MK GROUP

2025

ESG REPORT

Contents

Introduction

Foreword _4
Business portfolio _6

MK Agriculture _7
A leading position in domestic agriculture _8
Freshness that preserves health _9
Tradition and quality _10
The finest apples _11

MK Sugar _12
Regional leader in the sugar industry _13

MK Meat _14
Regional leader in the meat industry _15

MK Real Estate _16
Creating a place to live and rest in the Adria region _17

MK Energy _18
Leader in the energy transition in Serbia _19
Stakeholders and material topics _20

Environment 24

Greenhouse gas emissions _25
Energy consumption and energy efficiency _30
Energy generation from renewable sources _33
Water and wastewater management _37
Waste management _39
Less packaging - greater results for the environment _41
Biodegradable waste _42
Climate change _43
Climate risks and opportunities management _44
Biodiversity and afforestation initiatives _52
Soil and biodiversity conservation _54
The use of agricultural compost in order to improve soil quality _55

Animal welfare _56
Company development – future initiatives _62

Social impact 64

Employee care_65
Employee benefits _67
Gender equality and the representation of women in the Company's leadership _72
Investment in the knowledge and development of employees _73
Continuous development: the essence of performance management _74
"Young Talents" Programme - talent development for a sustainable future _75
Annual awards for employees _76
Occupational health and safety _84
Consumer and quality care _91
Value chain _93
Awards for quality _101

Caring about community _104
Family support _106
Youth support: investment in future generations _108
Traditional CSR activities of the MK Group _110

Corporate governance _119

Modern management structure for sustainable and transparent growth _120
Performance measurement _123
Business ethics, integrity and compliance _124
Tax risk management and compliance _127
Compliance _128
Risk management _129
Digital accountability, cyber security and AI use _130
Transparent communication with stakeholders _133
Memberships in business associations_134
ESG capacity development of the MK Group and education_135
Our sustainability team_136

Appendix 139

GRI indicator list and material topic mapping _140
List of legal entities whose ESG data was used in the publication _143

KIKILJOVA

Foreword

For more than four decades, the MK Group has been building its business on the principles of responsibility, long-term investment and partnerships. Today, we are one of the leading business systems in the region, present in agriculture, the food industry, the energy industry, tourism and real estate development, with operations in Serbia, Slovenia, Croatia and Montenegro. Sustainability is an integral part of our business model, guiding us in strategic decision-making in all companies of the system.

In 2025, we have additionally promoted sustainability through investment in renewable energy sources, energy efficiency, sustainable agriculture, employee development, digitisation and responsible governance. The first MK Group solar complex was commissioned, the biogas plant in Vrbas obtained the Verra certificate, and we started calculating Scope 3 emissions in key divisions. **Energy generation from wind, solar and biogas** amounted to **486.9 GWh** - almost five times more than our total internal consumption, confirming our commitment to energy transition.

In production, we invested in modernisation: **more than EUR 7 million** was invested in the Sunoko sugar factory in Vrbas **to increase the sugar beet processing capacity by 20% with the same energy consumption**, while the digitisation and optimisation of logistics contributed to the reduction of fuel consumption and related emissions.

In agriculture, we apply irrigation systems, rationalise the use of pesticides and fertilisers, develop agricultural composting and regenerative practices. The conversion to organic production in the Erdevik winery was completed, with an expansion of the vineyard in Krčedin. We are

committed to the protection of biodiversity, pollinators and afforestation. In animal husbandry, we modernise farms, monitor herd health and introduce robotic milking for greater animal welfare and more sustainable production.

People are at the core of our activities. **The employee engagement index is 84**, whereas **work-related injuries were reduced by 30.8%** compared to the previous year. We provide high levels of product quality and traceability, with a high share of local procurement - up to 100% in certain divisions.

We do not perceive sustainability as a one-time objective, but as a continuous improvement process. We continue investing in people, innovation, renewable sources, responsible resource management and community development in order to create long-term value for all stakeholders and future generations.

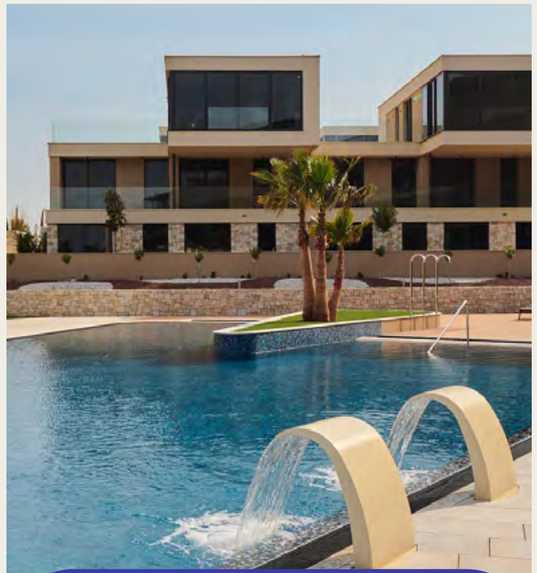
Thank you for reading the fourth MK Group sustainability report. Open dialogue and transparent reporting remain our key tools for the presentation of results, challenges and next steps.

Mihailo Janković
MK Group CEO

Business portfolio

Food of the future

- MK AGRI-FOOD
  - MK AGRICULTURE
  - MK SUGAR
  - MK MEAT



Destinations of the future

- MK REAL ESTATE
  - MK HOSPITALITY
  - MK REAL ESTATE DEVELOPMENT

Energy of the future

- MK ENERGY

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

VISION FOR GROWTH
MK AGRICULTURE

MK AGRICULTURE

A leading position in domestic agriculture

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

10,500 ha
of land we cultivate

200,000 t
of agricultural and vegetable crops annually

70% of land
under irrigation

1,000
dairy cows

10 million l
of milk per year

OD 1959.
PIK BEČEJ

MK AGRICULTURE

Freshness that preserves health

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

Flora SINCE 1978

MK AGRICULTURE

Tradition and quality

Finest wines from the slopes of Fruška gora

60 ha
of vineyards

400,000 l
annual wine production

ERDEVIK
1826

MK AGRICULTURE

The finest apples

85 ha
of apple orchards

7,000 t
of cold storage

15,000 t
annual apple sales

AGROUNIJA

MK SUGAR
VISION FOR
ENJOYmENT

MK SUGAR

Regional leader in the sugar industry

Sunoko is one of the most efficient factories in the European sugar industry and the leading regional producer, whose production significantly exceeds the domestic market needs, contributing to the supply and stability of the regional market.

2 sugar factories
(Vrbas, Pećinci)

15,500 t
daily capacity for sugar beet processing

177,402 t
annual sugar production

Sunoko

MK MEAT
VISION FOR
QUALITY
carnex

MK MEAT

Regional leader in the meat industry

With more than 65 years of experience and the integrated "farm-to-table" approach, Carnex is among the leading regional producers of meat and meat products, providing a controlled supply chain and consistent product quality.

22,000 t
of annual sales

250
meat products in the portfolio

Export to 15
countries

6
pig farms

135,000
fattening animals per year

carnex

VISION FOR HOSPITALITY
MK REAL ESTATE

MK REAL ESTATE

Creating a place to live and rest in the Adria Region

At the most attractive tourist locations in Serbia, Slovenia, Croatia and Montenegro, we develop projects that attract guests from all over Europe in search of ultimate experiences. In parallel, we develop residential projects and create living and working spaces through sustainable solutions that contribute to the development of local communities and the long-term value of the region.

MK HOSPITALITY

MK REAL ESTATE DEVELOPMENT

4 hotels under ownership (Serbia, Croatia, Slovenia)

7 hotels under minority ownership (Montenegro)

3 tourist real estate compounds (Serbia, Croatia, Slovenia)

Airport Portorož (Slovenia)

Golf course Adriatic (Croatia)

Monetic real estate projects (Slovenia)

Bigz commercial building (Serbia)

VISION FOR SUSTAINABILITY
MK ENERGY

MK ENERGY

Leader in energy transition in Serbia

The MK Group is the leader in the development of renewable energy sources in Serbia. By investing in wind farms, solar power plants and biomass plants, we actively contribute to energy transition. So far we have invested more than EUR 900 million in the projects under development, which are expected to be completed by the end of 2026.

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

3
wind farms under construction

Solar plants:
Suntastic One and Suntastic Two, 15.63 MWp capacity

1
biogas plant with a capacity of 2.4 MW

200 MW
of total wind farm capacity

500 GWh
of green electricity generated per year

130,000
total number of households we supply

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

Stakeholders and material topics

In 2025, as in previous years, we have revised the list of stakeholders at the level of the MK Group through value chain analysis and internal assessment, so the list faithfully reflects the relevant actors. In the course of updating the list and identifying the stakeholders, we have taken into consideration their impact on the operations of all divisions, and the effect of our activities on them.

Communication with the stakeholders takes place continuously through operating channels: regular meetings, contractual arrangements that include the environment, social responsibility and corporate governance, complaint reporting mechanisms, inspections and other forms of control.

The most frequently highlighted topics are the quality and safety of products and services, sustainable and organic production, occupational health and safety and environmental protection.

The systematic inclusion of stakeholders in the field of sustainable development is under further development. That is why we have developed a standardised questionnaire for ESG assessment of the companies in the value chain, to promote insight into the sustainable practices of our partners, enable risk and opportunity identification and the assessment of compliance with ESG principles. The implementation of this tool is planned through structured communication with external partners in the following period.

