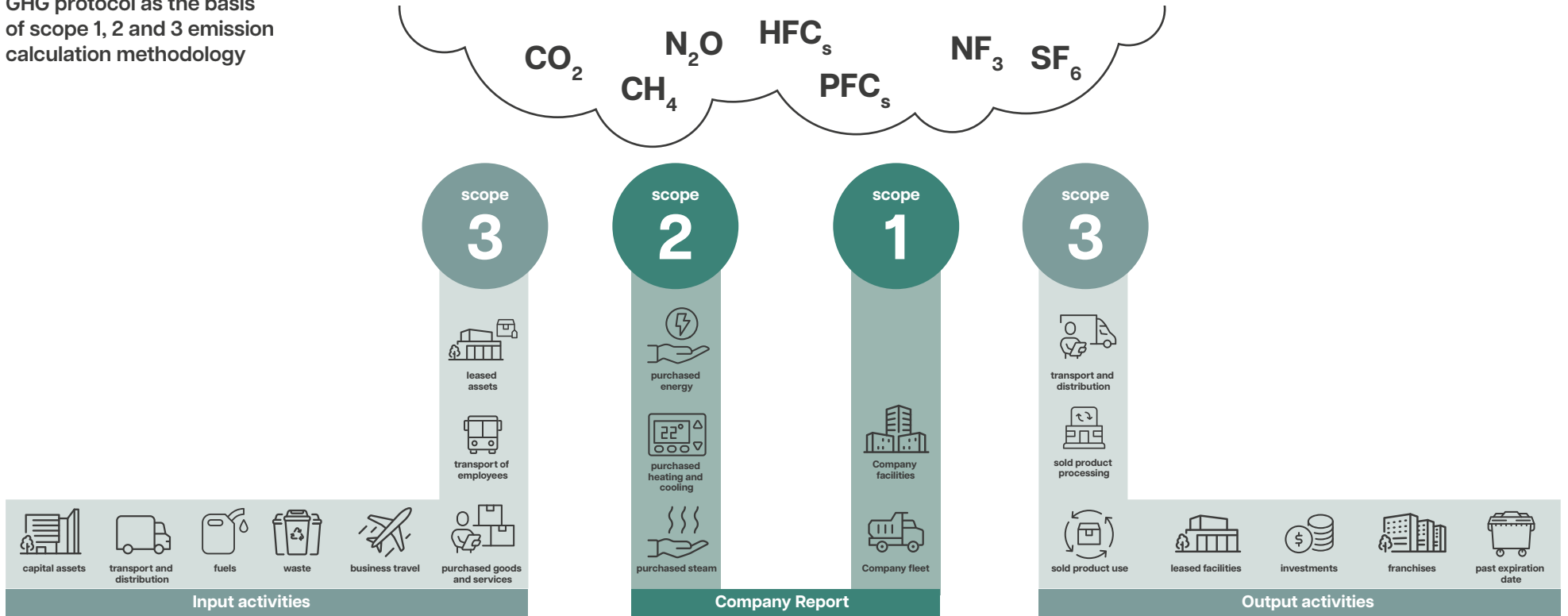


structure of scope 1 emission (tCO₂)



structure of scope 2 emission (tCO₂)

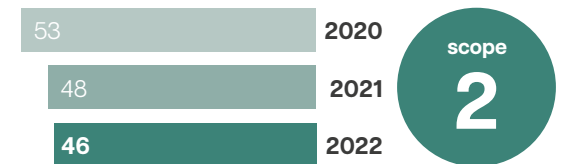
GHG protocol as the basis of scope 1, 2 and 3 emission calculation methodology



Greenhouse gas emission at the MK Group level, 2020-2022.



Scope 1 – tCO₂ emission (in thousands)



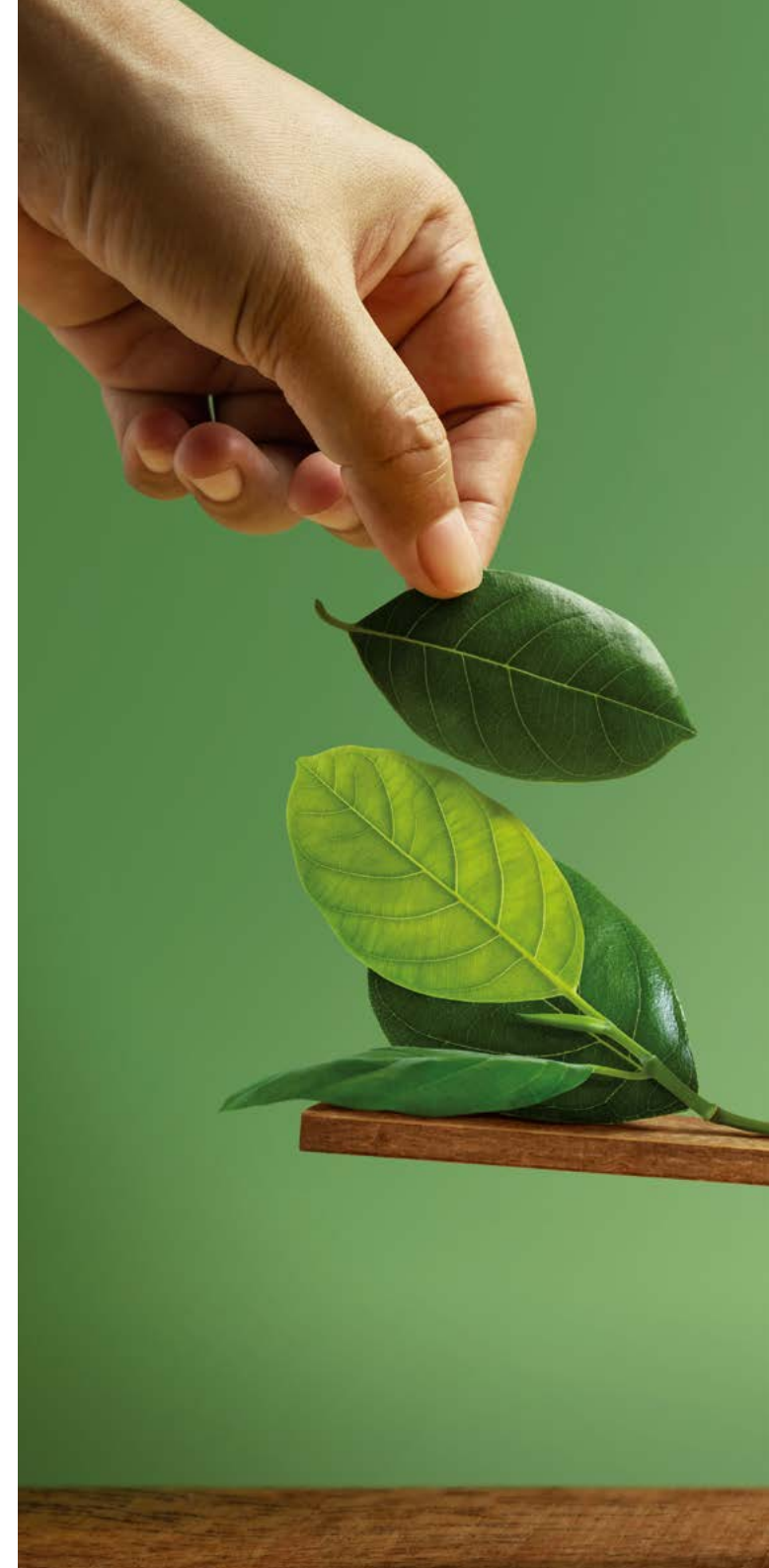
Scope 2 – tCO₂ emission (in thousands)



Sunoko efforts CO₂ reduction efforts

In its sugar factory in Pećinci, Sunoko has reduced CO₂ emission through the reconstruction of the dryer into a steam dryer, which excluded crude oil from use, which led to a reduction of carbon dioxide emissions by 150 t per day during the sugar beet processing campaign. Apart from that, in all three sugar factories, through continuous investments in the improvement and optimisation of the production process in the last ten years, Sunoko contributed to savings in heat energy of about 10%, which for a factory represents a reduction of about 35 t

of coal per day, or about 60 t of CO₂ per day during the campaign. Also, through the operation of its biogas plant in Vrbas, Sunoko is in the final phase of certification of annual emission reduction to 29,000 t CO₂ calculated using the methodology for calculating carbon credits approved by the Verra (VCS) standard. Among the new investments, the installation of a gas boiler worth EUR 3 million stands out, which could result in a reduction in CO₂ emissions by 35,000 t a year, and the effects of this investment are expected from the next year.



At the MK Group system level, between 2020 and 2022, scope 1 and 2 emissions were reduced by 65,000 t CO₂. We have committed to further reduce emissions by 25% by 2026.



ENERGY CONSUMPTION AND ENERGY EFFICIENCY

The production of energy from fossil fuels and its inefficient use is one of the biggest challenges for environmental protection. For this reason, MK Group strategic commitment is to invest in renewable energy sources and improve the energy efficiency of our production facilities and business facilities in all divisions, in order to prevent energy waste and reduce its consumption.

In order to make more efficient and rational use of the energy they use, all our member companies continuously find ways to implement new measures to reduce electricity consumption and develop a plan for more efficient energy management in the coming period.

Energy consumption at the MK Group level	2021	2022
Electricity consumption in (kWh)	70,882,113	68,793,288
Energy-generating product consumption		
Diesel (l)	2,862,669	2,744,151
Gasoline (l)	14,424	28,947
Gas (m ³)	3,789,556	4,052,225
Coal (t)	82,059	67,524
Crude oil (t)	3,535	2,256
Bhutan (t)	55	47
Fuel oil (l)	1,000	1,000
Methane (l)	18,742	5,184

good practice



Energy saving in meat and sugar industries

Carnex will annually reduce electricity consumption by 1,200,000 kWh, and CO₂ emissions by 1,115 t

Within MK Meat Division, a system of heat pumps was installed to heat the sanitary water used in the production of Carnex meat industry, along with steam recovery system from ammonia cooling systems, which uses steam as an energy source for production purposes. The energy efficiency of these systems is confirmed by ISO 50001:2018 international standard. In addition, switching to LED lighting contributed to a reduction in energy consumption and CO₂ emissions.

In synergy action, through connecting with Sunoko biogas plant in Vrbas, and using its hot water, the Carnex Meat Industry will reduce electricity consumption from the grid by an additional 1,200,000 kWh per year, and CO₂ emissions by an additional 1,115 t per year. Among the key projects is the installation of a new steam boiler with an economiser, the installation of which reduces the consumption of natural gas as an energy source. The plan is also to install reactive energy compensation cabinets at the Pig Farm in Vrbas.

When it comes to MK Sugar Division, the energy efficiency of production in the sugar factory in Vrbas was confirmed with a positive rating, after the preparation of an energy efficiency study by German experts from the Institute for Applied Material Flow Management (IfaS), Trier University of Applied Sciences. MK Sugar Division will also increase its LED lighting from 70% to 100% by 2026. In the coming period, Sunoko anticipates the regular revision of the Power Management system for optimal supply of electrical and thermal energy, and reduction of the required amount of energy for processing a unit amount of raw material through device recalculation and use of more efficient equipment, reactive energy compensation, installation of frequency regulators and installation of heat pumps.

Watch a video on MK
Group investments in
green energy

video ▶



environment

GENERATION OF ENERGY FROM RENEWABLE SOURCES

**EUR 900 million
of investments
for 1 GWh
of green energy
by 2026**

**181
GWh**

**Electricity generation
from renewable
wind sources at
MK Group level in 2022**

The MK Group vision is the “green Serbia”, which is why we see renewable sources as a pillar of energy development that should ensure energy stability while protecting the environment.

Apart from the goals stipulated by the United Nations 2030 Agenda, the European Green Deal and the Green Agenda for the Western Balkans, MK Group tends to contribute to the Paris Agreement goals, too. In order to support the fight against climate change and efforts to limit the increase in the average global temperature to 1.5°C compared to the pre-industrial period, we direct our investments towards the production of green wind, solar and biomass energy. In the anniversary year, when we celebrate 40 years of successful business, as part of a large three-year investment cycle, MK Group announced EUR 900 million of investments into green energy projects with a total capacity of 1 GWh.

As our country has exceptional potential when it comes to renewable energy sources, turning to sustainable energy development is among the business and strategic priorities of our company. Thanks to the innovations we bring and the projects we implement, we are recognised as a pioneer and leader in the field of renewable energy sources in Serbia.

WIND FARMS

Watch a video
on Krivača
wind farm



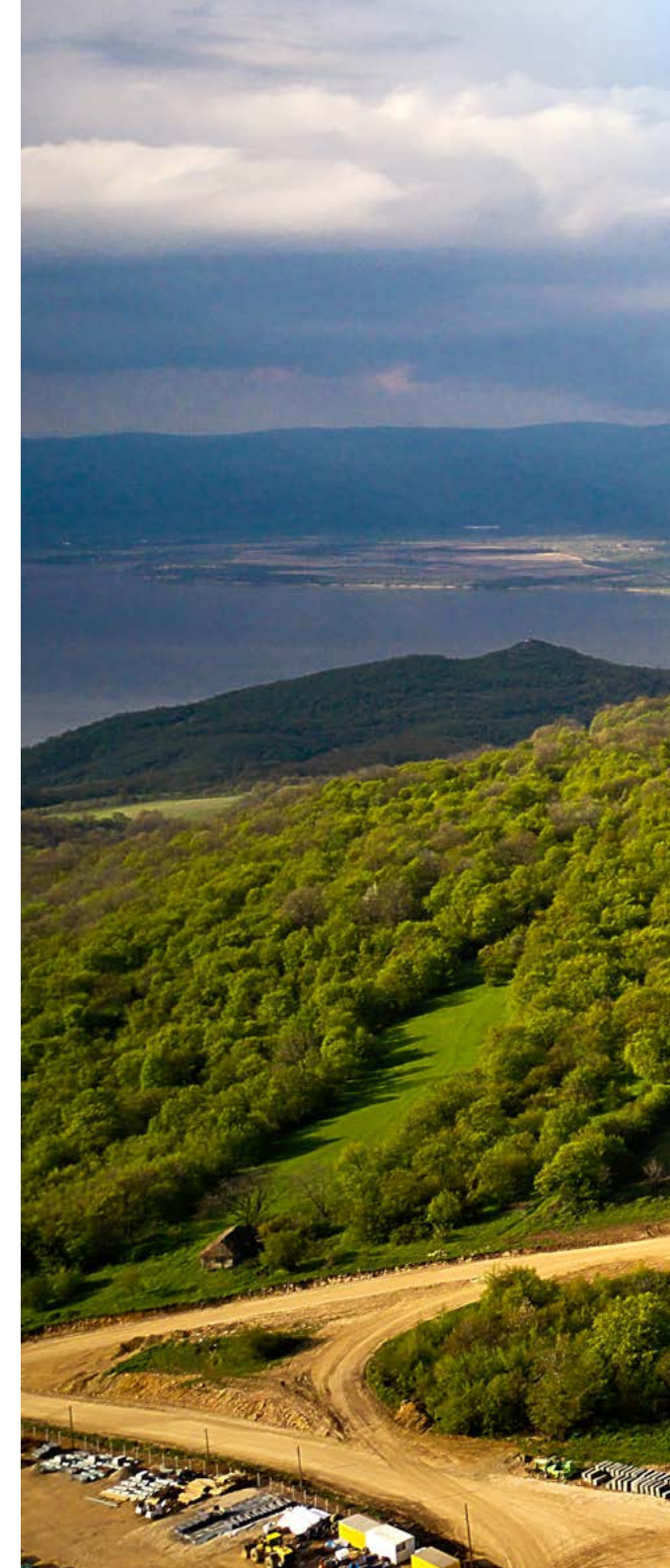
MK Group has been recognised for a decade in Serbia as the largest independent producer of green electricity from wind energy. In 2015, we built the first wind farm in Serbia, “Kula” near Štolac in Vojvodina, together with our partner company, Fintel Energija. With the capacity of 9.9 MW, this wind farm generates 26 GWh of electricity every year. “La Piccolina”, the first wind farm in South Banat followed, and it was commissioned in Zagajica near Vršac in 2016, with the total power of 6.6 MW and an annual production of 14 GWh of green electricity. The third wind farm we opened with Fintel Energija in 2019 is the “Košava faza I” wind farm in Izbište near Vršac. With 20 wind generators with an installed capacity of 69 MW, this wind farm annually produces as much as 160 GWh of green electricity, equivalent to the annual electricity supply of around 40,000 households.