- employees
- community
- buyers and clients
- suppliers
- business partners
- financial institutions
- civil society organisations
- educational institutions
- media
- owners
- top management
- families of employees
- employment candidates
- insurance companies
- inspection bodies
- investors
- future generations

In 2025, we conducted a comprehensive review of the list of material topics. The identification is based on an analysis of the operations of companies within the MK Group, and an overview of regulatory requirements and data collected from ESG teams of our divisions, with an assessment of their positive and negative impacts on the environment, society and economy.

Based on the conducted analysis, the existing list of material topics was confirmed and formally approved by the MK Group ESG Board and Board of Directors. The Sustainable Development Report 2025 was drafted in accordance with those priorities.

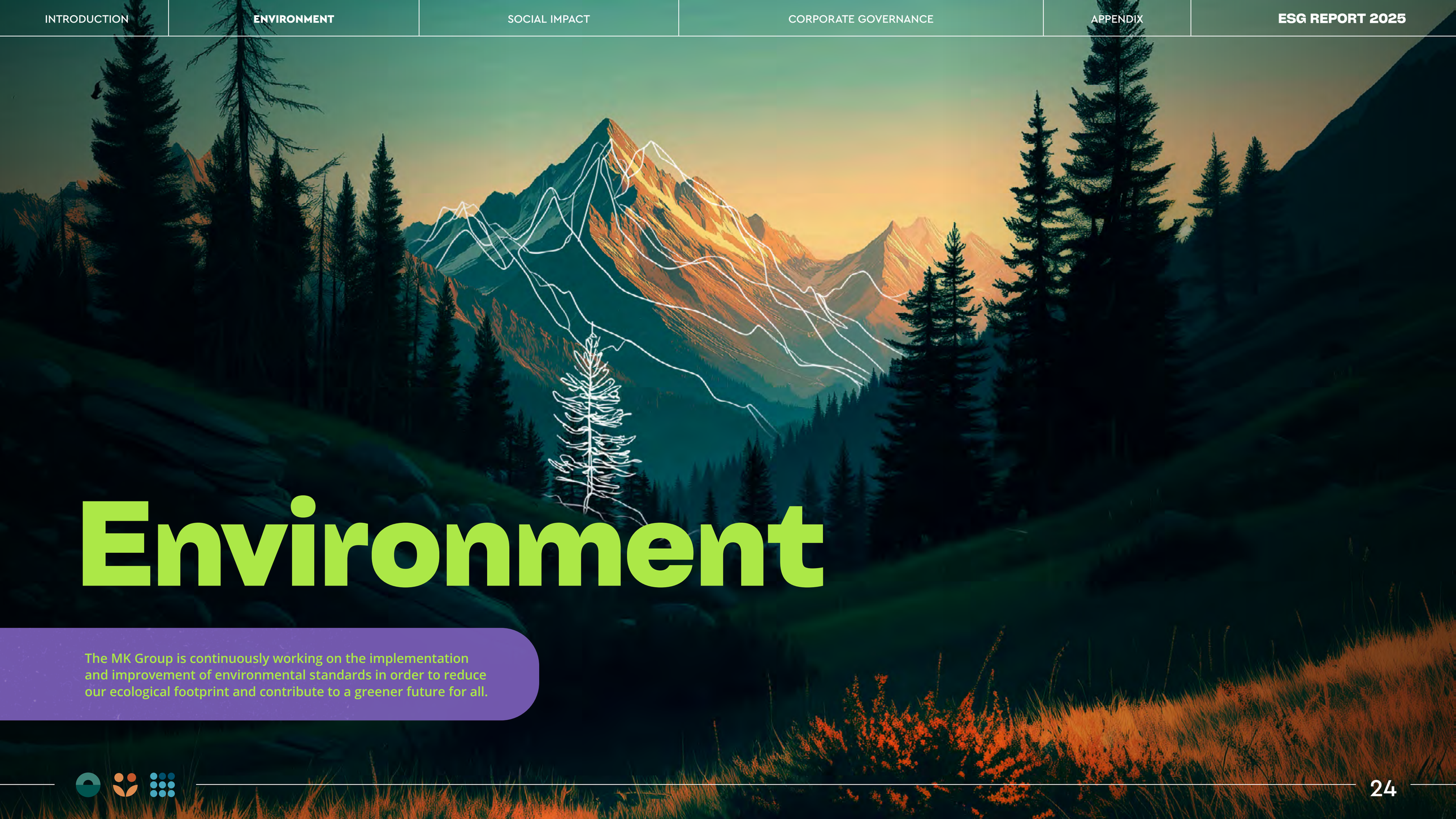
The stakeholders are involved in the process through continuous operational communication and other forms of interaction described in the previous chapter. Further process development envisages the introduction of standardised feedback -collecting tools, which will enable a more structured and comprehensive approach to their involvement.

In addition to material topics, we have identified key business-related impacts, risks and opportunities, presented in more detail in the corresponding parts of this report. The process of determining material topics is carried out through an assessment of the impact significance for the business and the stakeholders, in accordance with the applicable ESG standards.

ESG area		Material topics
e	Environment	Greenhouse gas emissions and carbon neutrality
		Energy management and renewable energy sources
		Water and wastewater management
		Waste management
		Soil conservation
		Biodiversity conservation and animal welfare
s	Attitude to 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 security
		Value chain
	Attitude towards community	Partnership with local communities
		Support for children and youth
		Assistance to vulnerable social groups
g	Corporate governance	Optimal governance
		Economic indicators
		Business ethics
		Compliance with regulatory requirements
		ESG material topic management

e

2 SVET BEZ GLADI
3 DOBRO ZDRAVLJE
6 ČISTA VODA I SANITARNI USLOVI
7 DOSTUPNA I OBNOVLJIVA ENERGIJA
9 INDUSTRIJA, INOVACIJE I INFRASTRUKTURA
12 ODGOVORNA POTROŠNJA I PROIZVODNJA
13 AKCIJA ZA KLIMU
15 ŽIVOT NA ZEMLJI
17 PARTNERSTVOM DO CILJEVA



Environment

The MK Group is continuously working on the implementation and improvement of environmental standards in order to reduce our ecological footprint and contribute to a greener future for all.

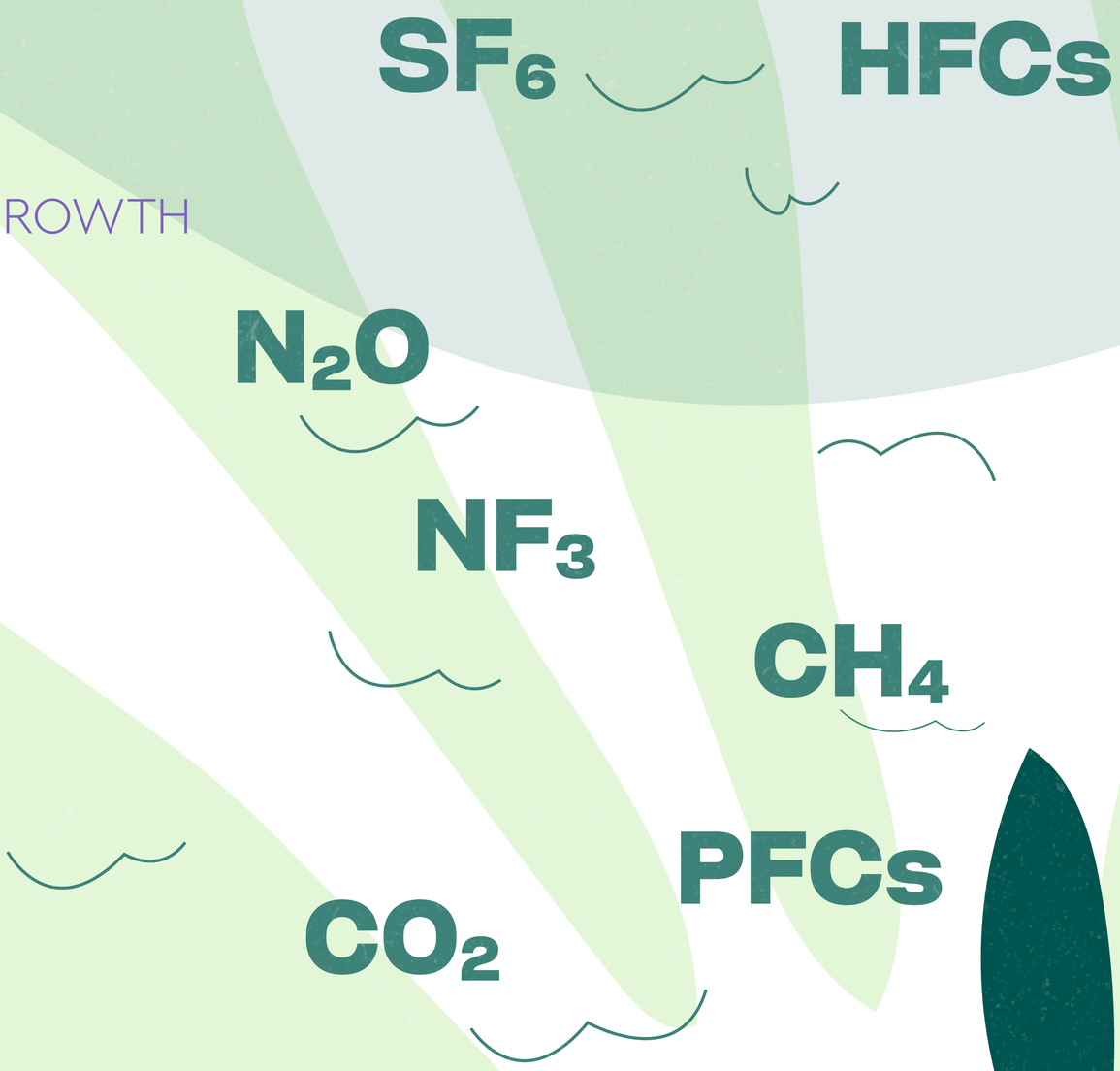
Greenhouse gas emissions

SUSTAINABILITY AS THE BASIS FOR LONG-TERM GROWTH

The MK Group is building its business on sustainable development principles, with the clear goal of creating long-term value through responsible resource management and environmental preservation. Climate change is recognised as a key global challenge and an opportunity to improve operations through decarbonisation, increasing energy efficiency and applying sustainable practices.

To manage climate impact and increase reporting transparency, we continuously develop and improve the system for monitoring and calculating greenhouse gas emissions. Emission monitoring is the basis for understanding our environmental impact, setting targets for emission reduction and identifying opportunities for the improvement of energy efficiency and operating processes.

The calculation of emissions is carried out in accordance with international standards and best practices, using classification into three scopes - Scope 1, Scope 2 and Scope 3 - according to the source of emissions and the degree of company control or impact.



In the environmental impact assessment of our operations, we rely on the internationally recognised categorisation of greenhouse gas emissions through three scopes:

Scope 1: Includes direct greenhouse gas emissions that arise from sources under our control, including buildings, plant and vehicles.

Scope 2: Includes indirect greenhouse gas emissions from the generation of purchased electricity, heating and cooling energy or steam.

Scope 3: Includes all other indirect emissions generated in our value chain, including the transport and distribution of products and materials, official trips and employee trips, generated waste treatment, as well as losses in energy transmission and distribution.

Biogenic emissions are not covered by this report, as they are still not a part of the existing system of measurement and calculation.

GHG PROTOCOL AS THE BASIS OF THE SCOPE 1, 2 AND 3 EMISSIONS CALCULATION METHODOLOGY

Scope 1 and 2 emissions

MK Group monitors and calculates Scope 1 and Scope 2 emissions for all its divisions included in the reporting. Based on these measurements, we determine the carbon footprint, i.e. the total amount of greenhouse gases emitted, expressed in carbon dioxide equivalent (CO_2e).

2025 (tCO_2e)	MK Sugar	MK Agriculture	MK Meat	MK Hospitality	MK Energy
Scope 1 emissions	132,818	4,446	4,759	1,353	10
Scope 2 emissions	25,376	14,462	15,850	3,926	1,270
TOTAL	**158,194**	**18,908**	**20,609**	**5,279**	**1,280**

2024 (tCO_2e)	MK Sugar	MK Agriculture	MK Meat	MK Hospitality	MK Energy
Scope 1 emissions	169,004	5,044	4,830	1,410	11
Scope 2 emissions	27,620	11,664	15,978	4,385	1,163
TOTAL	**196,624**	**16,708**	**20,808**	**5,795**	**1,174**

***Note:** Previously calculated data on Scope 2 emissions (location-based) for 2024 have been recalculated due to the application of the updated emission factor for electricity from the Association of Issuing Bodies (AIB), European Residual Mixes 2024.

As a result of the recalculation, the Scope 2 emissions for 2024 have been corrected from 52,834 tCO_2e to 60,810 tCO_2e, representing an increase of 7,976 tCO_2e, or 15.1% relative to the previously calculated value. This correction resulted in an increase in the total Scope 1 and Scope 2 emissions by 3.42% compared to previously reported values at the level of the whole MK Group system. The recalculated data is presented in this report to ensure comparability and consistency of data between the reporting periods.

In the reporting year, the total Scope 1 emissions were reduced compared to 2024. MK Sugar division still has the largest share of direct emissions, due to the energy intensity of the sugar production process.

At the end of 2024, the Company Assembly decided to permanently cease the operations of the Sunoko production centre in Kovačica, within the strategic optimisation of the production network aimed at increasing energy efficiency and reducing the company's overall environmental footprint. The production was consolidated in two production centres - Pećinci and Vrbas, and more than EUR 7 million was invested in the Vrbas production centre in order to improve technology and increase the capacity for sugar beet processing. **The result of the investments is that the processing capacity increased by 20%, which enables the processing of a larger amount of raw material with the same level of energy consumption.**

These activities contributed to the improvement of energy efficiency and the reduction of greenhouse gas emissions. Apart from the absolute reduction of Scope 1 emissions, progress was made in terms of emission intensity, whereby the total emissions were reduced from 1.04 tCO_2e to 0.89 tCO_2e per ton of sugar produced. This reduction of emissions is the result of the optimisation of production capacities, lower specific energy consumption and increased processing process efficiency.

At the level of the whole system, the trend of Scope 1 emissions reduction in 2025 is correlated with the reduction in consumption of energy-generating products compared to the previous year. The achieved result was impacted by improvements in energy efficiency and the optimisation of production processes, as well as changes in the scope of sales during the reporting period. Also, in 2025, the calculation of Scope 1 emissions included the first calculation of fugitive emissions at the level of the MK Group system, additionally promoting the completeness of calculating and reporting on greenhouse gas emissions.

On the other hand, although Scope 2 emissions at the level of our system remained stable relative to the previous year, there was an increase in emissions in the MK Agriculture division due to increased electricity consumption. This increase reflects a higher volume of activity within the division, including the needs for irrigation, storage and the processing of agricultural products. On the other hand, in most other divisions, there was a reduction in Scope 2 emissions, while there was a slight increase in the MK Energy division related to the beginning of operations of two new solar power plants in 2025.

Scope 3 emissions

In 2025, we started the process of the quantification of Scope 3 emissions along the value chain.

In this phase, the calculation includes two companies - Sunoko, the company in the sugar production sector, and IM Carnex, the company in the meat industry sector. For these companies, emissions for 6 out of 15 Scope 3 categories defined by GHG Protocol methodology were calculated, as these categories were assessed as the most relevant and because relevant and sufficiently reliable data was available for them. The presented results represent the initial phase of establishing a system for emission monitoring along the value chain and do not include a comprehensive organisational coverage of all Scope 3 categories.

Scope 3 emissions are presented in the table below, by category and their share in the total Scope 3 emissions:

Sources of emissions	Sunoko, tCO_2e	%	IM Carnex, tCO_2e	%
3.1 Purchased goods and services	61,121.1	87.54	25,939.2	81.29
3.2 Capital goods	1,661.0	2.38	824.5	2.58
3.4 Upstream transportation and distribution	6,792.4	9.73	-*	-
3.5 Waste generated through operations	0.94	0.001	4,053.0	12.70
3.9 Downstream transportation and distribution	239.3	0.34	1,087.2	3.41
3.12 Treatment of sold products at the end of their life cycle	3.87	0.01	5.15	0.02
Total Scope 3 emissions	**69,818.6**	**100%**	**31,909.1**	**100%**

***Note:** In IM Carnex, the emissions related to upstream transportation are included in category 3.1 (Purchased goods and services) and they are not presented separately within category 3.4 (Upstream transportation and distribution), because transportation costs are not recorded separately from the value of purchased goods and services.

The calculation of Scope 3 emissions is based on GHG Protocol methodology, with the application of Corporate Value Chain (Scope 3) Accounting and Reporting and Technical Guidance for Calculating Scope 3 Emissions standards. Emission factors from the databases EEIO (US Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6, 2022) and DEFRA Conversion Factors (2025) were used for the calculation of emissions, depending on the availability of data and emission calculation methods.

In order to further promote calculation and reporting on Scope 3 emissions, we defined the following activities for the next period:

- Inclusion of other MK Group system companies in the calculation coverage
- Inclusion of additional categories of Scope 3 emissions
- Improving the quality and availability of data from suppliers
- Increasing the share of data based on real activities
- Development of goals and activities for the management of Scope 3 emissions

Energy consumption and energy efficiency

MK Group	2024	2025
Electricity consumption (kWh)	**85,277,866**	**82,740,079**
Consumption of other energy-generating products:		
- Diesel (l)	2,651,247	2,347,785
- Gasoline (l)	72,173	32,637
- Gas (m^3)	6,213,513	4,923,486
- Coal (t)	114,709	83,400
- Crude oil (t)	2,495	207
- Bhutan (t)	34.6	30.42
- Fuel oil (l)	1,000	-
- Methane (l)	7,663	-
- Coke* (t)	5,623	3,524

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

In this reporting period, separate data on energy consumption for heating and cooling systems are not available, so the consolidated data is presented. There are plans to upgrade the data collection and monitoring system in the following period, with the aim of providing more detailed and accurate reporting.

In the MK Sugar division, coal is used to produce steam that enables electricity generation, and then the steam is used in the sugar boiling process. In 2025, 21,664,047 kWh of energy was generated from coal, and that energy was fully consumed in the process of sugar production.

The analysis of energy indicators for 2025 shows a trend of decreasing electricity consumption and almost all types of energy-generating products, compared to 2024. Sunoko has the largest share in the total energy consumption, considering the high energy requirements of sugar beet processing. Diesel fuel consumption is primarily related to crop production and the use of agricultural machinery. The achieved reductions are the result of a combination of operating factors, optimisation of production processes and the more rational use of energy resources. We would like to emphasise the **decline in the consumption of coal (27%), fuel oil (92%) and electricity (3%)**, indicating the company's continuous activities aimed at improving energy efficiency and reducing environmental impact.

Energy efficiency and sustainable land management

In order to reduce fuel consumption and promote sustainable land management, the MK Agriculture division applies conservation tillage (subsoiling instead of ploughing) in certain areas for sugar beet production. This practice results in fuel savings of approximately 60% compared to conventional tillage on those areas.