With a large investment in the construction of “Krivača” wind farm near Golubac, MK Group continues implementing the plans within MK Energy Division. This is the first wind farm in East Serbia, through which MK Group achieves another pioneering venture, this time in partnership with a Slovenian investment fund Alfi. The value of the investment is EUR 165 million, and

the preparations for the commissioning are ongoing. With 22 state-of-the-art technology wind generators and the capacity of 105.6 MW, “Krivača” wind farm will generate 300 GWh of green energy a year – the electricity equivalent to the supply of 75,000 households annually.

During the construction of the wind farms, all required studies and measures foreseen by the legislation were carried out, including a strategic environmental impact assessment, monitoring of birds and bats, and noise level measurement, which is why these projects meet the highest standards of environmental protection.

MK Group ownership share in the constructed wind farms:
Kula, La Piccolina, Košava faza I – 46%
Krivača – 50%.









Watch a video on
Agrosolar Kula



environment

SOLAR POWER PLANTS

After a successful positioning in generation of electricity from wind energy, together with Fintel Energija, MK Group initiated Agrosolar Kula, the joint venture worth EUR 340 million. It is the first agrosolar project in the Balkans and currently the largest one in Europe – it will cover 770 ha in the territory of the municipality of Kula in Vojvodina. It brings great innovation through the synergy of green energy and sustainable agriculture, as it uses the energy of the sun, at the same time enabling sustainable agricultural production under solar panels. The completion of construction is planned for 2026. The solar power plant will have a capacity of 660 MW, with an annual production of green energy of about 832 GWh, equivalent to the annual electricity consumption of about 200,000 households.

Other MK Group division invest significant funds into solar panels, which they install on their facilities to achieve energy efficiency and contribute to environmental protection. During 2023, within Carnex Meat Industry in Vrbas, the installation of photovoltaic solar panels on the roofs of the factory is planned, in order to ensure self-sufficiency in terms of electricity generation. The expected result is a reduction of purchased electricity from the grid by over 1,000,00 kWh per year and CO₂ emissions by 942 t, on an annual basis. MK Meat Division plans to place the same solar panels on its pig farms.

MK Agriculture Division also plans the construction of solar power plants with a total power of 2,327 kWp on three locations: on cold storage for apples in Krčedin, old storage for vegetables in Bečej and dairy cow farm.



Kempinski Hotel Adriatic for sustainable development of tourism

Two Kempinski hotels in Istria owned by MK Group are keeping up with global trends supporting electricity generation from renewable sources. With care for the natural environment at the highest level, the Kempinski Hotel Adriatic in Savudrija, Croatia, stands out as one of the first hotels on the Adriatic to use solar panels for electricity generation. The total power of the solar power plant is currently 395 kW, with the plan is to increase the capacity to 600 kW. With an investment of almost EUR 500,000 in 2022, solar panels were strategically placed

at the hotel, congress centre and Kempinski villas in order to collect as much energy as possible. All the facilities are part of the “GreEn – Nature Friend” programme, confirming that this hotel uses exclusively the electricity generated by renewable sources. This commitment to sustainable development has earned our Kempinski Adriatic hotel a silver certificate awarded by EarthCheck, the world’s leading certification and consulting group specialising in sustainability and destination management in the travel and tourism industry.



BIOGAS PLANTS

Another way in which the MK Sugar Division significantly contributes to CO₂ emission reduction, by as much as 29,000 t a year, is through its biogas plant in Vrbas the capacity of which is 2.4 MW/h and which generates green energy from the sugar beet processing process by-products. This EUR 9.5 million worth investment was made in 2021, with the beginning of the test production in 2022, during which 2,660,000 kWh was delivered to electrical grid. Our biogas plant within the sugar factory in Vrbas is in the final phase of certification

of emissions in the form of carbon credits according to the Verra standard methodology. MK Group plans to build new biogas plants in the coming years, which would use animal waste from the MK Meat Division production process, as well as the manure from the dairy cow farm, harvest residues from the fields and pomace from the processing of sweetcorn within the MK Agriculture Division.



environment

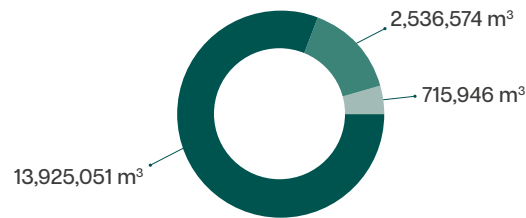
WATER MANAGEMENT AND WATER CONSUMPTION



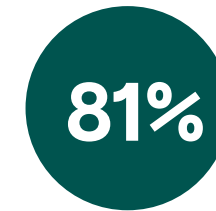
Aware of importance of water as a resource, MK Group is involved in global efforts to ensure availability and sustainable use of water, with respect for all sanitary conditions.

Annual water consumption at the MK Group system level varies depending on the season and weather conditions. The largest percentage of water consumption is in the agricultural sector, which generates about 80% of total water consumption, primarily for land irrigation, given that about 70% of land processed by MK Agriculture Division is under the irrigation systems.

- MK Agri-food irrigation
- MK Agri-food other processes
- MK Tourism & Real Estate



TOTAL 17,177,571 m³
Annual water consumption (m³)



81%
Water use for agricultural activities (soil irrigation) in the total water consumption

In order to optimise water consumption, numerous measures are undertaken – modernisation of irrigation systems, replacement of older models of sprinkler and pressure regulators to reduce energy and water losses, increase watering efficiency and reduce water consumption. Surface water from different channels and watercourses is used for irrigation, and plans for sustainable groundwater exploitation are also provided. The options of the use of processed wastewater for irrigation will also be considered in the coming period. Special attention will be paid to the choice of appropriate hardware and software for soil humidity monitoring and irrigation recommendations in field manufacturing, which will allow optimal water consumption based on real needs of plants. The frost defence system was also optimised to consume water in places where it is necessary, with the help of air temperature sensors.

The water used in production comes from the Group's own wells and water supply. Water quality is regularly tested. MK Meat Division uses its own wells and water treatment plant to provide high quality drinking water.

In order to preserve water resources in the future, MK Group will continue undertaking numerous measures that include regular employee training on the rationalisation of drinking water consumption in various work processes, as well as the installation of water meters on individual drinking water consumers in production and accompanying processes, and for the purpose of optimising monitoring and more efficient implementation of water consumption reduction.

WASTEWATER MANAGEMENT

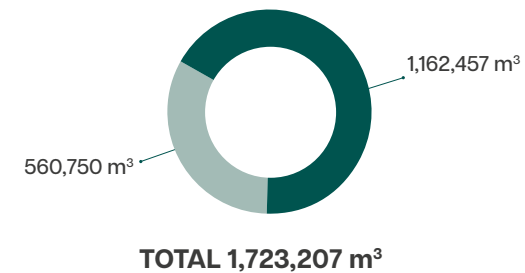
Wastewater management is a challenge that originates from various business and production activities and requires special attention so we could take care of the environment and preserve biodiversity.

MK Group has a clearly defined policy in terms of wastewater treatment, and its excellent example is the MK Meat Division, with its own full wastewater treatment plant operating since 2012, the capacity of which is 2,300 m³. Through the internal sewerage system, the wastewater generated in all work processes is transported to the Company's own full treatment plant, and after that the completely purified water is discharged into a natural recipient in accordance with all national and European standards. As of March 2022, the primarily purified wastewater of the Carnex Meat Industry are discharged into the public city sewerage network to the central wastewater treatment plant. The amount of discharged generated wastewater is monitored via electromagnetic wastewater flow meters, and these records are kept in electronic form.

Wastewater generated on the pig farms is stored in ground lagoon systems, so it is further used for fertirrigation and irrigation of arable surfaces through tanks and installed ground and surface irrigation systems.

MK Meat Division is planning the promotion and optimisation of wastewater and sludge treatment processes in the wastewater treatment plant in 2024 and 2025.

- MK Agri-food
- MK Tourism & Real Estate



Annual generated amount of wastewater (m³) in 2022



WASTE MANAGEMENT

Biodegradable waste makes up 98.5% of waste generated, and as much as 97.3% of the rest was handed over to waste operators.

The Waste Management Procedure was adopted at the MK Group level, and it includes the waste management procedure, responsibilities and powers, waste identification, waste management procedures, documentation for waste management and reporting to the competent authorities. Within each member company, the responsible person was appointed and a clear waste management plan was defined. This approach provides consistent compliance with the relevant regulations and continuous improvement of practices in waste management.

All types of waste, including hazardous and non-hazardous waste, are managed in accordance with the Law on Waste Management and Law on Packaging and Packaging Waste. The waste management operator which MK Group member

companies have agreements with, recycle packaging waste generated after marketing the products in the Republic of Serbia, fulfilling national goals for reuse and recycling of packaging.

MK Group is committed to improving waste management and sustainable access in all its operations. We proactively review our established operating methods and policies to reduce waste generation, and wherever possible, we apply circular economy.

We reduce waste packaging by purchasing raw and production materials in larger packaging and return packaging, such as bins and IBC containers, and where possible, we move on to bulk raw material. This is a practice in production, as well as in laboratory and veterinary procedures. The automation of lines in the packaging plant also contributes to more efficient use of packaging.

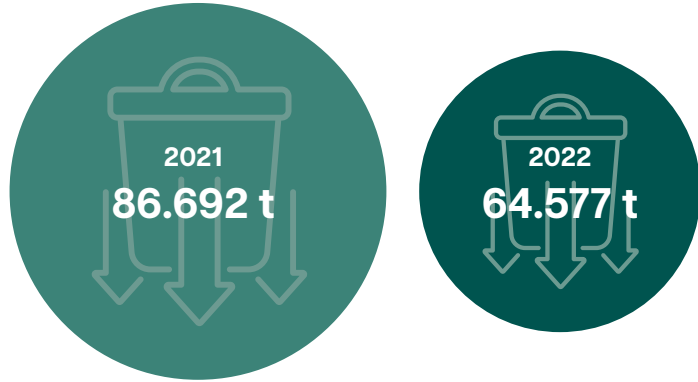
With the construction of biogas plants, we exploit waste resources for energy generation, whereby we also reduce the amount of organic waste. The biogas plant in Vrbas also contributes to our efforts in implementation and application

of circular economy. In addition to sugar beet by-product processing, as input raw materials, we also plan to use the homogenised by-products of animal origin of category 2 and 3, and thereby dispose of most of the biodegradable waste. We also direct our attention to recording the amount of municipal waste with the goal of reducing it by 5% by 2026. It is important to note that nearly 99% of waste generated by MK Group member companies is biodegradable.

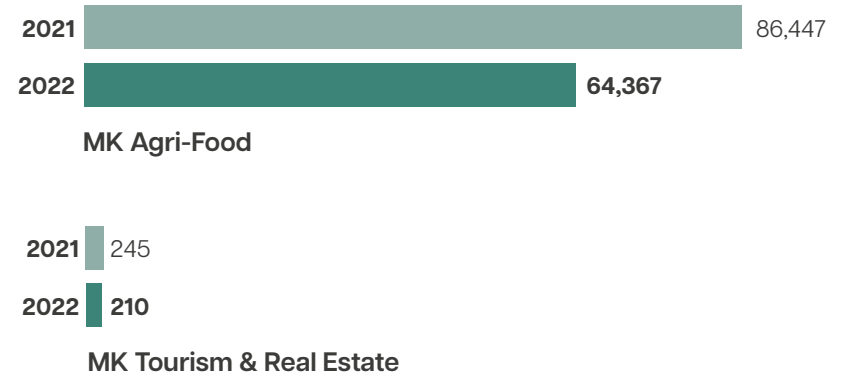
As an additional initiative, MK Sugar Division is planning to increase the use of paper packaging in line with FSC (Forest Stewardship Council) standard, in order to make at least 5% of this packaging environmentally friendly by 2026. Through this procedure Sunoko supports sustainable forest management and promotes the use of environmentally friendly packaging.



Annual generated waste (t) in total at the level of MK Group



Waste generated at the level of divisions (t)

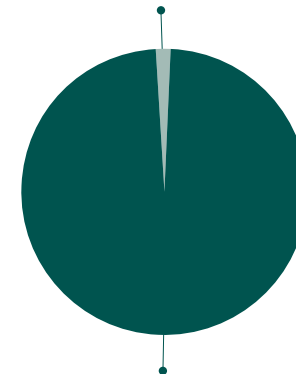


Annual generated waste (t) at the level of MK Group in 2022

Structure of the total waste generated by type (t)	64,577
plastic	59
glass	16
paper	188
metal	439
electric and electronic waste	8
biodegradable waste	63,625
edible waste oil	1
other (total)	241

Structure of the total waste generated by hazard (t)	64,577
hazardous	217
non-hazardous	64,360

other – 97.3% handed over to waste operators



98.5% biodegradable waste

SOIL CONSERVATION

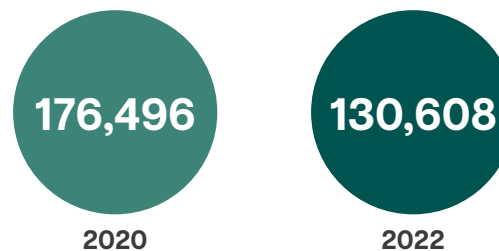
Landcare is one of the basic postulates of the MK Agriculture Division that conducts a number of initiatives aimed at reducing and optimising the use of pesticides, aimed at preserving soil, water, biodiversity and animal welfare.

In our apple orchard in Krčedin we apply the innovative techniques that significantly reduce the use of plant protection products. These techniques include the use of pheromone traps for monitoring and targeted use of insecticides, as well as the application of biological preparations, including the garlic-based ones. A detrimental effect on animals and the environment is diminished in this way. A cage system that prevents insects in the orchard was constructed, and the weather station helps with the precise prediction of fungal infections.

The use of variable fertilisation in farming is an innovative approach to improve the quality of soil and efficient use of nutrients. Digital technologies provide precise dosage of mineral nutrients based on soil analysis and its mapping via satellite recordings. Soil and crops get the exact amount of fertilisers they need, resulting in maximum production efficiency with

environmental protection. Variable sowing is implemented according to the same principle.

In addition to the soil analysis, we monitor the crop that enables the exploitation of vegetation space, and/or soil and climate conditions, by cultivating plants in a particular spatial and time order.