Apart from direct energy savings, the application of subsoiling results in a number of agronomic and environmental benefits:

- improvement of the soil - water - air relationship
- increase of the soil capacity to retain moisture
- reduced erosion, as harvest residues remain on the soil surface, protecting it from wind and water
- improved plant vitality and health status
- improved biological activity in the soil (the soil is not turned over, thus preserving the beneficial microorganisms)
- increase in sugar beet yield, as well as a positive effect on the yields of subsequent crops in the crop rotation

Digitisation and optimisation of resources

The raw materials sector of the MK Sugar division has been developing and using its own digital tools (Android and web applications) for several years, which enable the improvement of operating efficiency, the optimisation of logistics and the reduction of resource consumption.

The application of these solutions significantly contributed to the rationalisation of human resources engagement, as well as the reduction of fuel consumption and harmful gas emissions.

Digitisation of transport route measurement enabled the elimination of the annual consumption of about 4,000 litres of diesel fuel and the reduction of direct (Scope 1) CO_2 emissions at the same time. This means that the engagement is reduced by approximately 1,200 working hours, with increased accuracy of the cost calculation.

The additional process optimisation through SAP and e-waybills also resulted in about 600 working hours saved at the annual level.

Transport optimisation and emission reduction

Digital applications enabled the optimisation of sugar beet transport logistics. Significant progress has been achieved through the better planning of routes and turnaround times:

- the number of engaged vehicles was reduced by 20%
- crowds at loading points, in front of factories and in factories have been significantly reduced
- transport process efficiency was increased

During the sugar beet campaign, in which about 50,000 transport journeys are realised, is estimated that the optimisation contributes to saving at least 2 litres of diesel fuel per trip, i.e. a total of about 100,000 litres of fuel, which simultaneously contributes to the reduction of indirect (Scope 3) greenhouse gas emissions.

The mentioned optimisations and digitisations at the MK Sugar division have already resulted in significant savings in the first year of the project, estimated at approximately 300,000 litres of diesel, thereby reducing the greenhouse gas emissions in both transport and operating activities.

Energy generation from renewable sources

Renewable energy sources include natural resources - solar energy, wind energy, water (surface and ground), geothermal, wave and tidal energy, as well as biological resources and bioenergy, including biofuels and biomass. We at the MK Group see renewable sources as the foundation of a sustainable energy transition, which simultaneously strengthen energy security and reduce the negative impact on the environment.

Through strategic projects, we implement solutions based on renewable sources, ensuring safety, efficiency and the welfare of local communities.

4 wind farms constructed

200 MW total capacity

500 GWh annual green energy generation

130,000 households supplied

KULA
Kula, Serbia
2015

LA PICCOLINA
Vršac, Serbia
2016

KOŠAVA FAZA I
Vršac, Serbia
2019

KRIVAČA
Golubac, Serbia
2023

Wind farms and biodiversity conservation

Within wind farm development, the MK Group pays particular attention to biodiversity conservation and minimising the impact on local ecosystems. Even in the project planning phase, multi-season flora and fauna research and analysis of migratory corridors are carried out, aimed at identifying sensitive species and defining protection measures.

There is a good practice example in South Banat, where the presence of the kestrel as a protected species was recorded in the course of monitoring. Analysis of its behaviour established that most of its activities take place at lower heights, after which, during the design phase, the rotor height was selected to ensure a reduction in the risk of collision. This approach shows that biodiversity protection measures are integrated into the technical design phase.

During the construction and exploitation of wind farms, additional protection measures are implemented, including the adaptation of works and the continuous monitoring of birds and bats. The results of monitoring the existing wind farms indicated no significant negative impact on protected species.

In certain periods of the year, measures to adjust the operation of turbines are also applied, particularly during increased bat activity or bird migrations.

At certain locations, such as the Krivača wind farm, flora and fauna regeneration was recorded, with the presence of various species of wild animals, including roe deer, deer, rabbits and jackals. The presence of a brown bear was also recorded, further confirming that the wind farm does not represent an obstacle for the movement of wild species and can coexist with natural ecosystems.

Through the continued monitoring and application of preventive measures, the MK Group ensures that the development of renewable energy sources is harmonised with biodiversity conservation and sustainable development principles.

Total generation from wind energy (GWh).

MK Energy division

2024	2025
463	459.2

Solar projects Suntastic One and Suntastic Two in the MK Energy division

The “Suntastic One” and “Suntastic Two” projects represent **the first solar complex** within the MK Group and an important step in the diversification of energy generation from renewable sources. These projects build on the existing portfolio of wind farms and solar systems on industrial facilities, further strengthening the company's decarbonisation and energy transition strategy.

The solar compound with an installed capacity of 15.63 MWp (S1 of 10.38 MWp, S2 of 5.25 MWp) is located **in the Municipality of Aleksinac** on 19 ha, at the site of a former brick factory and degraded land, which was successfully revitalised and transformed into a modern energy facility. The annual generation of approximately 20 GWh of electricity contributes to increasing the share of renewable energy sources in the national energy system and supplying thousands of households.

The project enables the reduction in greenhouse gas emissions by approximately 11,000 - 14,000 tons of CO_2 a year, or more than 275,000 tons of CO_2 during the projected life cycle.

Although the energy generated is not intended for own consumption, through feeding it into the power grid, the MK Group actively contributes to the decarbonisation of the energy sector and the achievement of climate targets.

The special importance of the project is reflected in the improvement of the environment through the revitalisation of the degraded areas. By rehabilitating the former brickyard and unorganised landfill, the source of pollution was eliminated and the land was returned to a stable ecological status. Today, the site is an active habitat for numerous species, confirming that solar power plants can coexist with natural ecosystems. The maintenance of vegetation within the compound additionally contributes to the conservation of the soil and the stability of the local microecosystem.

In addition to environmental benefits, the project has a positive social impact through the development of infrastructure, employment of the local population and cooperation with educational institutions.

The application of advanced technologies and high standards of employee safety and environmental protection confirms the commitment of the MK Group to sustainable development and responsible resource management.

Solar energy generation (kWh)	2024	2025
MK Meat	967,730	1,049,230
MK Agriculture	1,289,800	1,478,160
MK Real Estate	272,910	206,800
MK Energy	0	12,607,000
Total (kWh)	**2,530,440**	**15,341,190**

Vrbas Biogas Plant - generation of renewable energy and reduction of emissions

The Vrbas biogas plant, operating within the MK Sugar division, was registered in March 2025, in accordance with the Verra Carbon Standard (VCS). The certification was conducted with the consulting support of PACT Capital AG (Switzerland), through the application of VCS AMS-I.C methodology, whereas the validation process was performed by KBS Certification Services Limited. **The expected annual reduction in greenhouse gas emissions** at full capacity **is 20,356 carbon units.**

In 2025, the biogas plant generated a total of 12,385 MWh of electricity, all of which was delivered to Elektroprivreda Srbije. The thermal energy generated was primarily used for the internal needs of the plant, as well as in the sugar factory for heating silos, warehouses and administrative buildings outside of the sugar beet processing campaign. An additional 2,650 MWh of thermal energy was delivered to Industrija mesa Carnex for their needs.

In order to support the goals of the circular economy, the biogas plant uses the by-products of sugar and food industries as input raw materials. In the reporting year, 18,232 tons of beet pulp, 4,070 tons of rapeseed (solvent-extracted rapeseed meal), 7,155 tons of raffinate from the molasses desugarisation process, and 324 tons of category II by-products of animal origin were used in total.

In addition to electricity and heat generation, digestate, a valuable organic by-product, was also generated in the process of anaerobic digestion. Out of the total amount generated, 1,801 tons of digestate were marketed, the largest portion of which was used in the production of agricultural compost, thus closing the cycle of resource use.

7.1 2024 | **12.39** 2025

BIOGAS PLANT

Electricity generation
(delivered to the grid, GWh)

The biogas plant took over 1,646 MWh of electricity from the power grid in the reporting years, and it generated 12,385 MWh of green energy from organic waste, thus **contributing to a reduction of CO_2 emissions by approximately 12,300 tons.**

In 2025, the MK Group generated a total of **486.9 GWh of electricity from renewable energy sources** (wind, sun and biogas). Out of that amount, **2.7 GWh was used for own needs** and the rest was fed to the power grid. **Total energy consumption** for performing business activities in the MK Group was **104.4 GWh**, whereas 101.7 GWh was provided from the power grid and from own production processes based on fossil fuels. The electricity generated from renewable sources was almost five times higher than the total energy required for the operations of the MK Group.

Water and wastewater management

WATER CONSUMPTION

Water consumption (m^3)	2024	2025
Annual water consumption	**2,510,989**	**2,761,493**
MK Agri-Food	2,334,260	2,536,536
MK Hospitality*	176,729	224,957
Use of water in activities (irrigation)	**12,532,403**	**16,903,387**
% irrigation in total consumption	83%	86%
TOTAL	**15,043,392**	**19,664,880**

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

The total consumption of water in 2025 was 19,664,880 m³, an increase compared to 15,043,392 m³ in 2024. The largest part of the captured water was used for irrigation within agricultural activities, the share of which in the total consumption increased from 83% to 86%. The increase in water consumption is primarily related to the increased need for irrigation due to climate and hydrological conditions during the growing season, i.e. the need to ensure stable yields and crop quality during conditions of limited availability of natural precipitation.

Responsible water management today is a matter of business resilience, preservation of natural resources and the creation of sustainable value for future generations.