MK AGRICULTURE
Total use of pesticides in litres





good practice



Sunoko Research & Development Centre

Investment in raising the level of knowledge of sugar beet worth EUR 1.5 million

The Research & Development Centre Sunoko (RDC) was founded in order to respond to numerous climate change challenges in sugar beet production. Located in Ljukovo near Indjija, it is the first private centre in Serbian agriculture. State-of-the-art laboratory equipment and technology for experiments, as well as the cooperation with leading experts, put RDC at the same level with global scientific institutes. The use of the most modern methods enables optimal production solutions, reduced costs, higher yields, better beet with higher sugar content and, which is especially important, reducing negative environmental impact. An important part of the RDC activity is to transfer knowledge to farmers, which is why in cooperation with the Sunoko raw material sector, it regularly organises training and education sessions.

good practice



Sustainable sugar production

FSA verification confirms sustainable production of Sunoko and agricultural companies within MK Group. Sustainable approach includes care of natural resources and soil conservation in the processes of preparation for sowing, use of fertilisers, and use of chemical agents. Together with MK Agriculture Division, Sunoko is the first company in Serbia to obtain FSA (Farm Sustainability Assessment) verification, which is part of an international programme involving farmers and companies committed to sustainability and best agricultural practices. This verification is a proof of responsible production of Sunoko and agricultural companies within MK Group, and care of natural resources and soil conservation – from preparation for sowing and use of fertilisers, to the use of chemical agents. The Swiss company Barry Callebaut has successfully cooperated with Sunoko in the process of verification of sustainable development in sugar beet and sugar agricultural production.



PRESERVATION OF BIODIVERSITY AND ANIMAL WELFARE



The preservation of biodiversity is an important segment of environmentally friendly operations of MK Group and its member companies. Care of biodiversity means avoiding negative impacts, environmental regeneration and cooperation with different stakeholders to contribute to ensuring the future of the planet's diversity. Through care of the quality of soil, water and air, we also care about biodiversity.

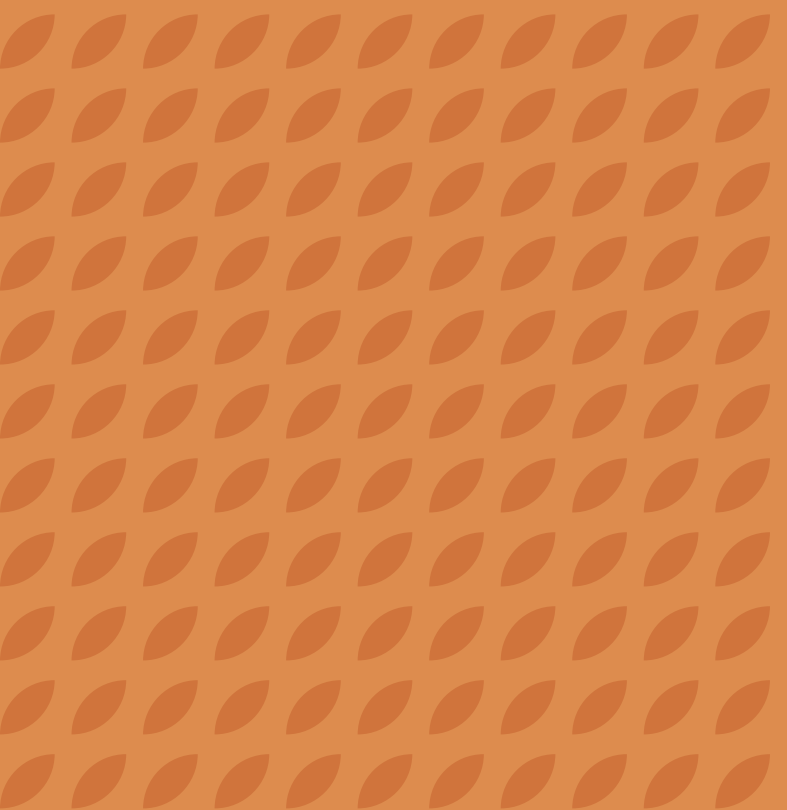
We take special care of animal welfare on our farms within MK Agriculture and MK Meat Divisions.

More than EUR 1 million was invested in the automation of cow milking on the dairy cow farm in Bečej. Eight milking robots were commissioned in the last two years. An additional investment of EUR 280,000 included the procurement of new equipment for stables – cow mattresses, laying boxes, cow brushes, ventilation system automation, all of which significantly improved the conditions for animals in the facilities, and reduced the risk of udder infections and joint injuries in cows.

Pig Sense digital platform for monitoring and control of processes and emissions in the animal facilities was also introduced on the Carnex pig farms. It enables efficient supervision over air temperature and humidity, ammonia concentration and overall ventilation in the facilities. Within this project, by using sensors that are set across the farm and artificial intelligence, we strive to improve the general condition of animals, improve their welfare during breeding and prevent possible diseases.



social impact



We look forward to a future full of investment in people and communities we operate in. Employees are the focus of all our business processes, as evidenced by training and development programmes, rewards, and corporate culture promotion. We create an empowering work environment and listen to the needs of employees through regular annual surveys. We have committed to allocate EUR 5 million for socially responsible activities in the next 5 years. We will continue expanding our “Family Support” regional philanthropic programme in order to provide support for children, parents and measures to stimulate the birth rate.

social impact

OUR AMBITION FOR THE SOCIETY OF THE FUTURE



MK Group contribution to UN Sustainable Development Goals





Employees

50% women in management positions until 2026

95% employment engagement index until 2026

23,650 h of training in 2022



Quality

0 non-conformities with product quality and safety regulations



Community

EUR 5 million in the following 5 years for CSR activities

EUR 570,000 for maternity wards in 2022

EUR 680,000 for kindergartens in 2023

10 t of food donated in 2022

Today MK Group, as a stable business system and a responsible “citizen”, gathers with its vision around 4000 employees throughout the Adria Region and creates additional value for the local communities in which it operates through the job creation, improvement of economic activities and philanthropy. This is why our company is recognised as a reliable partner and support for its employees, their families, business partners and society as a whole.

Growing on the principles of diversification, equality and inclusion, we develop a system tailored to our employees. Our business policy is based on non-discrimination and gender equality, while partnership with trade unions enables joint resolution of key issues for our employees. The high percentage of women in management positions clearly indicates that we only value competence and knowledge, and we have set a goal that by 2026 that percentage will exceed 50%.

Occupational health and safety are our priorities; therefore, we will continue to regularly organise training sessions on safety, aimed at minimising risks and the number of work-related injuries. We have committed to reduce the number of work-related injuries by 5% compared to 2022, to strive for 365 days of work without injuries and 365 days of work without fires.

We will continue with significant investments in continuous training, professional development and advancement of employees, through mentoring programmes, educational workshops, additional education scholarships and career development support. We will especially focus on educating managers to improve their leadership skills, thereby ensuring effective and constructive feedback from all teams, fostering a work environment that encourages outstanding results.

Another goal is to increase the employee engagement index to 95% by 2026, along with increasing participation in surveys and other activities conducted for this purpose by the Human Resources Department. In the year of the great anniversary, we announce a future in which we will justify the title of one of the most desirable employers through even greater investments in our employees, because they are the guarantee that the best is yet to come.

MK Group has woven its corporate value of excellence into the care of its consumers, customers and clients, their health and safety. That is why we strive for ultimate quality in the products and services delivered by our member companies, as confirmed by numerous implemented international standards and quality awards. Beyond business excellence, we are deeply committed to social responsibility and strive

to inspire positive changes and contribute to a better future for all. The success we have achieved is not ours alone. That is why we selflessly share it with the communities we operate in, and we promise that in the next 5 years we will allocate EUR 5 million for CSR activities, for philanthropic and socially responsible activities.

Our focus will remain on creating the best conditions for children and young people, as well as supporting parenthood and encouraging birth rates through our regional “Family Support” programme. After donating to seven maternity wards across the region in 2022, in 2023 we are allocating EUR 680,000 for the renovation and equipping of 20 kindergartens in Serbia, Slovenia, Montenegro and Croatia.

We will continue sharing our expertise and investing in education through cooperation with universities and educational institutions. We will help healthcare institutions, but also vulnerable social groups such as families at risk of displacement of children and single mothers, as well as contributing to the fight against hunger through food donations.

CARING ABOUT EMPLOYEES

MK Group employs about 4000 people in Adria Region who are connected by common corporative culture and values we foster and actively promote. Many employees who started their professional journey within our company are still part of our team today.

Precisely because of the focus on employees and their care, their personal and professional development, MK Group has grown from a company that employed a few people, during its 40 years of existence, to one of the most important employers in Serbia. We are building the company's further development on the belief that employees are the foundation of our success.

MK GROUP NAMED EMPLOYER OF THE YEAR 2021

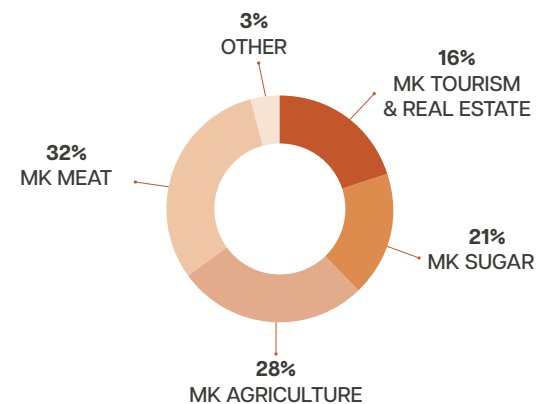
We were awarded the prestigious "Employer of the Year 2021" award by the Serbian Association of Managers. This award clearly shows that we "live" the values we believe in, and at the centre of which we have placed the employee.



Average number of employees and engaged persons 2020-2022



Number of full-time employees in 2022



Structure of the total number of employees and engaged by division

DIVERSITY, EQUALITY AND INCLUSION



DIVERSITY
EQUALITY
INCLUSION

We believe that diversification and inclusiveness in recruitment play an important role in business development and the creation of a stimulating work environment. That's why we bring together people with different perspectives, experiences and skills that reflect our system complexity. We develop a stimulating, motivating and encouraging work environment that respects difference and diversity.

MK Group employment policy is based on the non-discrimination and zero tolerance principles in any form (in relation to race, gender, age, sexual orientation, nationality, religion, disability, etc.), so that everyone has the opportunity to realise their full potential.

Another fundamental principle is the policy of equal wages in the same positions. During the recruitment process, only qualifications, competences and work experience relevant to a specific position are taken into account.

MK Group supports employees' rights to freedom of association and collective bargaining, and fosters partnerships with trade unions within divisions. In this way, it is possible to jointly resolve issues of importance to employees, including collective agreements and various aspects of working conditions. Working with unions, we renew collective agreements every three years to ensure that wages and working conditions are in line with changes in the labour market.

Number of employees in 2022

Persons with disabilities	9
Employees under 30 years of age	254
Employees between 30 and 50 years of age	1180
Employees over 50 years of age	910

Data pertain to full-time employees at MG Group level

GENDER EQUALITY

Watch a video about the successful careers of women in MK Group



MK Group represents an inclusive and encouraging environment for women, as shown by the fact that women make up about half of our employees. As many as 41.3% of women are in management positions, and we are committed to reaching 50% by 2026. It is important to point out that our company has recorded no incidents related to gender discrimination to date. Although gender equality is a principle that is reflected in the daily functioning of

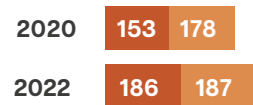
the company, we pay special attention to this topic every year in March, on the occasion of International Women's Day. Then we organise various workshops and events where we discuss the position of women in society and the business environment, balancing career and private life, and other topics dealing with women's rights and their equality.

● Women ● Men

MK AGRI-FOOD



MK TOURISM & REAL ESTATE



TOTAL



Data pertain to full-time employees at MG Group level



Representation of men and women in management positions of middle to top level in MK Group





PARENTHOOD SUPPORT

“Family Support” programme awarded 1,300 babies and 790 employee families with a total sum of almost RSD 50 million

In order to highlight the importance of the family as the foundation of society, we provide special support to employees who become parents. The “Family Support” programme started in 2017 since when monetary subsidies are awarded to all female and male colleagues who have a child in the current year. By the end of 2022, 1,300 babies and 790 families of employees have been awarded through the programme with a total sum of almost RSD 50 million. Last year, the amounts of financial subsidies were doubled.

Every year MK Group organises the distribution of New Year’s presents to the children of employees in the entire system, while individual member companies give away school equipment and accessories before they start school. MK Kids Day is an activity designed to introduce the little ones to their parents’ workplace and have a “peek” into their working day, and is one of the initiatives that should contribute to balancing parenthood and career.

social impact

INVESTMENT IN KNOWLEDGE AND DEVELOPMENT OF EMPLOYEES

Staff education and the possibility of advancement are becoming an increasingly important factor in attracting and retaining top talent. To that end, MK Group continuously invests in training and development of the knowledge and skills of its employees. Through the improvement of the existing professional competences and the development of new ones, we enable them to keep up with modern practices in business, to follow trends and current knowledge and events in the market, so that they can lead positive changes in their teams.

In 2022 alone, 23,645 hours of training were conducted at the MK Group system level, in which EUR 320,000 were invested.

We are focused on creating a work environment that encourages outstanding results, a winning culture, supports our employees in achieving personal and team success, thus contributing to the overall success of the company. To that end, investing in employees is our strategic commitment, and we pay special attention to empowering employees.

MK Academy is the education programme we have been continuously developing. Within the MK leadership academy, we organise strategic workshops for about 30 leaders of MK Group system, whereas more than 200 employees went through the MK management academy in 2022. We organise special education for finance sectors in all divisions, as well as for technologists at the level of the entire system. For six years now, we have been organising the “Launch an Idea” internal competition, in which every employee can come up with a project to improve operations in any segment, and we implement the best proposals and reward them with valuable prizes. This shows why constant development and empowerment are among our corporate values.



Number of hours for training and education sessions in 2022

MK AGRI-FOOD		MK TOURISM & REAL ESTATE		TOTAL	
2021	2022	2021	2022	2021	2022
3,344	12,082	6,691	11,563	10,035	23,645

SATISFIED EMPLOYEES AS THE HEART OF THE COMPANY

Employee satisfaction is among the MK Group top priorities. The key practice in achieving this goal is regular communication, fostering a culture of providing feedback and opening opportunities for employee participation in decision-making processes.

We conduct regular employee satisfaction surveys, and in the last three years we have recorded a constant increase in job satisfaction, along with an increase in response to participation in surveys.

MK Group system annual employee engagement and satisfaction survey for 2022 included a representative sample of 680 employees with an e-mail address, and the survey was conducted completely anonymously.

The results showed an increase in employee engagement compared to 2021. The engagement index at the MK Group system level increased by 13 points and we can boast that over 90% of our employees are satisfied with their jobs and proud to work in our system. That is why a key task for us is to maintain this positive trend in the future and to continue with activities that promote transparency in communication, celebration of success and rewards, cooperation and a positive working environment.



13 point
increase in engagement index
at MG Group system level
year over year



92%
of employees are proud to
work in the MK Group system



91%
of employees are satisfied
with their jobs in the MK Group
system

social impact

ANNUAL AWARDS FOR EMPLOYEES

For the last two years, MK Group has been organising the “MK Annual Awards” in order to affirm and reward employees who demonstrated our corporate values in practice through their work, effort and commitment. The competition is organised so that everyone can apply their colleagues whom they consider to be true ambassadors of our company. The selection of winners based on the number and quality of applications, as well as the results achieved during the year, is carried out by the Human Resources Department and the Board of Directors of MK Group.

Watch a video on
MK Group employees
awarded in 2022





AMBASSADOR OF EXCELLENCE
Živan Milovac,
Senior Associate in Controlling, Sunoko

I have been with Sunoko for more than 4 years and I am currently in the position of senior associate in controlling, in the finance and accounting sector. I am proud that I got the opportunity to start my work experience in Sunoko where I had the opportunity to collaborate with real experts and learn from them. In my daily work, I always try to give my best and I am glad that my work and commitment were recognised by my colleagues, and that I was chosen as an ambassador of excellence. This recognition is an additional motivation for me to continue in the same direction and I will try to always be available to all my colleagues so that together we can successfully and promptly resolve all challenges.

AMBASSADOR OF SYNERGY
Aleksandar Radović,
Production Planning Director, Carnex

Everybody calls me Planner in Carnex, as I work as the Production Planning Director of the Meat Industry. This year I had the honour of being chosen as an ambassador of synergy and it means a lot to me, as it shows that the effort that everyone in Carnex puts in to achieve our common corporate goals is recognised. I believe that if there is synergy in the team, challenges, no matter how big, are easier to overcome. The proof that we foster synergy in Carnex is that, for the third year in a row, employees from our company, including myself, have been chosen as ambassadors of synergy. All our teams communicate on a daily basis and we constantly strive to improve and elevate that communication. In this way, we make the joint result greater than the simple sum of our individual results.





AMBASSADOR OF EMPOWERMENT

**Aleksandra Šebek,
SAP and ABAP/BI Department Manager
MK IT Business Solutions**

It is a common misconception that only weakness requires empowerment and support. I have noticed that an adequate environment and guidance can be an incentive for each of us to be more efficient, more motivated, more creative and more curious. I have the opportunity to work for a company that allows everyone to recognise and fulfil their potential, which is truly a valuable asset that is not mentioned in any job advertisement, and that makes a difference and in many ways determines whether you go home fulfilled. I perceive this award as a challenge to remain an empowered individual in the following period, but also a member of a truly empowered and compact team.

AMBASSADOR OF CONTINUOUS DEVELOPMENT

**Anja Milosavljević,
Head of Laboratory, Research and Development
Centre Sunoko**

It is my great honour, privilege and pleasure to be chosen as an ambassador of continuous development from the entire MK Group system. My job is very dynamic and involves the application of scientific knowledge and discoveries directly in the economy and production, through thorough analysis in both state-of-the-art laboratories and in the field. During 3 years of working in Sunoko together with colleagues from the Research and Development Centre, I tried to introduce innovations in production, but also in the very approach to solving problems through the continuous development and improvement of each individual, and therefore of the entire team. That's why this recognition belongs to the RDC team as much as to me.





THE BEST MANAGER

Milena Mrkajić,
Chief Technologist for plant protection and precision agriculture, MK Agriculture Division

This award is a great honour and pleasure for me because it comes from the employees in the year when I am celebrating the tenth anniversary of working in the agricultural division. This award also means a great responsibility and motivation for me to continue promoting values that encourage trust, care for employees and teamwork, together with my colleagues. I believe that there is no individual success without a team, that's why I dedicate a part of this award to my colleagues and associates.

THE BEST TEAM

CARNEX COMMERCIAL TEAM

Through the maximum efforts of its members, the Carnex commercial team continued to confirm and improve its leadership position in the market of meat and meat products. The goal of the commercial team is to improve the availability of its products through appropriate portfolio management, positioning and a competitive promo mix, in order to satisfy the needs of both its loyal consumers and all new consumers to whom the rich and high-quality products of Carnex will be available. The daily work of the team also involves fostering all MK Group values, positive energy and dedication. The commercial team made a special effort during 2022 to continuously present MK Group mission and vision, both in cooperation with external customers and through internal communications. Successfully implemented campaigns and all activities at the point of sale were achieved by the synergy of all sectors operating within Carnex, including the finance team, logistics team, production team, planning team, procurement team, and numerous other relevant sectors. The strength of MK Group brand will also be the driver of the commercial team in the upcoming period, so it can be even more successful.





OCCUPATIONAL HEALTH AND SAFETY OF EMPLOYEES

Occupational health and safety is the initial premise from which the planning of all business and production activities of MK Group and its member companies starts. Every year, we consciously and consistently work to improve working conditions in order to ensure the well-being and safety of employees and reduce the risk of injury to a minimum. We regularly organise training sessions on occupational safety, warn of potential dangers and promote the correct use of protective equipment.

Quality training in occupational health and safety is the basis of our safety programme. The training sessions are designed to provide employees with the necessary knowledge, skills and awareness of workplace risks. We teach them how to recognise potential dangers and how to react in case of accidents. As part of fire safety training, our employees learn how to use firefighting equipment and react quickly and efficiently in the event of a fire. We work on promoting preventive measures that reduce the likelihood of accidents. Our commitment to raising awareness of the topic of safety is accompanied by constant maintenance of equipment, lighting and other ergonomic conditions.

Along with proper training, regular feedback from employees is also important to improve occupational health and safety. Through the established occupational health and safety committees, the forms that the employees fill out anonymously and submit, we have the opportunity to spot potential risks in the work environment in a timely manner and react appropriately.

The results of our efforts in this area are very visible. Regular monitoring and analysis of incidents at work show that the number of injuries and accidents has significantly decreased, and continuous investment in employee training contributed to that.

Work-related injuries recorded

	2021	2022
Number of work-related injuries	85	80
· minor injuries	70	68
· major injuries	15	12

social impact

All our production facilities are certified according to the occupational health and safety standard ISO 45001:2018, which implies the implementation of high standards in risk management and ensuring a safe working environment.

For MK Group, occupational safety is not only a legal obligation, but an integral part of our business culture. In the coming period, we will therefore continue to implement all measures to ensure appropriate application and compliance with regulations and standards related to occupational health and safety.



As new goals to which we are committed, we have set:

-  • Achieving **365 days of injury-free work**
-  • Achieving **365 days of fire-free work**
-  • Providing resources and programmes for **improving the physical and mental health of employees**
-  • Encouraging healthy life habits and styles through initiatives such as: **sports programmes, health and well-being counselling, establishing a balance between work and private life**
-  • Organising **free health check-ups for employees**

CARING ABOUT CONSUMERS AND QUALITY

Because of the focus on excellence and commitment to the highest business standards, MK Group has become a synonym for quality in the agri-food industry and hotel industry. The quality and safety of products and services are guaranteed by rigorous control processes. With a systematic approach to the identification and minimisation of potential risks for consumers and users, we continuously work to improve our production and business processes and quality.

Remaining consistent with the principle of transparency, we pay great importance to providing comprehensive information about the composition of our products in order to enable consumers to make informed decisions when purchasing. In order to ensure a feedback receiving mechanism for the purpose of fostering relations with customers, the member companies within our group have established clear procedures for submitting complaints, and they approach each one with care. Precisely defined procedures for efficient complaint processing include all stages, from procurement to sale of products. In case of a complaint, the company reacts immediately, starts the process of problem analysis, identification of appropriate corrective actions and continues communication with customers until notification of the outcome of the complaint, which may result in compensation or product replacement, if justified.

Carnex, Sunoko, PIK Bečej and Agrounija products go through detailed control and testing processes to ensure they meet the highest quality and safety standards before they reach consumers. Production locations are certified and comply with international standards. During 2022, no non-compliance with regulations was recorded.



social impact

LIST OF STANDARDS ACCORDING TO WHICH MK AGRI-FOOD DIVISION COMPANIES ARE CERTIFIED

Certificate	Short description	Certified companies
HACCP	A food safety system based on the analysis and control of potential biological/microbiological, chemical and physical hazards to which raw materials are exposed, possible hazards during handling, production, distribution and consumption of the final product. Its application implies compliance with standard operating procedures and instructions that reduce food safety risks.	Carnex PIK Bečej Agrounija
IFS	Food quality and safety standard that verifies the competence of food producers in both respects. It is based on the principle of traceability – the ability to “monitor” the fitness and quality of the product at every stage of production and distribution at any moment on the way from the primary manufacturer to the end user.	Carnex PIK Bečej Sunoko Agrounija
BRC	Food safety standard accepted by manufacturers around the world primarily for products intended for the UK market. BRC was developed to help retailers meet their legal obligations and protect consumers, and it is the basis for evaluating companies that supply branded food products.	PIK Bečej Agrounija
HALAL	A set of rules and guidelines for the production and preparation of food in accordance with Islamic religious customs. Most of the Halal standard requirements are identical to the HACCP system and ISO 9001 standard.	Carnex Sunoko
KOSHER	It stipulates the production and preparation of food according to special Jewish regulations and customs. Given that the Kosher certificate is increasingly recognised as a sign of healthy and quality food, in addition to members of the Jewish community, food with the “Kosher” label is also consumed by Muslims, vegetarians, and people who are allergic to different types of food.	Sunoko

Certificate	Short description	Certified companies
Dunav Soja	A quality programme established for the purpose of promoting and spreading the cultivation, processing and marketing of sustainably produced, NON-GMO soybeans of controlled origin from the Danube region. The goal is to develop and guarantee a sustainable NON-GMO protein supply in and from Europe.	PIK Bečej
ISO 9001	A framework for implementing a quality management system that provides an opportunity for organisational performance in terms of product and service quality. It provides a set of principles for managing business activities in order to achieve consistent client/customer satisfaction.	Carnex PIK Bečej
FSSC 22000	Reference food safety standard of the Global Food Safety Initiative (GFSI).	Sunoko
GMP+	It certifies the quality and fitness of products in animal feed production.	Sunoko
SAI – FSA	SAI global initiative is the platform for sustainable agriculture in food and drinks chain of value. It developed the Farm Sustainability Assessment (FSA) tool for sustainability assessment on farms, enabling assessment, improvement and confirmation of sustainability in supply chains.	Sunoko
Global GAP	Internationally recognised standard for agricultural production. The goal of the standard is safe and sustainable agricultural production for the benefit of farmers, traders and consumers worldwide.	Agrounija
GRASP	Upgrade of GlobalGAP standards regarding social practices and treatment of farm workers.	Agrounija
ISO 14001	The environmental management system is applied by companies that want to improve and maintain environmental standards, all in accordance with their environmental policy statement and all the requirements of the standard itself.	Carnex PIK Bečej Sunoko Agrounija
ISO 45001	The first international standard dealing with occupational safety and health. It aims to provide a safe and healthy working environment for employees and visitors.	Carnex PIK Bečej Sunoko Agrounija
ISO 50001	An energy management system that provides opportunities for the organisation to implement a systemic approach in achieving continuous improvement of energy efficiency.	Carnex

DATA SAFETY

Our hotels Grand Kopaonik, Kempinski Adriatic and Kempinski Palace Portorož, are dedicated to guest data safety and protection and are in line with the General Data Protection Regulation (GDPR) and the national laws of the countries they operate in. The Data Protection Regulations were adopted to ensure that all guest data is carefully stored and processed.

The implementation of these regulations includes the use of best practices and appropriate software solutions that further improve security and data protection. Any data processing is done only with the prior consent of the user. In this way, guests can be sure that their data is stored in accordance with the highest privacy standards. In addition, the hotels organised training on GDPR, and employees at the reception and in sales received training on the application of legal regulations and standards in this field.

RECOGNITIONS FOR THE HIGHEST STANDARD OF SERVICE IN OUR HOTELS IN THE LAST THREE YEARS

2023 GARDEN GASTRO BAR RESTAURANT of the Grand Hotel Kopaonik was presented in the second prestigious gastronomic guide "Gault & Millau", as one of the best restaurants in Serbia and received an award for one of the best caterers.

2022 HOTEL KEMPINSKI PALACE PORTOROŽ is the winner of the prestigious World MICE Awards, as the best hotel in Slovenia in the segment of organisation of meetings, conferences and events.

2021 HOTEL KEMPINSKI PALACE PORTOROŽ was awarded the prestigious title "Best Hotel in Slovenia" by World Hotel Awards.

2021 HOTEL GRAND KOPAONIK was declared the hotel brand of the year. The expert jury for awarding the most prestigious awards in the hotel industry of Serbia awarded this award to the Grand Hotel under the brand "Ambassadors of Good Service" brand.

2020 KEMPINSKI PALACE PORTOROŽ AND KEMPINSKI HOTEL ADRIATIC received the world's prestigious Haute Grandeur Global Excellence Awards, as the leading five-star luxury hotels and resorts on the Istrian coast, namely:

• **The best historical hotel in Slovenia:**
Kempinski Palace Portorož

• **The best luxury hotel in Slovenia:**
Kempinski Palace Portorož

• **The best destination hotel in Croatia:**
Kempinski Hotel Adriatic

• **The best hidden resort in Croatia:**
Kempinski Hotel Adriatic

2020 HOTEL KEMPINSKI PALACE PORTOROŽ is the winner of the World Travel Awards and was declared the leading hotel in Slovenia for 2020.

2020 KEMPINSKI HOTEL ADRIATIC is the winner of the World Golf Awards as the best golf hotel in Croatia.





AWARDS FOR QUALITY OF OUR PRODUCTS IN THE LAST THREE YEARS

2023 At the Agricultural Fair in Novi Sad, **Carnex** received the Grand Champion's Cup for top quality and a wide range of products and a total of 40 awards: 13 Grand gold medals, 16 gold medals and 11 silver medals, and 7 products won the title of Product Group Champion.

2023 Two gold and one silver medal at the Agricultural Fair in Novi Sad for **PIK Bečej** products – frozen peas, frozen sweetcorn and sterilised corn.

2022 At the 89th International Novi Sad Agricultural Fair, **Carnex** received the Grand Champion's Cup for top quality and a wide range of products, 12 Grand gold medals, 22 gold medals, and 9 products won the title of Product Group Champion.

2022 At the 89th International Novi Sad Agricultural Fair, **Flora** fruit and vegetable processing factory won awards in the categories Frozen Peas 450g, Frozen Sweetcorn 450g and Sterilised Corn 425ml.

2022 **Erdevik Winery** was presented in the prestigious gastronomic guide "Gault & Millau".

2021 **Carnex** received the Grand Champion's Cup for top quality and a wide range of products at the Agricultural Fair in Novi Sad. Other awards: 5 products are Champions of Quality, 8 products were awarded the Grand gold medal, 21 products received the gold medal, and 6 products were awarded the silver medal.

2021 **Erdevik Winery** is the recipient of recognition for consistency in the concept of creating fine and great wines from the Fruška Gora terroir, by the Decanter World Wine Awards and the Wine Advocate magazine.

2020 **PIK Bečej** within which the Flora fruit and vegetable processing plant operates, won first place at the Novi Sad Agricultural Fair in five categories: quick-frozen peas, quick-frozen sweetcorn, quick-frozen asparagus, quick-frozen yellow green beans and sterilised peas.

2020 **Erdevik Winery** received the prestigious platinum Decanter medal for Serbian chardonnay for its wine Omnibus lector 2015 wine.

2020 **Carnex** meat industry won 13 grand gold, 20 gold and 2 silver medals at the traditional quality assessment of the commission of the International Agricultural Fair in Novi Sad.

2020 **PIK Bečej** received a gold medal for quality at the 87th International Agricultural Fair, for its frozen peas and sweetcorn.

social impact

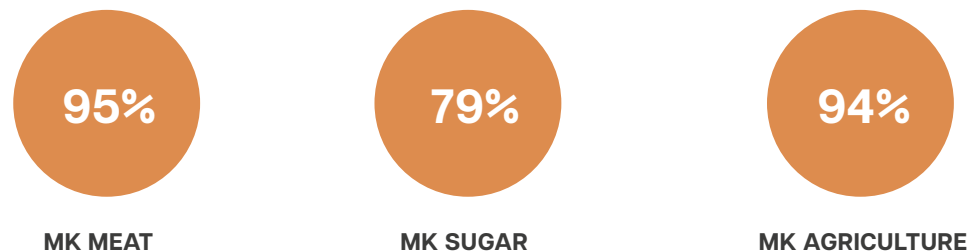
CHAIN OF VALUE

The companies within MK Group apply the principles of traceability of raw materials and packaging to ensure the highest standard of product quality and safety.