Although the hotels within the MK Hospitality division have consumed more water due to the increased work volume, they continue to implement measures for the rational use of water, including the use of collected rainwater for irrigating green areas and the operation of water decorations. This reduces the need to use drinking water and contributes to the responsible management of water resources, in accordance with the principles of sustainable business.

Annual generated amount of wastewater in the MK Group	2024	2025
MK Agri-Food	1,018,191	936,346
MK Hospitality	100,724	140,100
TOTAL m³	1,118,915	1,076,446

While an increase in the amount of generated wastewater was recorded in the hotel division in 2025 due to the greater use of accommodation and supporting facilities, swimming pools and a longer working period, there was a reduction in the amount of wastewater in the MK Agri-Food division compared to the previous year. As a result, **the total amount of wastewater generated at the level of the whole MK Group system was reduced by approximately 4% compared to 2024.**

Wastewater management is an important segment of the environmental protection system of the MK Group. The **MK Meat** division has been implementing measures for wastewater control and treatment for years, including **the operation of its own wastewater treatment plant at Industrija mesa Carnex with a capacity of 2,300 m³ per day.** Treated water is discharged in accordance with the applicable legal requirements and the conditions of the competent bodies.

On pig farms, wastewater and slurry are collected through an internal sewage network and drained to a system of earthen lagoons intended for storage. The collected slurry is used in accordance with agronomic needs and plans for nutrient management on agricultural land, thus contributing to the rational use of resources and circular economy principles.

In 2025, Flora, the factory for frozen vegetable products, which was part of the PIK Bečej system and coverage of ESG reporting for 2025, did not have a wastewater treatment plant. The need to improve wastewater management at this site has been identified as an important topic of environmental protection. Flora was sold in February 2026 and it is no longer part of the MK Group system.

Waste management

In 2025, a decrease in the amount of recycled waste and secondary raw material was recorded in most categories compared to the previous year, while an increase in the amount of recycled waste was recorded for scrap metal. Unlike other waste streams, an increase in recycled scrap metal quantities was recorded, primarily due to the modernisation and improvement of production capacities, during which certain metal parts, equipment and structural elements were withdrawn from use and sent to recycling. This enabled the return of valuable materials into circular flows and a reduction of the need for primary raw materials.

This trend of reducing the amount of waste is primarily a consequence of measures aimed at preventing waste generation, including an increased share of sugar in bulk sales and the procurement of raw materials and raw materials in returnable packaging, which reduced the amount of packaging waste generated in our processes.

In addition, the slightly lower production volume in most of our companies compared to 2024 influenced the reduction of the total amount of generated waste and secondary raw materials. The trend of applying circular economy principles continued through activities aimed at reducing waste at the source, reusing packaging and the responsible management of material flows.

In the coming period, we will continue to improve the waste management processes, with a focus on further reducing waste generation, increasing the use of secondary raw materials and improving the ratio between recycled and finally disposed of waste in all divisions.

These results confirm the commitment of the MK Group to the more efficient use of resources, the implementation of circular economy principles and the continued reduction of business impact on the environment.

2024	The most common types of waste/ secondary raw materials	2025
82.4	plastic	51.09
22.5	glass	17.42
253.5	paper	143.87
481.7	metal	1,032.96
3.0	electrical and electronic waste	3.77
2.36	waste cooking oil	11.33
252.5	other	254.56
1,097.96	Waste/secondary raw materials handed over to waste management operators (t)	1,515

Packaging and packaging waste management

Packaging management at MK Group companies is aimed at the reduction of environmental impact through the use of materials suitable for recycling and the improvement of circular flows. MK Group companies - IM Carnex, Sunoko, Agrounija, PIK Bečej and PP Erdevik - continuously work on optimising packaging in accordance with the market requirements and regulatory framework.

During the reporting period, a total of 2,245 tons of packaging was placed on the market of the Republic of Serbia, whereas most of it consisted of paper packaging, then plastic, metal, glass and wood. The structure of the packaging reflects the tendency towards increasing the share of materials suitable for recycling and more efficient resource management.

The system of recycling waste management was implemented with an authorised operator, and 1,542 tons of packaging waste was sent back through the system, which was 68.67% of the total amount. This approach enables the controlled management of waste streams and continuous monitoring of the fulfilment of legal obligations.

During the reporting period, our companies have fully met the national objectives for the reuse and recycling of packaging waste for 2025, thus contributing to the reduction of the load on landfills and circular economy development.

> **In the following period, the focus will be on further improvement of packaging design, increasing recyclability and the optimisation of quantities, in accordance with the ESG strategy and sustainable resource management principles.**

Less packaging - greater results for the environment

In 2025, the MK Sugar division continued promoting sustainable practices in business, with a special focus on packaging waste reduction. A larger share of product delivery in bulk contributed to a more rational use of resources and a reduction in the overall environmental footprint:

- 16% of sugar was transported directly in tanks, without additional packaging
- the total amount of pelleted sugar beet pulp was distributed in bulk, in trucks
- molasses was entirely delivered in unpacked form, in tankers

This type of packaging enabled a significant reduction in the need for packaging materials, thus avoiding the use of approximately 23.3 tons of paper and 50.6 tons of plastic packaging. These quantities of materials thus remained outside the production and consumer cycle, further reducing the pressure on the environment.

Through the application of these solutions, the MK Sugar division measurably contributed to waste reduction, more efficient resource management and the further development of circular economy principles.

A similar approach to packaging optimisation is also applied in the segment of fresh products, in particular apples, where MK Agriculture continues the previous period's practice through the use of returnable IFCO RPC packaging, additionally reducing waste and the need for new resources, at the same time contributing to total carbon footprint reduction. According to the available certification, this model also contributes to the reduction of Scope 3 emissions, through reducing the production and disposal of single-use packaging.

Biodegradable waste

In viticulture production, all biodegradable waste generated is, if needed, shredded and left on the plots so that the organic matter returns to the soil through the natural processes of decomposition and contributes to the preservation of its fertility.

In the MK Sugar division in 2025, 112,276 tons of biodegradable waste were generated through sugar beet processing, primarily raw pulp and rapeseed. The company valorised these by-products through sales to external users, while the remaining portion was used as raw material in its own biogas plant for renewable energy generation.

Within the MK Agriculture division, a significant portion of plant residues found a useful application. A total of 130 tons of soybean straw bales were used for heating the administration building, while 1,250 tons of wheat straw were used as mats in cattle breeding. As an important by-product of livestock production, manure was used sustainably throughout the year. A total of 20,087 tons were returned to agricultural land as organic fertiliser, contributing to the improvement of soil quality, while an additional 779 tons were sold to third parties for agricultural production and the operation of biogas plants.

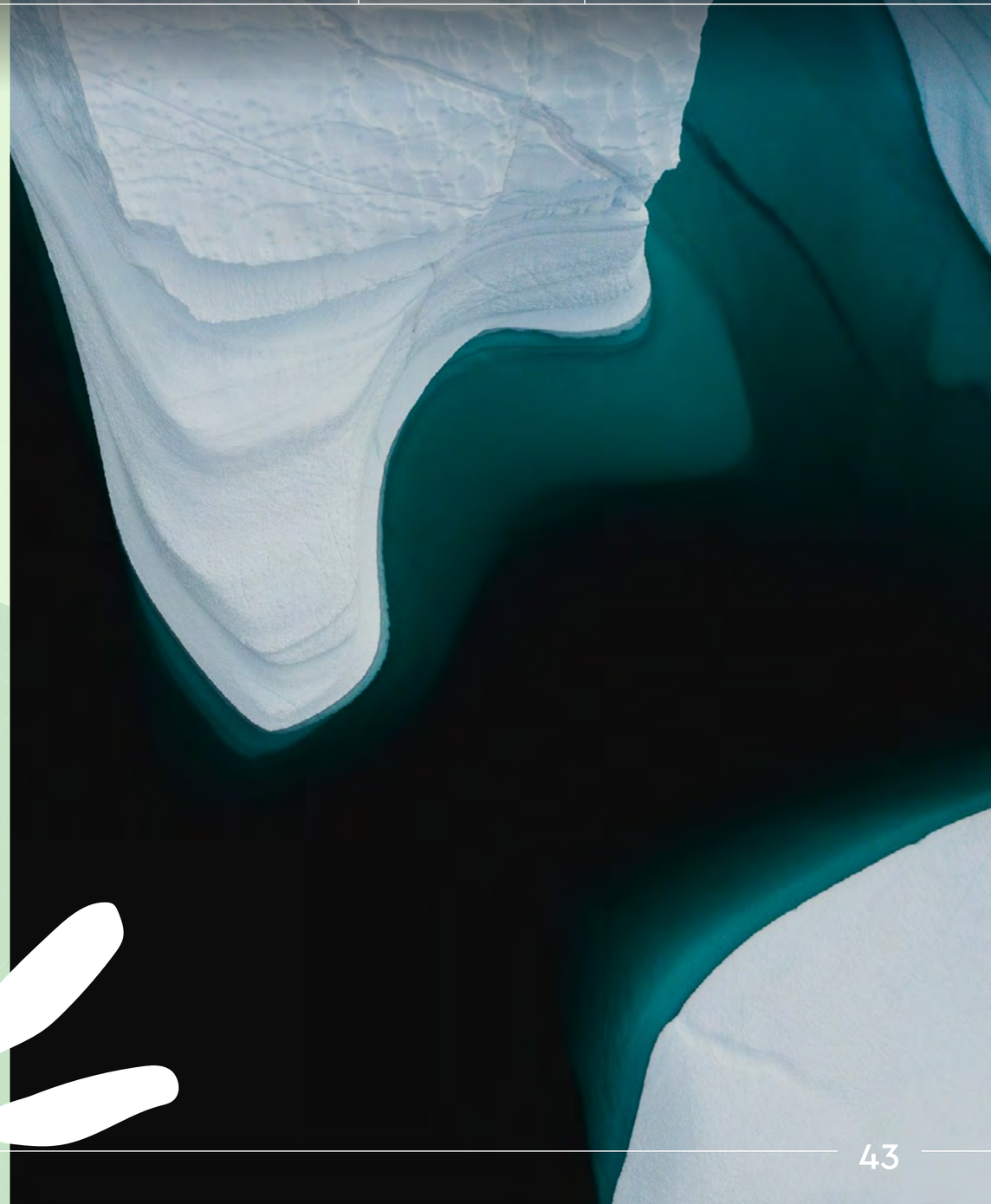
Harvest residues of agricultural crops that had no other purpose were shredded and ploughed into the soil in order to increase the content of organic matter and improve its physical properties. At the same time, 3,675 tons of biodegradable waste generated in the course of vegetable processing at the Flora factory were given to external partners for animal feeding.