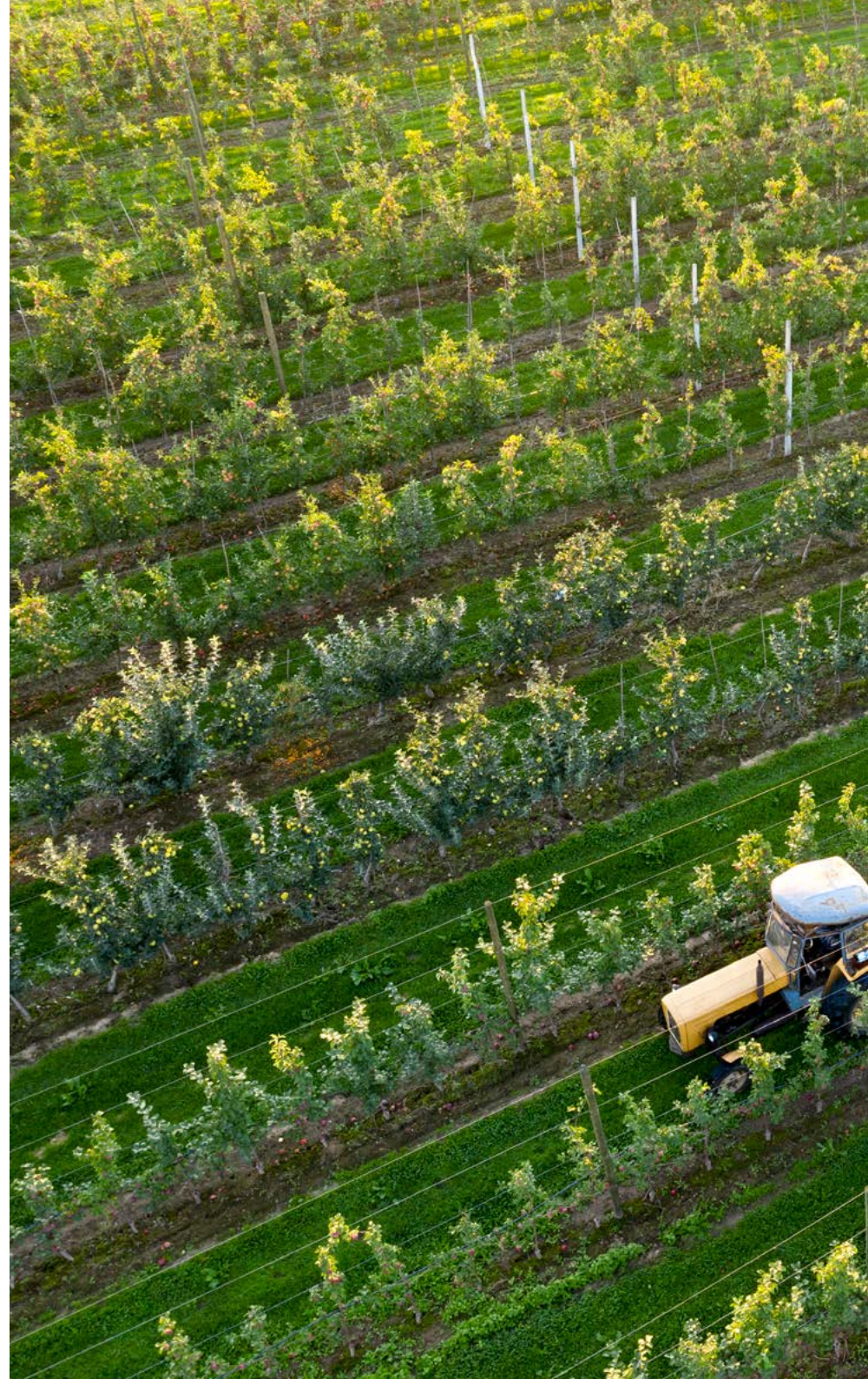
The process of supplying raw materials from our own farms, but also from local suppliers, ensures high-quality raw materials for the meat industry. Vertical integration with controlled pig breeding guarantees safe and healthy raw material for Carnex products. The production of sugar beets and apples is under the supervision of our experts who carefully monitor every phase, starting with soil preparation, through vegetation, to storage and processing.

Most of the raw materials that MK Agri-food Division procures and uses in its production are of local origin. In addition to supporting the local economy, we reduce our carbon footprint in this way.

Per cent of purchasing products and services from local suppliers in 2022



The procurement process and the selection of suppliers are carefully managed to ensure that everything that originates from external sources (materials, products and services) and has an impact on food safety and quality, is in accordance with the requirements of standards and applicable regulations. Special attention is paid to traceability and good manufacturing practices.





Watch a video on consumers in focus: Carnex campaign "Every day is a good day"



good practice



Traceable and sustainable sugar production

Sunoko has successfully verified the sustainable development of agricultural production of sugar beet and sugar. Together with MK Agriculture Division, it is the first company in Serbia to obtain the FSA (Farm Sustainability Assessment) certificate, which is part of an international programme involving farmers and companies committed to sustainability and best agricultural practices.

This verification is a proof of responsible production and care of natural resources and soil conservation – from preparation for sowing and use of fertilisers, to the use of chemical agents. It is also proof that in addition to environmental protection, special attention is paid to working conditions and the health and safety of production employees.

Sunoko partners and buyers are the largest companies and commercial chains in food and beverage industry, and they recognise the value of implementing a standard like this. An example is cooperation with Barry Callebaut, a Swiss company and one of the world's leading producers of high-quality chocolate and cocoa products, which uses certified Sunoko sugar in its production in the Novi Sad factory, allowing it to point out on its products that they were obtained in a sustainable way.

good practice



Farm-to-table for quality lasting for 65 years

In its production, the Carnex meat industry uses pork obtained from its own farms. Through vertical integration and application of the "farm-to-table" principle, the production cycle is fully controlled and thus ensures the highest product quality and safety. MK Meat Division owns its own animal feed factory and agricultural production for fattening animals on its farms.

This principle of organisation, with a strict control of production process, guarantees consumers the quality of Carnex products they have recognised for 65 years. For example, only specially selected pieces of pork and liver are used for the famous Carnex liver pâté, and new Pilino chicken pâté is made only from the best chicken leg and thigh meat.

social impact

CARING ABOUT COMMUNITY

Social responsibility is a strategic commitment of MK Group. During 40 years of business development, we have taken care of our environment in order to contribute to the development of society in general. In the last five years, we allocated EUR 5 million for philanthropy, and in the anniversary year we have committed to allocating EUR 5 million for socially responsible projects in the next 5 years. MK Group socially responsible activities are focusing on:



EUR 5 million in the following 5 years for CSR activities



family and parenthood support



programmes for children and youth



support to education



assistance to healthcare institutions



assistance to vulnerable social groups

We strive for every project we implement to have the widest possible scope in order to generate value for as many people as possible. We try to strategically direct the largest part of the funds to projects of national importance, as well as connecting the region through charity with our activities.







FAMILY
SUPPORT



FAMILY SUPPORT

Watch a video on
"Family Support 2022"
event.



Caring for employees and family is one of the core values of MK Group, and "Family Support" is our regional project in its seventh year of implementation. We implement it together with AIK Banka and Gorenjska banka. It was created as we wanted to provide support for parenthood, so in 2017 we started rewarding all employees who become parents in the current year with financial subsidies. Over the course of six years, 1,300 babies and 790 families were awarded a total of over RSD 47 million. In 2022, a total of RSD 10 million was allocated to 160 new employees, which we handed over to them at the end of the year, when we traditionally organise an event to which we invite them together with their children and partners.

In time, "Family Support" obtained its external dimension. We have expanded our most recognisable CSR programme, in order to be with not only the families of our employees, but also parents throughout the region. We recognised the importance of systemic support for family policy and measures to encourage birth rate growth, and we initiated a donation programme aimed at creating better conditions for children and young families.

In 2022, we thus focused our attention on mothers and babies, and improving conditions in maternity wards in the Adria Region. Seven maternity wards in Serbia, Croatia, Slovenia, Montenegro and Bosnia and Herzegovina, in which about 16,000 babies are born every year, received our donations in the total value of EUR 570,000 for renovating and equipping spaces where pregnant women, mothers and newborns stay, or for the purchase of medical equipment. In the implementation of the project, we had the support of the ministries of health in all the countries where the donations were made, whose expert teams identified the healthcare institutions that needed the most help.

DONATIONS TO MATERNITY WARDS IN 2022

Watch a video about
donations to maternity
wards in Adria Region



The most modern rooms for mothers in the maternity ward in Ljubljana

Postpartum rooms of maternity ward in Ljubljana were renovated in a joint MK Group and Gorenjska banka. With a donation of EUR 120,000, the rooms were renovated according to the highest healthcare standards and enable mothers to stay in them not only with their babies but also with their partners, which positions UCC Ljubljana among the most modern hospitals in Europe.

State-of-the-art ultrasound machine for examination of pregnant women in Zagreb

A total of EUR 100,000 was donated to maternity ward of “Sestre milosrdnice” Clinical Hospital Centre. The funds were used to purchase a state-of-the-art ultrasound machine that is used to examine pregnant women and new mothers.

Support to sterility treatment in “Dragiša Mišović” CHC in Belgrade

Donation of MK Group and AIK Banka of EUR 100,000 was provided to “Dr. Dragiša Mišović” Gynaecology and Obstetrics Hospital, CHC, Belgrade. The amount was used for the purchase of a state-of-the-art laparoscopic column that is used in various gynaecological procedures, and has a special application in the treatment of sterility, so that women who come to this healthcare facility from all over Serbia have a chance to become mothers. This device makes it possible to operate on more than 1,000 women a year with a better technique.

Better conditions in three maternity wards in Bosnia and Herzegovina

EUR 200,000 donation of MK Group and AIK Banka was divided among three maternity wards in Bosnia and Herzegovina. The laparoscopic column was donated to “Prim. dr. Abdulah Nakaš” General Hospital in Sarajevo, whereas in the Republic of Srpska, the donation was divided among the maternity wards of “Dr. Mladen Stojanović” Hospital in Prijedor and Gradiška Hospital, for the procurement of the needed medical equipment.

Warming unit for babies and ultrasound machine for maternity ward in Cetinje

A donation worth EUR 50,000 was made in Montenegro, and for this amount, a warming unit for babies and an ultrasound machine were donated to the maternity ward of the “Danilo I” General Hospital in Cetinje, and installed in the obstetrics department.



Country	Maternity ward	Donation purpose	Donation value
Serbia	“Dr. Dragiša Mišović” Gynaecology and Obstetrics Hospital, CHC, Belgrade	Laparoscopic column	EUR 100,000
Slovenia	UCC Ljubljana	Renovation of postpartum rooms	EUR 120,000
Croatia	CHC Sestre milosrdnice Zagreb	Ultrasound machine	EUR 100,000
Montenegro	“Danilo I” General Hospital Cetinje	Ultrasound machine and warming unit for children	EUR 50,000
Bosnia and Herzegovina	“Prim. dr. Abdulah Nakaš” u Sarajevu “Dr. Mladen Stojanović” u Prijedoru “Gradiška” Hospital	Medical devices and equipment	EUR 200,000

social impact

CSR ACTIVITIES WITH A TRADITION LONGER THAN ONE DECADE

“Family Support” is not the only CSR programme we implement. There are a number of activities that we implement and organisations that we support year after year.

Among them is the organisation of winter holidays for the best students from Kosovo and Metohija, in our hotel Grand Kopaonik, which we have organised 11 times so far. MK Group shows its commitment to children, youth and family through many years of supporting vulnerable social groups such as single mothers, families at risk of displacement of children, and children without parental care.

We have been supporting SOS Dečija sela Srbija for 11 years, through different forms of assistance. For the last three years, we have been supporting the work of their special programme to empower families at risk of displacement of children. In particular, a total of EUR 96,000 was donated to the family support centre in Nišs during this period, and in 2022 we allocated EUR 36,000 for that. Thanks to these funds, activities were carried out to improve living conditions, parental competences and provide better care and conditions for children to grow up, as well as preventing their separation from biological families. We supported 50 families and 120 children and young people of the Niš District in this way last year alone.

Through food donations, we show solidarity with those who need help the most. Our member companies from MK Agri-food Division donate products from their portfolio every year. We cooperate with Food Bank Belgrade and charity organisations that help us distribute food packages. In 2022, we donated over 10 tonnes of food to socially vulnerable persons and

In 2022, we donated over 10 t of food to socially vulnerable persons and thus provided over 50,000 meals.



thus provided over 50,000 meals. When it comes to this type of donation, Carnex stands out in particular, as between 2019 and 2021 it donated 70 tonnes of its products.

MK Group has been donating significant funds to healthcare systems in Serbia and the region for decades. Healthcare support was an integral part of our regional “Family Support” programme in 2022, given that the beneficiaries of the donations were healthcare institutions and their gynaecology-obstetrics departments. **Our cooperation with the Institute for Healthcare of Children and Youth of Vojvodina and the National Association of Parents of Children with Cancer NURDOR has been going on for ten years.** The Parents’ House in Novi Sad, a gift from Mr Miodrag Kostić, MK Group president, was opened at the beginning of that cooperation. He ceded his former family home for the needs of families with children suffering from serious illnesses who are being treated at this Institute in Novi Sad. Every year in December, we traditionally organise the distribution of New Year’s packages for children at the Parents’ House.

SUPPORT TO EDUCATION

Aware of the importance of knowledge for the individual and the development of society as a whole, MK Group encourages quality education, supports educational institutions and shares its knowledge with the communities in which it operates.

Cooperation has been established with several faculties of the University of Belgrade and Novi Sad, in which our experts give lectures by invitation, while students have the opportunity to become more familiar with MK Group's operations and career development opportunities offered by the company and its members. We currently have this kind of cooperation with the following higher education institutions:

- **Faculty of Agriculture, University of Belgrade**
- **Faculty of Agriculture, University of Novi Sad**
- **Faculty of Technology, University of Novi Sad**
- **Faculty of Organisational Sciences, University of Belgrade**
- **Faculty of Electrical Engineering, University of Belgrade**
- **Faculty of Economy, University of Belgrade**

Young people also have the opportunity for internship in MK Group and our member companies, and through organised professional visits they can learn about production and see in practice what the processes they learn about in lectures look like.

Apart from that, MK Group and its members frequently donate funds for PCs and other devices to schools. In 2022, pupils of primary schools "Slobodan Bajić Paja" from Pećinci, "Duša Jerković Uča" from Šimanovci, and "Dušan Vukasović Diogen" from Kupinovo had the chance to use 30 laptops donated by our Sunoko company. Sunoko also opened its doors to students through inclusion in the process of dual education.

PHILANTHROPY AWARDS THE LAST THREE YEARS

2022 AWARD FOR DONATING FOOD, contribution to the fight against poverty and the achievement of the Sustainable Development Goals. It is awarded by the Responsible Business Forum and the Charity Coalition to those who respond to the call to donate a significant amount of food as part of the “Save Food, Save Humanity” initiative.

2022 “DIPLOMACY&COMMERCE AWARDS” AWARD for the best socially responsible company, awarded by Diplomacy&Commerce magazine, for contributing to the improvement of the economic environment and society, in order to make them a better place to live and work.

2022 “CAMPAIGN WITH A PURPOSE 2022” AWARD for the “Family Support” project. The recognition is awarded by the Festival of Socially Responsible Communication “Campaigns with a Purpose” for campaigns that recognise, honour and encourage socially responsible communication aimed at the well-being of children and individuals, and directly affect the improvement of the living conditions of children in Serbia.

2021 RECOGNITION FOR CONTRIBUTION TO THE FIGHT AGAINST POVERTY within the CSR forum organised by the Responsible Business Forum supported by USAID.

2021 VIRTUS AWARD FOR PHILANTHROPY for contribution at the national level in 2020. This prestigious award is awarded by Trag Foundation, supported by USAID, the European

Union, Balkan Trust for Democracy, Balkan Civil Society Development Network and Swedish International Development Cooperation Agency.