Within the hotel division, more than 92 tons of waste from grease and oil separators were taken over by authorised legal persons for further treatment and use.

When it comes to the MK Meat division, all by-products of animal origin categories I, II and III generated in the meat industry and on pig farms were disposed of in accordance with the regulations by handing them over to authorised operators for processing. In 2025, 3,670 tons of by-products of animal origin were managed this way, whereas an additional 330.56 tons were used in the Sunoko biogas plant for the generation of energy from renewable sources.

Climate change

Climate change is one of the key factors affecting the stability and sustainability of agricultural production, which is why our company systematically identifies, assesses and manages related risks and opportunities.



Climate risks and opportunities management

The MK Agriculture division identified key physical, regulatory and market risks related to climate change that could have a significant impact on operations.

The most significant identified risks include:

- decreasing rainfall and prolonged dry periods, increasing the need for irrigation and pressure on water resources
- more frequent extreme weather occurrences (high temperatures, storms and hail), which can cause damage to crops and infrastructure
- increase in energy and fuel prices affecting the operating costs of the irrigation system
- increase in the prices of investment equipment and materials affecting the total value of capital investments, that is, investments in irrigation systems
- regulatory changes in the field of water use and the environment
- risk of the reduced production of highly profitable crops due to unstable climate conditions

At the same time, four key opportunities were identified:

- modernisation of the irrigation system and improvement of the efficiency of resource use (subirrigation, automation and remote control)
- use of digital solutions and principles of precision agriculture to optimise production

Impact of climate risks and opportunities

Climate change increases operating costs through the increased consumption of water and energy for irrigation, as well as more frequent infrastructure maintenance. Prolonged dry periods reduce yields and the quality of agricultural production, while extreme weather conditions can cause damage to infrastructure and interruptions in production.

At the same time, the increase in the price of investment equipment and the instability of the raw material market increase the capital costs and make it difficult to plan long-term investments in irrigation systems, thus reducing economic sustainability and extending the return on investment.

On the other hand, the introduction of modern irrigation systems and digital technologies enables the optimisation of resource consumption, stabilising yields and increasing the resistance of production to the negative effects of climate change.

Financial implications of climate risks

The identified climate risks in our company may have the following financial effects:

- increase in the cost of energy and the operation of the irrigation system
- growth in infrastructure maintenance and reconstruction costs
- increase in investment costs due to rising prices of equipment and works
- reduction of yield and income during droughts and high temperatures
- possible remediation costs after extreme weather conditions
- extension of the return on investment period
- increased instability of income in the production of highly profitable crops

Climate risks and opportunities management

MK Agriculture division applies numerous measures to reduce exposure to climate risks and use the opportunities identified:

- modernisation and reconstruction of the irrigation system
- introduction of automation and remote control
- application of subirrigation systems with more efficient water use
- meteorological parameters and soil moisture monitoring through sensors
- optimisation of energy consumption and pressure in systems
- diversification of production and the adaptation of crop selection to climate conditions
- regular maintenance and preventive controls of infrastructure
- production planning in accordance with the climate conditions and available water resources

Investments in adaptation to climate change

Our MK Agriculture division continuously invests in the modernisation and improvement of the irrigation system and infrastructure. Key investments include:

- procurement and installation of subirrigation equipment
- introduction of digital and control solutions
- implementation of sensor systems for monitoring production conditions (soil moisture and weather conditions)
- existing infrastructure reconstruction
- drafting technical documentation and obtaining permits
- promotion of the capacities of energy and distribution systems

These investments are aimed at increasing the efficiency of resource use, reducing operating costs and preserving the stability of agricultural production in the long term in the face of climate change.

Risks and opportunities due to climate change

Climate change is changing the conditions of sugar beet production in the region, as expressed through more frequent periods of drought, heat waves and hailstorms, as well as a long-term increase in average temperatures.

These changes cause heat stress and reduced soil moisture content, directly leading to lower yields. Disease and pest occurrence patterns are also changing - new insects (e.g. cicadas) that transmit phytoplasma diseases are appearing. The years with extreme droughts and pest attacks result in significantly reduced yields and poorer quality raw materials. Sugar beet production costs are increasing due to the need for more intensive irrigation and the increased application of chemical protection.

Sunoko's Research and Development Centre is intensively dealing with solving the climate change impact on the production of sugar beet. In the previous period, the assortment was significantly changed in the direction of varieties more tolerant to stressful conditions, especially drought. In addition, microbiological agents that increase the plant's ability to survive stress are introduced into practice. When it comes to cicadas, a set of measures has been defined that can significantly suppress this issue. The company also focuses on increasing the area under irrigation systems and provides financial support to interested sugar beet producers.

All of the aforementioned impacts can have significant financial implications through yield variations, increased production costs and the need for additional investments in infrastructure and research.

Development of irrigation and subirrigation system in agriculture

In order to increase the resilience of agricultural production to climate change, the MK Group continuously promotes irrigation systems through the modernisation of the existing infrastructure and the introduction of new technologies.

By 2020, a significant part of the sprinkler-based irrigation system was modernised (centre pivot and linear systems), which improved the efficiency of water and energy use, as well as the precision of management through the introduction of a remote control system.

In parallel, alternative solutions were developed for areas where the application of standard systems is not possible. Based on pilot projects and analyses conducted, the MK Group initiated the implementation of a subirrigation system (underground drip system) enabling high water use efficiency and yield stability.

In 2023 and 2024, the subirrigation system was implemented in an area of 100 ha, with results that fully confirmed this investment. This approach is a particularly significant response to prominent climate change, reflected in in the increase in the frequency of dry years and the growing need for stable water resource management.

The combination of sprinkler and subirrigation systems enables the optimisation of production on different types of plots, while reducing water losses and improving the efficiency of resources.

A further expansion of the subirrigation system to cover an additional 300 ha is planned in the coming period, in order to achieve greater yield stability, long-term sustainability of production and resistance to climate change.

Sustainable agriculture

The Research and Development Centre in Inđija (IRC), operating within the Sunoko company, represents a key link for the improvement of sustainable sugar beet production through the integration of scientific research, professional knowledge and practical application in the field. The centre's activities are aimed at solving specific challenges in sugar beet production, with the continuous transfer of knowledge to producers through advisory services and educational programmes.

The Research and Development Centre systematically promotes responsible agronomic practices in order to reduce the environmental impact and preserve natural resources.

There is a special focus on the rational application of pesticides, optimisation of the use of mineral fertilisers and soil fertility preservation as a key resource for long-term production sustainability.

The application of contemporary methods of analysis of soil and plant material enables the precise management of plant nutrition, which significantly reduces excessive use, especially of nitrogen fertilisers.

In order to improve the stability and long-term sustainability of the agroecosystem, the Inđija Research and Development Centre actively promotes the importance of crop rotation, the use of cover crops and the correct selection of varieties tolerant of diseases and pests. These measures contribute to reducing the need for chemical protection, as well as preserving biodiversity and soil quality. Special attention is paid to improving the physical properties of the soil, including the reduction of compaction and the increase of the moisture-retaining capacity, which is of key importance in conditions of severe climate change.

This centre also continuously monitors pathogens and pests, and tests the efficiency of active substances, thus contributing to the development of contemporary and selective plant protection technologies. This approach enables the timely and targeted use of means, reducing the total consumption of pesticides, the risk of resistance and the presence of residues in soil.

Apart from chemical measures, the centre develops and implements innovative, environmentally friendly methods of protection, including mechanical weed control and the use of microbiological preparations. These approaches contribute to strengthening the natural defence mechanisms of plants, improving soil condition and further reducing the dependence on conventional plant protection agents.

The application of developed technologies and recommendations of the research and development centre results in a reduction of energy and water consumption, a smaller number of mechanisation passes and reduced soil compaction, as well as a lower level of pesticide residues in the agroecosystem. This is how the centre actively contributes to the achievement of the ESG targets of the MK Group through the promotion of environmental sustainability, responsible resource management and support for long-term sustainable agricultural production.

Production resilience and yields in conditions of climate change

The application of improved agrotechnical practices, the development of irrigation systems, subirrigation and the introduction of innovative solutions within the framework of regenerative agriculture contribute to increasing the resistance of production to prominent climate change.

During the increasingly frequent dry periods and unfavourable weather conditions, this approach enables the stability of production and the optimisation of the use of resources, primarily water and energy.