2021 MK GROUP WAS AWARDED FOR SOCIAL RESPONSIBILITY for support to healthcare institutions and healthcare professionals in the prevention and fight against the spread of the Covid-19 pandemic, awarded by the Serbian Chamber of Commerce.

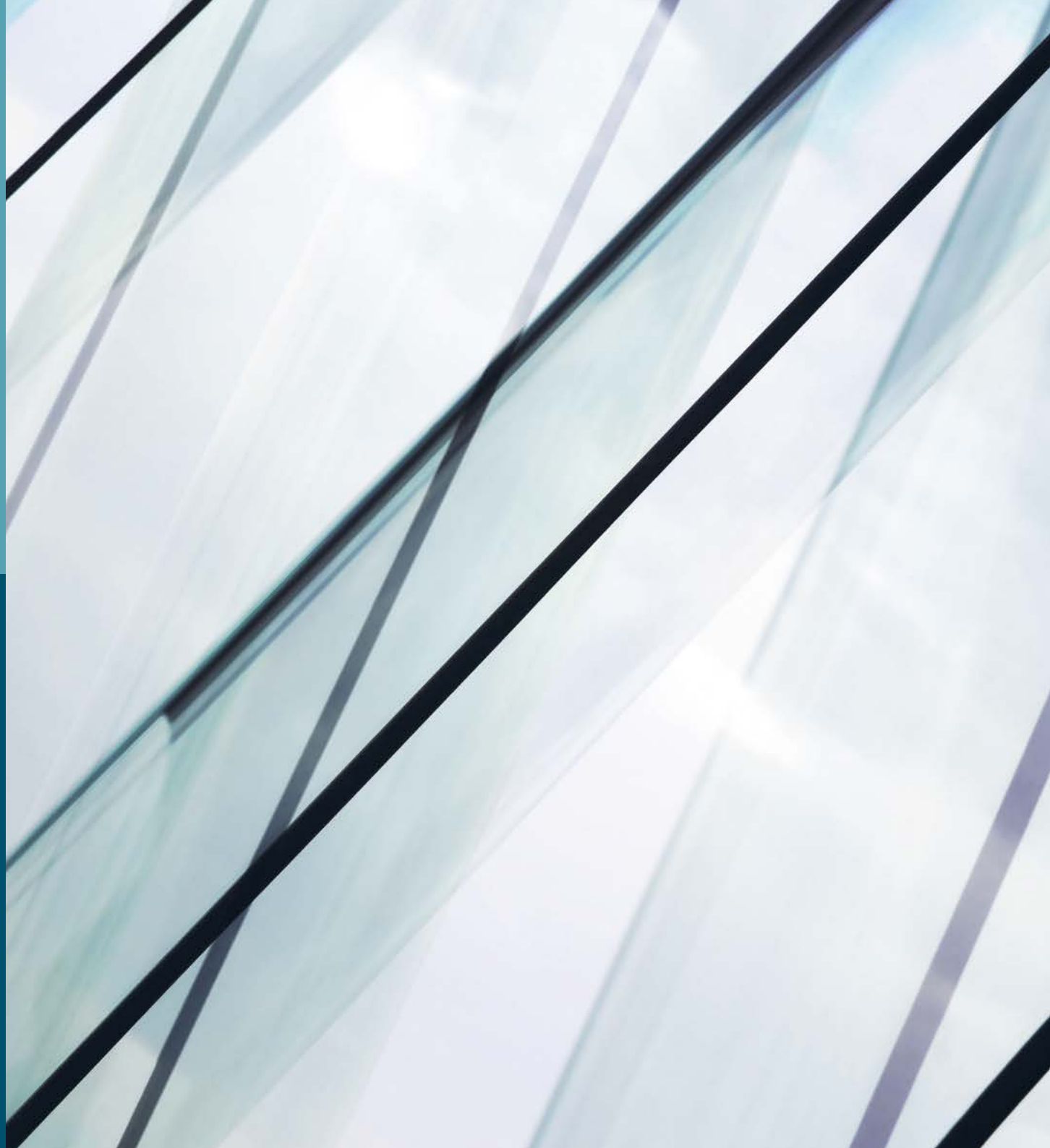
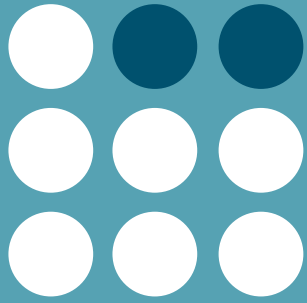
2021 AWARD FOR DONATING FOOD TO THE MOST VULNERABLE PEOPLE, contribution to the fight against poverty and the achievement of the Sustainable Development Goals, awarded by the Responsible Business Forum and the Charity Coalition.

2021 THE FIRST REGIONAL AWARD FOR CORPORATE PHILANTHROPY established by SIGN network of independent foundations of SE Europe.


2020 PRESTIGIOUS AWARD OF THE SERBIAN ASSOCIATION OF MANAGERS in the Socially Responsible Company of the Year category.

2020 CHARTER OF THE SERBIAN PHILANTHROPIC FORUM AND B92 FUND for an exceptional contribution during the fight against the coronavirus and the development of charity and philanthropy.





corporate governance



During 2022, we set a strategic approach to managing ESG topics, defined goals for the next five years in each area, established a system for non-financial reporting of MK Group and member companies, and formed an ESG structure and a team that will be responsible for managing ESG risks and opportunities. We will continue to transparently inform stakeholders, regularly monitor and analyse our progress in achieving the set goals in order to be champions of sustainability.



MK Group contribution to UN Sustainable Development Goals

- | | | | | | | | | |
|--|------------------------------------|--|--|------------------------------|---|--|--|--|
| 1 NO POVERTY
 | 2 ZERO HUNGER
 | 3 GOOD HEALTH AND WELL-BEING
 | 4 QUALITY EDUCATION
 | 5 GENDER EQUALITY
 | 6 CLEAN WATER AND SANITATION
 | 7 AFFORDABLE AND CLEAN ENERGY
 | 8 DECENT WORK AND ECONOMIC GROWTH
 | |
| 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
 | 10 REDUCED INEQUALITIES
 | 11 SUSTAINABLE CITIES AND COMMUNITIES
 | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
 | 13 CLIMATE ACTION
 | 14 LIFE BELOW WATER
 | 15 LIFE ON LAND
 | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
 | 17 PARTNERSHIPS FOR THE GOALS
 |

OUR AMBITION FOR ORGANISATION OF FUTURE

Achieving productivity and profitability is supported by a clearly defined organisational structure, procedures, but also by a corporate culture based on values, mission and vision that connect employees and contribute to the achievement of business goals.

As a company whose business is based on the principles of sustainable development, for 40 years we have been recording constant growth and creating value for our employees, business partners and the wider community. With a strategic approach to investment, MK Group has built a reputation as a responsible investor, a preferred employer, a financially stable system and an efficient organisation with an optimal management model for the companies that are an integral part of it. Achieving productivity and profitability is supported by a clearly defined organisational structure, procedures, but also by a corporate culture based on values, mission and vision that connect employees and contribute to the achievement of business goals.

On that path, MK Group is led by the CEO who, together with the Board of Directors, defines the strategic direction of the company's development and encourages a winning culture and team spirit. He is also responsible for the implementation of the European corporate governance standards, and the strategy of ESG management. Half of the members of the Board of Directors are women, and more than 41% of management positions are currently occupied by women, while this number will increase to 50% by 2026, in order to achieve the highest level of gender equality.

The development of leadership skills while fostering an entrepreneurial spirit, professionalism and expertise, as well as a strong sense of ethics characterise the management of our company. In everything it does,

MK Group pays special attention to harmonising its activities with the regulatory framework of the countries in whose markets it is present, with a focus on transparency, anti-corruption action and prevention of conflicts of interest, as well as regular settlement of tax duties.

Thanks to the development of sustainable and profitable business models, expertise in market analysis, identification of opportunities for business expansion and smart risk management, a 30% increase in revenue and net profit and a 40% increase in EBITDA were achieved in 2022 alone.

In order to efficiently and effectively follow ESG standards and regulations, MK Group has established a clear management model and structure in this area. In order to ensure that all its activities are aligned with global trends in this area and minimise the risks arising from it, in the coming period our company will particularly focus on managing its supply chains and ensuring the traceability of the raw materials and components it uses. CEO, ESG Board, ESG Team and ESG Coordinators will be in charge of managing and reporting on topics material for the company, which will ensure that the next report has an even broader scope and even more detailed analysis.

CORPORATE CULTURE AS SUPPORT FOR GROWTH AND DEVELOPMENT

Corporate culture is an important aspect of any organisation and its work environment, and a factor that influences company growth and success. Gathering employees around common values enables teamwork to achieve business goals. MK Group develops a corporate culture that supports the realisation of the vision of constant growth and development, and encourages each individual to realise their full potential.



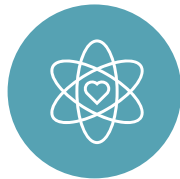
Mission

We grow by creating an environment in which personal and team potentials are realised, with optimal management and responsible behaviour.



Vision

We create value through the development of people, business and society as a whole.



Values

Excellence



We live by high standards and create added value in everything we do.



Empowered people

We create an environment in which individuals develop knowledge and realise their full potential.



Continuous development

We grow beyond our limits through constant improvements, innovations and smart decisions.



Sinergy

We encourage each other and achieve and contribute more together.



CORPORATE GOVERNANCE

An efficient and effective management system is the cornerstone of any successful organisation.

MK Group has proven management expertise in creating and developing sustainable business models that create value. Considering the size of the group, the diversification of business and operations in several markets, MK Group has established a system of optimal management of the holding company and its divisions.

The established management structure and defined processes aim to transparently engage interested parties, ensure sustainable development, responsible behaviour and fair business. Adopted policies and procedures provide a framework for managing risks, identifying business opportunities, measuring performance and fulfilling obligations to stakeholders.

The management body of the company is the MK Group Board of Directors led by the CEO. The Board of Directors is responsible for implementing the strategic direction of development and defining the business strategy in key business areas, as well as for the supervision and control of business operations. It ensures that the company operates in accordance with local and international business standards, practices and regulations. Each member of the Board contributes to the common system goals with extensive experience and in-depth knowledge of their professional areas. In a challenging and dynamic business environment subject to frequent changes, expert knowledge and leadership skills are key to managing a complex system such as MK Group.

Together with the Board of Directors, CEO is responsible for all areas of corporate governance. His task is to achieve the company's strategic goals and establish operational priorities. The CEO manages, supervises and coordinates group and division management. Apart from weekly meetings of MK Group Board of Directors, there are the monthly meetings with the management team of each division, whereas the management teams of the whole system meet quarterly.

President and Vice President of MK Group



Miodrag Kostić

President of MK Group



Aleksandar Kostić

Vice President of MK Group

The Company President set a vision in 1983, and since then MK Group has become a system to learn from, a partner to trust and a support to count on. With his many years of experience and knowledge, he contributes to directing the company on the way to accomplishing its mission and vision. By setting strategic priorities and key areas of system development, with the support of the company's vice president, he directs the optimal use of resources, enables the creation of value through innovation and fosters the foundations of the company's sustainable operating.

MK Group Board of Directors



Mihailo
Janković
CEO



Verica
Teofilović
Finance and Risk
Management



Jovan
Purar
Legal and General
Affairs



Aleksandra
Stojanović
Corporate Affairs



Dejan
Cupać
IT and Technology



Danijela
Havrilčak
Human Resources

Division Management



Slobodan
Košutić
MK Sugar



Ivan
Zeković
MK Meat



Miloš
Mijović
MK Agriculture



Novak
Bojanić
MK Tourism
& Real Estate



Luka
Bjeković
MK Energy

2023





PERFORMANCE MANAGEMENT AND MEASUREMENT



Performance measurement within our system aims to establish a culture where each individual and team takes responsibility for improving business processes and achieving goals, while behaving in accordance with their competences and company values. In this way, outstanding results and the achievement of the company's goals, as well as the continuous development of employees, are enabled.

In the performance management process, constant communication between managers and employees takes place during the year. The basic segments of this process include annual performance evaluation, regular discussion and feedback. Special attention is paid to succession planning.

Annual performance evaluation is a key part of performance management and includes three steps: setting annual goals, semi-annual performance evaluation and evaluation of annual goals, whereby the goals need to be measurable. Key performance indicators (KPIs) are set based on the job description and tasks of each employee, following the plans that need to be realised in order to implement the organisational strategy. Goal setting and evaluation is done through the "SAP Success Factors" application and allows every employee access and transparent insight into the process at any time.

RISK MANAGEMENT

Risk management is an important segment of ensuring business sustainability. MK Group internal risk management framework is designed to support strategic priorities while protecting financial security and flexibility.

The Risk Management Policy was adopted at the MK Group level, and it defines the basic principles of risk management, the roles and responsibilities necessary to achieve the goals of the risk management policy, and provides guidelines for the risk management process, including risk identification, risk measurement, defining limits, monitoring, control and reporting on relevant risks.

These processes are supported by a clear organisational structure, with defined competences and responsibilities, which enables comprehensive and efficient risk management at all levels of the organisation with an appropriate internal control system.

The main principles of risk management and their control are:

- Independence and autonomy of risk-taking and risk control functions
- The risk management function transparency towards internal and external stakeholders
- Developed measurement and control systems in accordance with regulations and best practices

The risks MK Group is exposed to at the moment or could be exposed to are identified and classified into:

- financial
- operational and HR
- regulatory
- market and environmental

MK Group expressed its total risk tendency as “neutral risk.” This means that we practise a balanced approach to risk taking, that risk and return objectives are considered equally, and that risk management activities are undertaken based on cost effectiveness and management priorities.







ANTI-CORRUPTION CONDUCT AND CONFLICT OF INTEREST PREVENTION

The company's anti-corruption programme is supported by top management. The business is fully aligned with all relevant regulations of the Republic of Serbia and the countries in which our member companies operate. There is an established internal control aimed at detecting and preventing corruption.

Anti-corruption rules and guidelines for employees are covered by the Code of Ethics, along with other areas that are not fully governed or elaborated in the law, such as conflicts of interest, political and charitable contributions, sponsorships, and collusion. The primary goal of this document is to describe to employees the risky situations that can lead to corruption and how the employees should behave in those situations.

Employees are obliged to avoid situations in which they have a private interest that can influence their actions and decisions when performing work tasks in a way that threatens the interests of the company. It is the duty

of every employee to do everything in their power to avoid any situation of conflict of interest when performing their duties.

In case of a conflict of interest, employees are obliged to report its existence to the immediate supervisor, so that someone else can be assigned to perform the necessary work. Acting contrary to the rules on preventing conflicts of interest and reporting an employee's private interest is a violation of the work obligation. Provisions on the prohibition of conflicts of interest are stipulated in employment contracts in accordance with the provisions of the Company Law. Conflict mitigation is also achieved through the procedures such as Procedures for Monitoring and Collection of Receivables, Procedures on Treasury Sector Work, Procedures for Product Procurement, etc.

CODE OF ETHICS AND COMPLIANCE WITH LEGISLATION



EUR 124 million
taxes paid on different bases,
in the last 3 years

In today’s business world, ethics and integrity play a key role in shaping the reputation and success of companies.

MK Group adopted a comprehensive Code of Ethics which includes a number of key topics and guidelines for employees at the system level, with the obligation of all affiliates to adopt, respect and apply it. The scope of binding policies is reflected in maximum application in all business relationships and operations. There are adopted regulations, procedures and decisions, governing the rules of conduct, ethical aspects, internal whistleblowing procedure, designation of a support person in case of harassment at work, etc. Binding policies are communicated to interested parties through internal and external communication channels.