During the reporting period, these activities in farming at PIK Bečej resulted in yields above the Serbian average:

Agricultural crops	Yield achieved	Average in the Republic of Serbia
MERCANTILE WHEAT	8.4 t/ha	6.1 t/ha
MERCANTILE CORN	8.8 t/ha	4.6 t/ha
SOY	2.5 t/ha	1.5 t/ha
SUGAR BEET	68.6 t/ha	52.5 t/ha

The achieved results confirm the importance of an integrated approach to the management of agricultural production, including adaptation to climate conditions, improvement of irrigation system efficiency and the application of sustainable agricultural practices.

Organic production

Production processes in our divisions are based on the application of the highest standards of quality, product safety and sustainability. Through continuous improvement, our companies strive to ensure responsible production in line with sustainable development.

The PP Erdevik winery organised grape production on 19.63 ha, based on organic agriculture principles. The Ecovivendi certification body controls the process, and the process of land conversion and the certification of produced grapes according to organic principles were completed during 2025, in accordance with the Serbian regulations and legislation.

Vineyards are located on the slopes of Fruška gora, on plots with a southern exposure, without additional irrigation. The assortment includes Pinot Blanc, Pinot Grigio, Italian Riesling, Merlot and Tamjanika. All agrotechnical measures are aligned with the organic production principles: mechanised cultivation and soil maintenance, the absence of herbicides, a protection programme adapted to forecasts of economically significant pathogens and pests, and the regular care of the plants (pruning, weeding, etc.) to maintain natural conditions for plant growth. The land is under a natural grass cover, while the surrounding spontaneous flora contributes to the preservation of the biocenosis.

Picking is carried out under controlled conditions - manually, in separate disinfected crates. In addition, all grape transport machinery is also disinfected to prevent contamination. All quantities of grapes picked are processed in our own production facility at the Erdevik winery, and the awards received for wine quality confirm the consistent application of organic principles and the effectiveness of sustainable practices throughout the entire production process.

The Krčedin House of Wines is engaged in viticulture on 44.71 ha, of which 3.5 ha is currently under organic production, for which we have a certificate from an independent certification body.

The assortment includes Cabernet Sauvignon, Shiraz, organic Merlot, Merlot, Chardonnay, Sauvignon Blanc, Probus and others.

Our wines originate from the Fruška gora wine-growing region, at altitudes of 90 to 270 m. The southern and northern slopes, intersected by streams, form a favourable microclimate for viticulture, while the proximity of the Danube and increased diffuse radiation contribute to the earlier ripening of grapes. The wind blowing from the Danube towards the vineyards has a beneficial effect on the microclimate and grapevine health, stimulates photosynthesis and reduces humidity, thereby contributing to the prevention of diseases.

Agrotechnical measures in organic production in the Krčedin House of Wines are focused on preserving soil fertility, biodiversity and ecological balance, without the use of synthetic pesticides and fertilisers. Key measures include crop rotation (crop changes), use of organic fertilisers (manure and compost), green manuring, reduced tillage, inter-row cultivation and the biological protection of plants.

We believe that a vineyard is “a factory under the open sky”, so picking is performed manually with the engagement of seasonal workers in accordance with the safety standards. Harvests are done in the early morning hours, at an optimal temperature of up to 25 °C, and grapes are collected in plastic crates with a volume of 10 kg that are immediately cooled in the cold storages of Agrounija in order to preserve the quality and safety of the product during transport to the Erdevik winery.

As part of the strategic transition to sustainable production, it is planned that by 2028, all the Krčedin House of Wines vineyards will move to organic production. To that end, we are already taking measures to increase the scope of organic production and ensure compliance with relevant certification requirements.

Biodiversity and afforestation initiatives

MK Group activities in the field of biodiversity include the management of natural resources within business processes, as well as initiatives aimed at the local community.

Within fruit production at the Agrounija Fruit company in Krčedin, special attention is paid to the protection of pollinators. On 112 hectares of apple orchards during the flowering period, the presence of around 300 hives of honey bees is ensured, which ensures efficient pollination and yield stability.

Orchard management includes measures to protect bee colonies and employees who participate in the work during the flowering period. Activities are organised in such a way as to minimise the impact on pollinators, while limiting work in the most sensitive period and adjusting the application of plant protection agents.

The company provides appropriate conditions for bees to stay, including water availability and the adequate positioning of hives, as well as continuous cooperation with beekeepers in order to preserve the health of the bee colonies.

Afforestation initiatives and cooperation with the local community

The Carnex company continuously contributes to improving the quality of the environment through long-term greening initiatives in local communities.

In the past eight years, numerous tree-planting actions were carried out in the territory of the Municipality of Vrbas, including parks, school and preschool yards, playgrounds and other locations.

In the past year, afforestation activities were carried out at the Laza Kostić park in Vrbas, where about 80 new seedlings were planted. The special importance of this initiative is reflected in the active participation of a large number of young people, as well as the organisation of an educational workshop for children on the importance of planting and preserving green areas.

The project was implemented in cooperation with local partners, including NGO Ekološki pokret Vrbasa, with the support of MK Group companies, which provided logistic and technical support.

These activities contribute to the improvement of biodiversity and an increase in green areas. Apart from the activities in the local community, additional seedlings were planted in 2025 within PIK Bečej, at locations of agricultural production, cattle farms and silos.

Soil and biodiversity conservation

Efficient management of the use of plant protection agents and improvement of sustainable production practices are key elements in preserving soil quality and biodiversity at the MK Agriculture division.

MK Agriculture division	2024	2025
Total amount of plant protection agents used in litres	255,679	153,547

Compared to 2024, **in the reporting period, there was a reduction in the total consumption of plant protection agents** in the MK Agriculture division.

The reduction in the use of plant protection products is the result of several factors, primarily climate conditions - especially severe drought, which reduced the frequency of treatments against fungal diseases. Additionally, changes in the sowing structure for crops that require less chemical protection and the introduction of more resistant varieties in crop production contributed.

Arable areas under field crops were reduced by about 17%, while the area under sugar beet was reduced by approximately 13%, directly affecting the reduction of the total consumption of protective agents.

In viticulture, an additional reduction was achieved by introducing organic production on part of the area, with the parallel implementation of conventional measures. In organic cultivation, preparations of plant and microbiological origin (including algae extracts) are used, which strengthen the resistance of plants to diseases and pests without harmful effects on biocenoses and ecological conditions. Conventional preparations (based on sulphur and copper) are still present, but in significantly reduced doses, which reduces the risk of environmental contamination.

In 2025, in fruit production, the yield increased due to the entry of an additional 10 ha of plantations into full bearing after the process of grafting in 2024, temporarily increasing the number of treatments. In parallel, a wider application of biopreparations was introduced, and they are applied in higher doses per hectare compared to some conventional agents, but with a significantly more favourable impact on the environment and biodiversity.

The use of agricultural compost in order to improve soil quality

In accordance with the principles of the circular economy, through the reuse of organic by-products in agriculture, a method for improving soil quality through the application of agricultural compost was developed in the MK Agriculture division.

More than 2,400 tons of organic by-products from our various divisions - including beef and pig manure, digestate from the biogas plant and crop residues - were returned to the crop production cycle in the form of agricultural compost.

A total of 2,070 tons of high-quality Terra Toro agricultural compost was applied to nearly 500 ha of agricultural land, which was procured on the market and produced from organic by-products of our companies, which is a good example of the application of circular economy principles. In that way, the organic material is not treated as waste, but as a valuable resource that increases the content of organic matter and humus in the soil, improving its structure and water regime. The application of agricultural compost on plots under wheat, corn, soy and sugar beet is an example of the circular economy and sustainable agriculture.

When growing experimental crops, we monitor changes in the physical and chemical properties of the soil and the effects on production, whereby the observations so far indicate improved infiltration and water retention, greater biological activity of the soil and more favourable conditions for the development of the root system. This approach contributes to preserving long-term fertility, the more efficient use of nutrients and reducing the need for mineral fertilisers.

All this also influences the reduction of greenhouse gases, through the reduced use of mineral fertilisers and the increased content of organic carbon in the soil.

Animal welfare

Animal welfare

Our cow farm within PIK Bečej operates in accordance with the applicable legal requirements for animal welfare, and although it is not currently certified in this area by a third party, it continuously promotes practices and infrastructure.

All cows are in a free-stall housing system. The farm has two conventional milking parlours (herringbone) and ten Lely Astronaut A5 robots, and there are plans to procure four additional robots.

In 2025, the average production per robot was 24.4% higher than in conventional milking parlours.

Infrastructural improvements are regularly carried out: replacement of slippery floors with non-slip surfaces, the installation and renovation of scrapers and the transition from straw to rubber mattresses for beds, which improves comfort, hygiene and conditions for keeping animals.

Robots and auxiliary equipment have advanced systems for animal condition monitoring. The collars are equipped with sensors that monitor position, movement and rumination, enabling the identification of changes in behaviour, food intake and health status. Sensors in the robotic milking parlours detect the early onset of mastitis by monitoring milk temperature, colour, electrical conductivity and somatic cells so that it is easier to plan treatment or prevent the disease by reacting in time. Data collection, advanced analysis and a higher level of automation contribute to precise milking control, monitoring the health and welfare of each individual, as well as improving the hygiene, quality and safety of raw milk. The efficiency of these measures is monitored through production results, herd health parameters and milk quality indicators.