MK Group Code of Ethics provides a solid framework for ethical behaviour and responsibility of every employee, and clearly emphasises the importance of integrity and compliance. Employees are encouraged to strictly adhere to corporate standards and legislation, with zero tolerance for violations. Transparency is a key component of this code. MK Group provides mechanisms for reporting its violation, providing employees with a safe way to report perceived irregularities.

The Code defines the protection of property, company interests and personal data as undisputed. It also governs behaviour in external communications, including media and social media, in order to preserve the company’s reputation and the integrity of its employees. MK Group actively protects the rights of its employees, ensures fair compensation, a safe working environment and promotes professional conduct.

Compliance with the tax regulations of the Republic of Serbia and the countries in which we operate is our imperative. The importance of the tax function for strategic and operational management is entrusted to the finance and risk function. Tax legislation related to current operations is monitored within the finance sector of each division, that is the accounting function, staffed with professionals in this field.

We preventively analyse the risks of all member companies in accordance with the specific activities they are engaged in and organise appropriate education for knowledge sharing between the professionals of the divisions, as well as in periods of significant changes in tax legislation.

We support transparent reporting, clear communication and disclosure of relevant data and parameters related to the calculation and payment of various tax forms of all companies operating within MK Group system.

We continuously cooperate with all regulatory institutions in order to ensure compliance with legislation at the highest possible level.

Total taxes paid in 2022 in EUR million	2022
Corporate income tax	37.7
Tax and contributions on wages and other personal income	12.0
Property taxes	1.3
VAT	7.1
Taxes, fees and customs and excise duties	2.0
Tax on the use of goods, and other tax duties	0.1
Total taxes paid	60.2



TRANSPARENT COMMUNICATION WITH STAKEHOLDERS

In order to engage the stakeholders and ensure quality cooperation, inclusion in dialogue and transparency in reporting represent the basic principles that MK Group fosters. This means regular and timely information on all key topics and activities of the company. We use numerous communication channels to inform and involve stakeholders.

External communication:

- Business meetings, presentations and various events
- Communication through business and professional associations
- Press releases
- Notifications for business partners, customers and suppliers via e-mail and standard mail
- Company website and social media accounts
- Various publications and multimedia formats

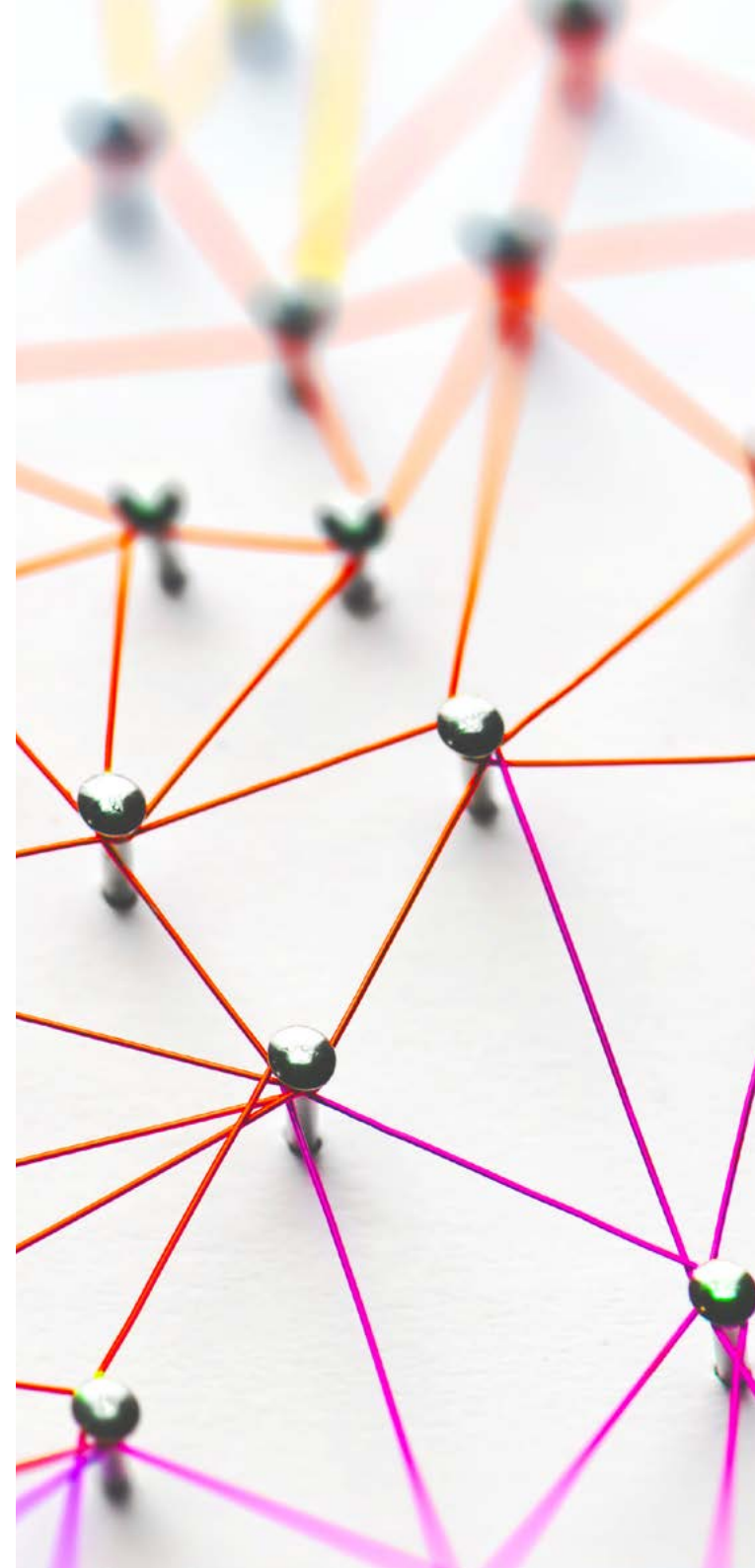
Internal communication:

- Internal events, gatherings and meetings
- MKonekt internal portal
- Mozaik magazine
- E-newsletter and e-mail notifications
- Notifications on the digital signage platform via screens in business facilities
- Posters and notice boards in business facilities
- Boxes in business facilities for leaving questions and suggestions, and an e-mail address with the same function

Memberships in organisations:

MK Group is an active member of many national and international associations and unions like NALED (National Alliance for Local Economic Development), AMCHAM (American Chamber of Commerce in Serbia), PKS (Serbian Chamber of Commerce), SAM (Serbian Association of Managers) and many others.

With its participation and involvement MK Group contributes to the improvement of the regulatory and institutional framework for business, as well as economic policy strengthening in order to create better conditions for business and economic development of the Republic of Serbia.



ESG MANAGEMENT

ESG (Environmental, Social, Governance) field and matters concerning environmental protection, social responsibility and ethical governance today represent an important aspect of business and have a significant impact on sustainable development, defining strategic plans, investment policies, but also on the reputation of companies.

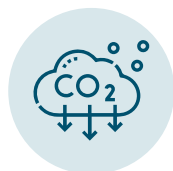
Integrating ESG factors into business operations and decision-making processes leads to improved performance by focusing on sustainability, innovation, resource efficiency and supply chain management. Contributes to building resilience through managing risks associated with climate change, energy supply, working conditions, market practices. It also contributes to building trust and a positive reputation by promoting responsible practices and transparent company reporting, and is becoming an increasingly important element in attracting talent and customers.

As a company that started operating four decades ago and that occupies leadership positions in key business areas, MK Group has a strong impact on the various economic sectors and communities it operates in. That is why ESG principles have been integrated into our development strategy, which implies active consideration of environmental impact, engagement in local communities where we are present, as well as establishing the highest standards of corporate governance.

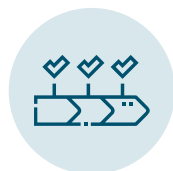
STRATEGIC APPROACH TO ESG TOPICS MANAGEMENT

Our ESG policy is based on systemic approach to ESG risks and opportunities, as well as transparent communication. In accordance with the vision of our company to create value through the development of people, business and society as a whole, with sustainability as one of the strategic priorities, our goal is to become a regional leader in sustainable business in the next five years.

Key areas of MK Group ESG strategy are the following:



achieving carbon neutrality through a gradual reduction in the use of fossil fuels and an increase in energy efficiency



improving sustainability within value chains



environmental protection through appropriate management of water, waste and other resources



improvement of living conditions in the communities we operate in



improvement of the working environment and working conditions for employees



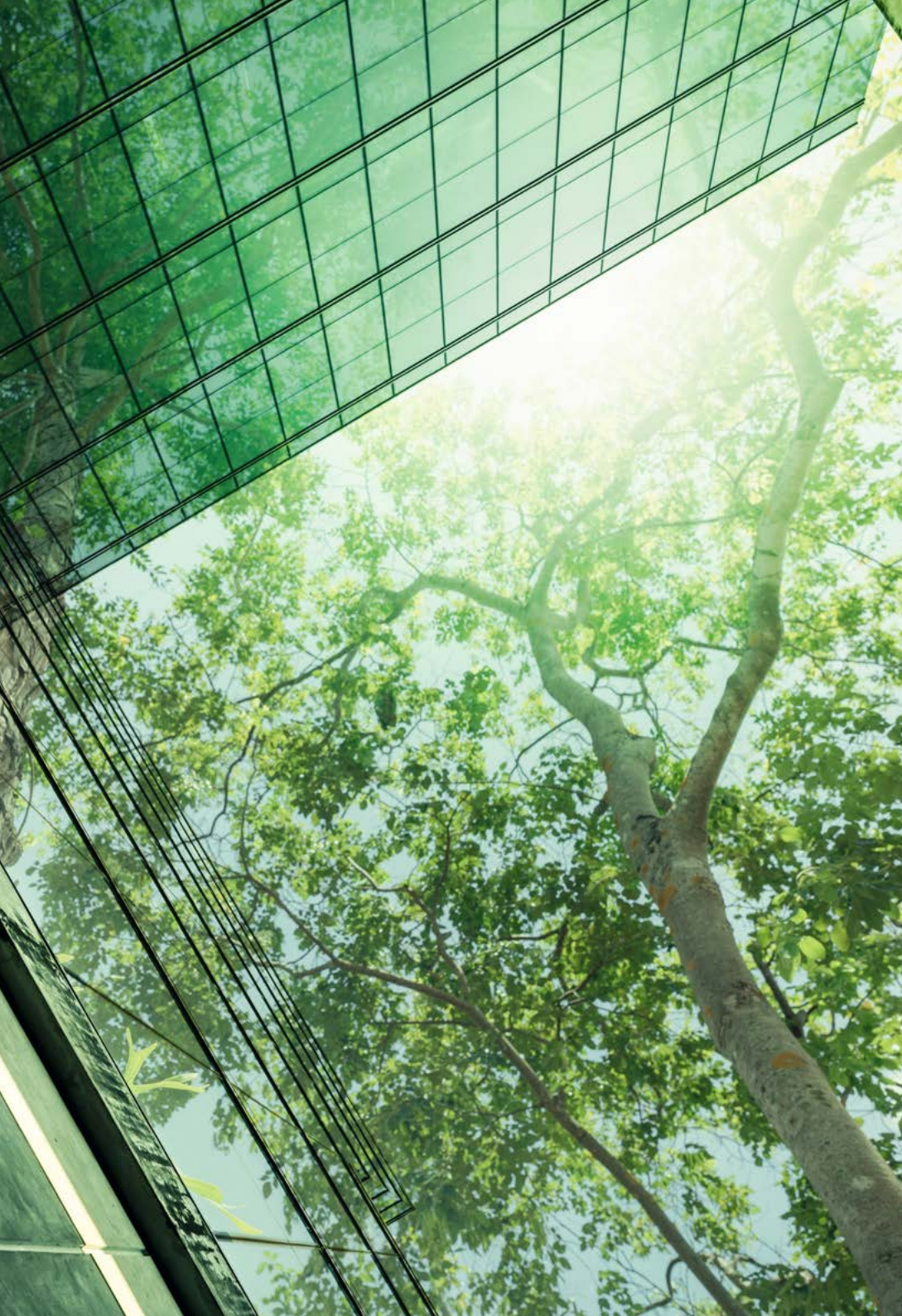
improvement of corporate governance at the group level

As part of setting the strategy, we dealt with an individual approach to each division, keeping in mind the specific characteristics of the industries to which they belong. In 2022, we implemented standardised forms and tools for collecting data and information on material topics at the level of the entire system. The specifics of each division were taken into account in this process, and the goal was to obtain high-quality, accurate, complete and comparable data from all divisions. Special attention is paid to data collection and processing efficiency, which is the basis for progress monitoring in the set ESG goals, as well as for KPI calculation and monitoring.

Also, procedures for collecting and processing data on material topics are developed. They define the method, form and periods of data collection. Taking into account the size, diversification and complexity of operations of various divisions within MK Group, we managed to establish a universal method of data collection and processing.

After the development of the data collection system, an ESG team was established to work on further improvement of procedures and development of ESG management. For the purpose of efficient and effective management in this domain, MK Group founded the ESG Board and Central Autonomous ESG Team composed of representatives from all divisions, who will manage ESG risks and opportunities, and communicate directly with MK Group top management and with nominated ESG coordinators within individual divisions.

In all areas of the ESG strategy, we defined clear and measurable goals for the next five years, and established an action plan for the implementation of ESG initiatives and the achievement of the goals set.



ESG STRATEGY IMPLEMENTATION PHASES

1

Baseline evaluation and materiality assessment

First, a materiality assessment was performed to assess the ESG potential of each MK Group division and jointly define long-term ESG goals that fit into the corporate strategy and business model of MK Group, considering legal compliance and future requirements.

2

Setting goals and priorities

The key performance indicators (KPIs) required for the successful implementation of the ESG strategy are defined.

3

Road map with action plan and key roles

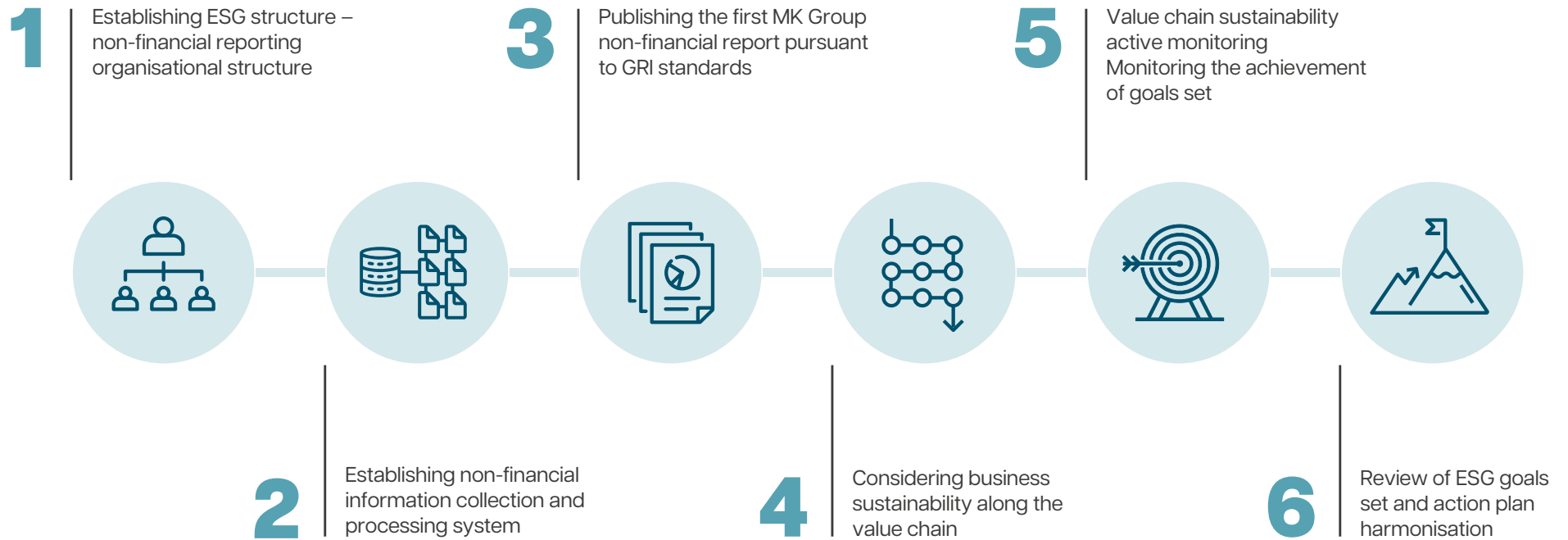
The organisational structure, action plan and procedures related to ESG were created, including the leadership roles and the roles of the ESG operational team in the realisation of the set ESG strategy.

4

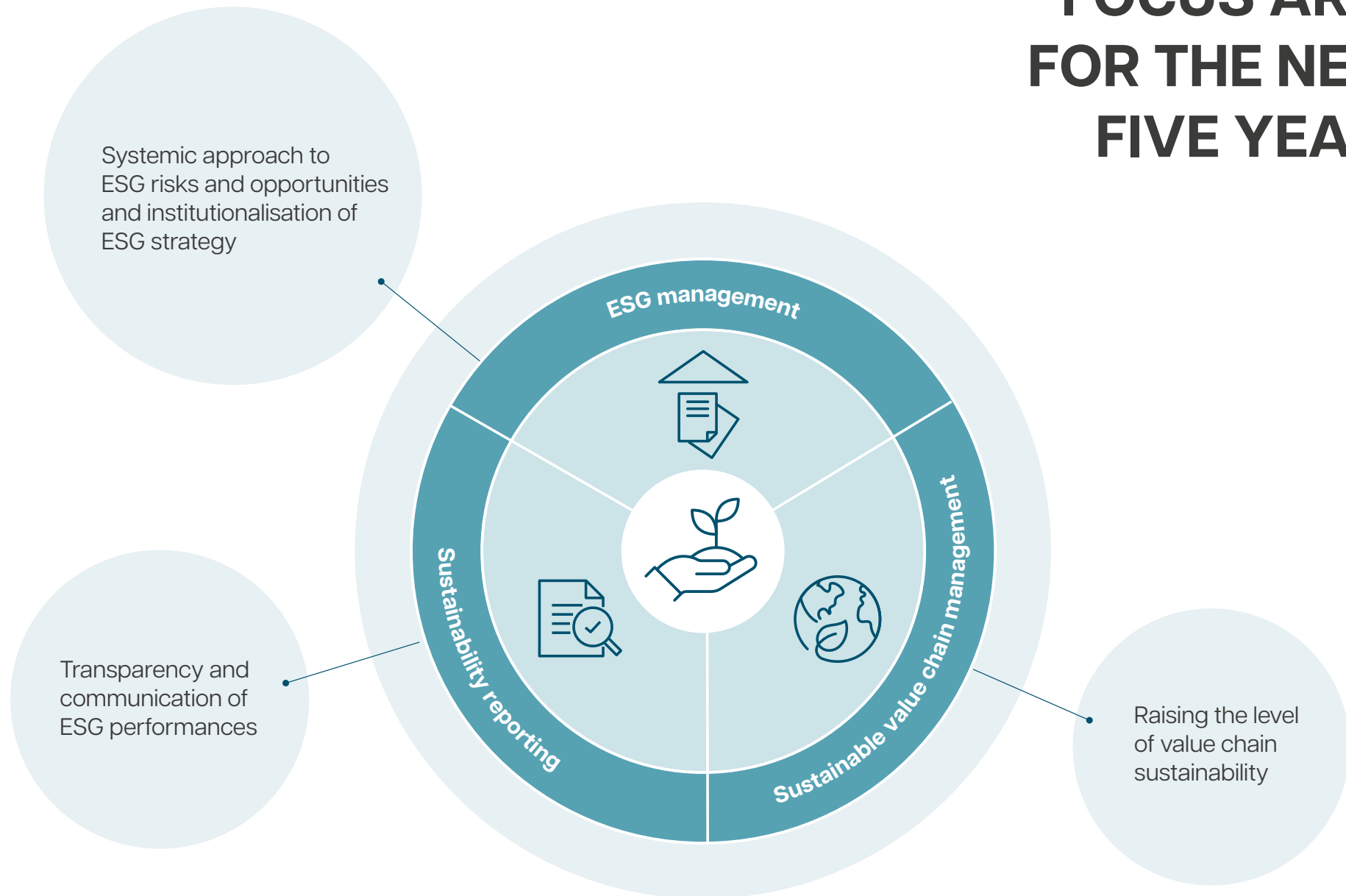
Long-term commitment

Effective monitoring, review and measurement of achievement of ESG goals while raising awareness of knowledge of ESG topics within the company, as well as externally.

KEY ACTIVITIES OF STRATEGIC ESG MANAGEMENT

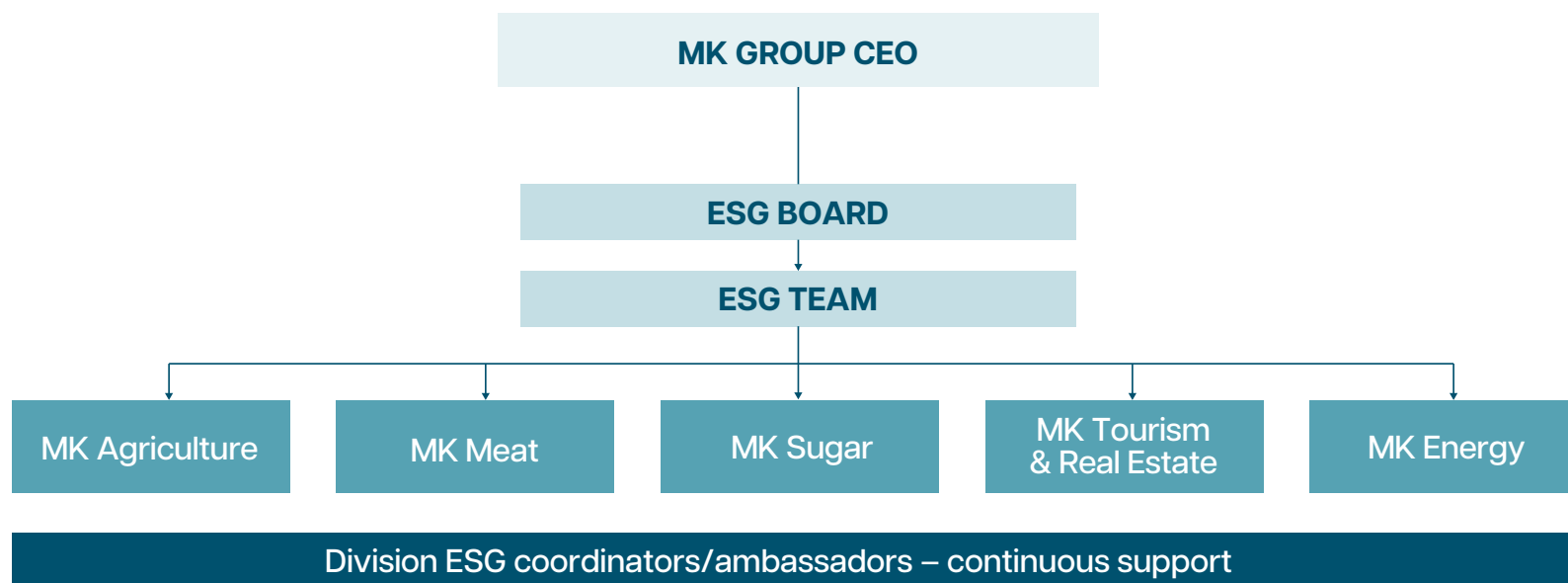


FOCUS AREA FOR THE NEXT FIVE YEARS



ESTABLISHING ESG STRUCTURE AND TEAM

The structure through the procedure and distribution of responsibilities enables the management of ESG risks and opportunities in MK Group.



Duties and responsibilities:

MK Group CEO: Makes strategic decisions in order to increase business sustainability of MK Group, monitors the company's impact on the environment and society, and the achievement of set goals.

ESG Board: The body responsible for the strategic implementation and monitoring of progress in the implementation of ESG initiatives within the entire organisation. Creates, approves and monitors the implementation of the adopted ESG strategy.

ESG Team: It consists of delegated divisional coordinators and divisional management. Manages ESG risks and opportunities, prioritises initiatives in accordance with the division's strategic direction and ESG strategy. Directly communicates with ESG Board and revises annual ESG plans in joint cooperation. It also organises and coordinates professional ESG training for employees and provides support for sustainability reporting.

ESG Coordinators: Delegated divisional representatives with an extensive knowledge about the operations, capacities and limitations of individual divisions. They implement the adopted initiatives at the level of individual divisions, and together with

other members of the ESG structure they are responsible for meeting the divisional KPIs. Each division has its representative for E, S and G segment, focusing on key topics within their field of action and expertise.

The nominated division representatives coordinate all companies in their division to collect and track data for their segment.

TRANSPARENCY AND COMPLIANCE WITH THE LEADING ESG LEGISLATION

MK Group will regularly monitor and analyse its progress in achieving set goals in key areas of the ESG strategy.

A systemic approach will enable monitoring of relevant legislation, and effective and timely compliance with regulatory requirements. We will actively work on improving our ESG performance and adapt our strategy to the needs and changes in the work environment. At the same time, we will transparently inform all the stakeholders about the progress achieved.

In this regard, we closely monitor the progress of domestic and EU legislation, as leading on global level, in relation to ESG matters. Since MK Group performs part of its activities in the

EU countries and exports part of its products to the EU market, continuous monitoring of the development of regulatory requirements in ESG areas enables timely compliance with changes.

The focus on regulatory monitoring enables MK Group to improve its internal policies and procedures, to ensure compliance with all relevant regulatory requirements in terms of transparent reporting and appropriate management of the Company's impact.



appendix



GRI INDICATOR LIST AND MATERIAL TOPIC MAPPING



E SECTION	Reference standard	Disclosures	Description of disclosures	page number
	GRI 302: Energy 2016	302-1	Energy consumption within the organisation	26
		302-2	Energy consumption outside of the organisation	26-33
		302-3	Energy intensity	26-33
		302-4	Reduction of energy consumption	26
		302-5	Reductions in energy requirements of products and services	26
	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)	35
		303-2	Management of water discharge-related impacts	36
		303-3	Water withdrawal	35
		303-4	Water discharge	36
303-5		Water consumption	35	
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	40-43	
	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	22-23	
	305-2	Energy indirect (Scope 2) emissions	22-23	
	305-3	Other indirect (Scope 3) emissions	23	
	305-4	GHG emissions intensity	22-23	
	305-5	Reduction of GHG emissions	22-24	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	38	
	306-2	Management of significant waste-related impacts	38	
	306-3	Waste generated	39	
	306-4	Waste diverted from disposal (landfill and any other form of disposal other than recycling)	39	
	306-5	Waste directed to disposal (landfill and any other form of disposal other than recycling)	39	
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	21	
GRI 13: Agriculture 2022	13-4	Conversion of natural ecosystems	N/A	
	13-5	Soil health	40-41	
	13-6	Pesticides use	40-41	
	13-11	Animal health and welfare	42-43	
	13-23	Supply chain monitoring option	68-69	
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	38.69	

GRI INDICATOR LIST AND MATERIAL TOPIC MAPPING

S SECTION	Reference standard	Disclosures	Description of disclosures	page number
	GRI 2: General Disclosures 2021	2-7	Employees	48-50
	GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	61-62
		403-2	Hazard identification, risk assessment, and incident investigation	61-62
		403-3	Occupational health services	61-62
		403-4	Worker participation, consultation, and communication on occupational health and safety	61-62
		403-5	Worker training on occupational health and safety	61-62
		403-6	Promotion of worker health	61-62
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	61-62
		403-8	Workers covered by an occupational health and safety management system	61-62
403-9		Work-related injuries	61-62	
403-10		Work-related ill health	61-62	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	54	
	404-2	Programmes for upgrading employee skills and transition assistance programmes	54	
	404-3	Percentage of employees receiving regular performance and career development reviews	55	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	50-51	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	50	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	70-78	
	413-2	Operations with significant actual and potential negative impacts on local communities	N/A	
GRI 13: Agriculture 2022	13-9	Food safety	63-65	
GRI 13: Agriculture 2022	13-20	Employment practices	49	
GRI 13: Agriculture/GRI 415: Public Policy 2016	13-24 /415-1	Public policy/Political contributions	94; 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 labor	N/A	
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	63-66	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	63-66	

G SECTION	Reference standard	Disclosures	Description of disclosures	page number	
	GRI 2: General Disclosures 2021		2-1	Organisational details	10-15
		2-2	Entities included in the organisation's sustainability reporting	110-111	
		2-3	Reporting period, frequency and contact point	110	
		2-4	Restatements of information	N/A	
		2-5	External assurance	96	
		2-6	Activities, value chain and other business relationships	68-67	
		2-9	Governance structure and composition	86-87	
		2-10	Nomination and selection of the highest governance body	86-87	
		2-11	Chair of the highest governance body	86-87	
		2-12	Role of the highest governance body in overseeing the management of impacts	86-87	
		2-13	Delegation of responsibility for managing impacts	102	
		2-14	Role of the highest governance body in sustainability reporting	93	
		2-15	Conflicts of interest	96	
		2-16	Communication of critical concerns	86	
		2-17	Collective knowledge of the highest governance body	89	
		2-18	Evaluation of the performance of the highest governance body	89	
		2-19	Remuneration policies	89	
		2-20	Process to determine remuneration	N/A	
		2-21	Annual total compensation ratio	103	
		2-22	Statement on sustainable development strategy	94	
		2-23	Policy commitments	98-99	
		2-24	Embedding policy commitments	90, 96	
		2-25	Processes to remediate negative impacts	94	
		2-26	Mechanisms for seeking advice and raising concerns	94-95; 103	
		2-27	Compliance with laws and regulations	96	
		2-28	Membership associations	96	
		2-29	Approach to stakeholder engagement	49	
		2-30	Collective bargaining agreements	49	
GRI 3: Material Topics 2021			3-1	Process to determine material topics	16
			3-2	List of material topics	17
		3-3	Management of material topics	98	
GRI 201: Economic Performance 2016		201-1	Direct economic value generated and distributed	7	
GRI 204: Procurement Practices 2016		204-1	Proportion of spending on local suppliers	68	
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	93	
		205-3	Confirmed incidents of corruption and actions taken	N/A	
GRI 206: Anti-competitive behavior 2016		206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	93	
GRI 207: Tax 2019		207-1	Approach to tax	94	
		207-2	Tax governance, control, and risk management	94	
		207-3	Stakeholder engagement and management of concerns related to tax	94	

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

The ESG Report 2022 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 total revenues of MK Group.

The report discloses data for 2022 with the aim of publishing it once a year in the future. In case of need for additional information regarding the report, please contact us via e-mail info@mkgroup.rs



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

Agrounija d.o.o.
Carnex d.o.o.
Carnex stočarstvo d.o.o.
Carnex veterina d.o.o.
Energobalkan d.o.o.
Hotel Palace Portorož d.o.o.

IVICOM Energy d.o.o.
MK Agriculture d.o.o.
MK Agropanonija 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.
PIK Bečej d.o.o.
Rezidencija Skiper d.o.o.
Skiper Hoteli d.o.o.
Sunoko d.o.o.
Vetropark Kula d.o.o.

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