The veterinary practice is based on written protocols for treatment drafted and approved by a vet, with instructions for all drugs used in the appendices to the protocols. Local anaesthetics are only used during surgical interventions, and antibiotics are not applied for prophylaxis or metaprophylaxis, but only for the treatment of clinically ill animals, thereby contributing to reducing the risk of antimicrobial resistance. The use of analgesics, antipyretics and non-synthetic anti-inflammatory drugs is targeted, most frequently for hyperpyrexia or digestive disorders. It is only permitted to use approved drugs with accompanying documentation and instructions.

The health condition of the herd is monitored through regular checks of metabolic parameters at least twice a year, and more often as needed. In reproductive procedures, only hormone analogues for oestrus synchronisation are used, and only on the basis of reproductive examination.

Animal accommodation and operating procedures are in line with the welfare requirements (population density per square metre, length of the feeding table, etc.), providing safe and humane keeping and production conditions.

Management of methane emissions from animal husbandry

In the reporting year, we participated in the "Methan-Connect" international summit, where, as a farm that proactively works to reduce the carbon footprint, we improved our knowledge of monitoring methane emissions and measures to reduce them in animal husbandry. Although we do not currently have a regulatory obligation to monitor methane emissions, we are aware of their impact on climate change and the importance of managing those emissions to achieve sustainable production.

Through internal monitoring and assessments, we determined that the levels of methane emissions from our production activities are within the acceptable limits, and we will use the acquired knowledge for the further promotion of practices of emission management and production efficiency.

Monitoring of methane emissions is also observed through the lens of animal welfare, as emissions directly depend on the quality of nutrition and digestive efficiency. In this way, we further improve the approach to managing the health and welfare of animals.

In the coming period, we plan to further improve the monitoring methodology and identify opportunities for the additional reduction of emissions from cow farms. We also deal with this topic from the perspective of future regulatory requirements and market expectations in the field of climate change.

Pig farming

In pig farming, we apply a preventive approach that reduces the need for the therapeutic use of drugs through improving nutrition and managing the health of herds. The formulation of the meal is based on the recommendations of our genetic partner, with the addition of functional components - such as calcium butyrate and organic acidifiers, which contribute to the stabilisation of intestinal microflora, improved digestion and the reduction of digestive disorders.

The fodder for pig farms is produced in our own factory, which ensures a high level of quality control, traceability and safety in animal nutrition. This approach enables the fast adaptation of meals to the needs of animals, contributes to the improvement of their health and welfare, but also increases the efficiency and sustainability of the entire production.

As part of the strategy to reduce the use of antibiotics, phytobiotic preparations based on plant extracts and essential oils are used, with the aim of preserving animal health and preventing the most common infections.

Antibiotics are used exclusively for therapeutic purposes, in line with the veterinary protocols, shelf life and principles of responsible use, thereby contributing to reducing the risk of developing antimicrobial resistance.

Antibiotics are not used for prophylaxis or metaprophylaxis. Analgesics and antipyretics are used exclusively in animals with clearly expressed health indications, such as hyperpyrexia.

Medicines and hormones are not used as growth stimulators, but only in accordance with veterinary indications, whereby the exclusive use of registered and approved medicinal products is mandatory.

Biosecurity measures on farms are applied at the highest level, with the aim of preventing the introduction and spread of infectious diseases, including vehicle entry control and mandatory disinfection. In order to improve animal welfare, funds are continuously invested in the modernisation of facilities. The reconstruction of the farrowing house includes the improvement of housing conditions for sows and piglets, which reduces the risk of death and ensures a higher level of comfort. The improvements in the fattening facilities also contribute to the improvement of microclimate conditions and the general health status of animals.

Review of assessments and results of animal welfare

Within the activity of slaughtering and meat processing in the MK Meat division, the Company conducts regular internal and external controls in the field of animal welfare.

During the reporting period, the facility was subject to an external audit, which confirmed a high degree of compliance with the requirements of the standards in the field of animal welfare.

Also, **the Republic veterinary inspection continuously supervises the work processes, including the treatment of animals in all phases of the process.** During the reporting period, no irregularities or objections regarding animal welfare were recorded.

These results confirm a high level of compliance with the applicable regulations and standards in the field of animal protection.

Policies and practices in animal welfare management in the process of slaughtering

The treatment of animals in all process phases - from transport to slaughtering - is defined by the internal Instructions on Animal Welfare, which is fully aligned with the applicable legal regulations and principles of good manufacturing practice.

The Instructions include guidelines for animal loading and transport, unloading and admission to the livestock depot, temporary housing conditions, preparation for stunning, the stunning procedure and bleeding process.

All these processes are carried out in a way that minimises the stress and discomfort of the animals, with mandatory compliance with the welfare standards and professional supervision.

The aim of applying these procedures is to ensure the humane treatment of the animals throughout the entire processing chain, while at the same time preserving the quality and safety of the products.

This is how our companies ensure a consistent application of animal welfare principles along the value chain - from breeding to processing.

Development of companies - future activities

During the reporting period, the MK Group continued the implementation of development projects and capacity building in accordance with the long-term strategy of growth and sustainable business. In mid-2025, new solar power plants were commissioned, thereby increasing the Company's contribution to the generation of energy from renewable sources. The energy generated is fed to the power grid, increasing the market share of green energy and contributing to power system sustainability.

In parallel, the Sunal alcohol factory in Kovačici is under construction and the start of operations is planned for the end of 2026. After commissioning, the Sunal factory will be included In the regular operating and ESG reporting coverage of the MK Group.

These initiatives confirm the continuous transformation and diversification of the MK Group portfolio through targeted investment, growth of production capacities and the consistent application of sustainable development principles.

S

1 SVET BEZ SIROMAŠTVA
2 SVET BEZ GLADI
3 DOBRO ZDRAVLJE
4 KVALITETNO OBRAZOVANJE
5 RODNA RAVNOPRAVNOST
8 DOSTOJANSTVEN RAD I EKONOMSKI RAST
9 INDUSTRIJA, INOVACIJE I INFRASTRUKTURA
12 ODGOVORNA POTROŠNJA I PROIZVODNJA
16 MIR, PRAVDA I SNAŽNE INSTITUCIJE
17 PARTNERSTVOM DO CILJEVA

Social impact

OBJECTIVES IN FOCUS

further increase in the representation of **women** in the management

EUR 5 million
investment into communities in the next five-year period

KEY RESULTS IN 2025

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

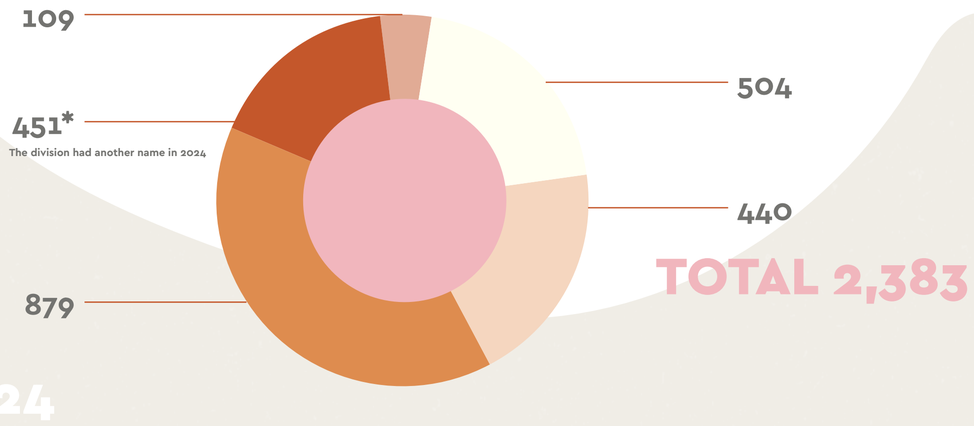
Employee care

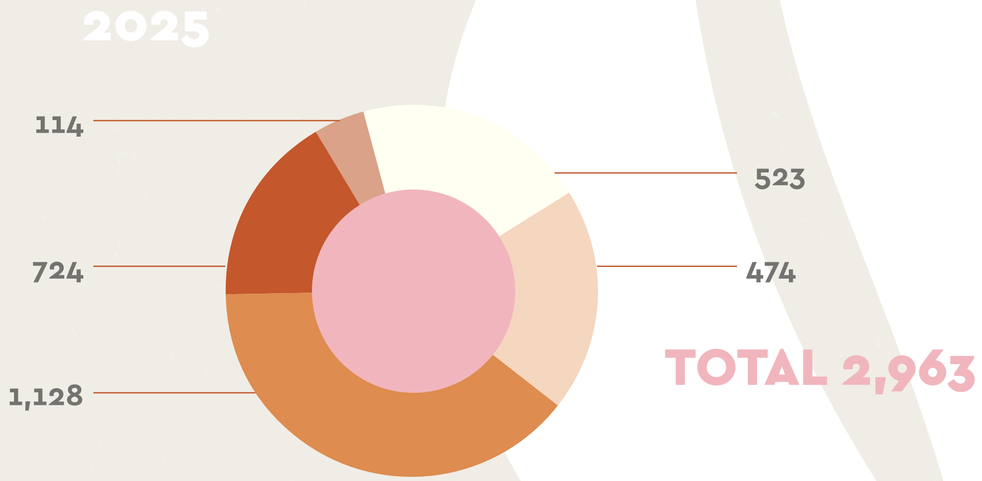
Through continuous investment in the development of people, improving the working environment and fostering a culture of open communication, the MK Group maintained a high level of employee engagement in 2025.

The questionnaire results show that the **employee engagement index** is **84**, confirming a high level of commitment, motivation and sense of belonging of our employees in all parts of the system.

This result reflects our focus on creating an environment where employees have the opportunity to grow, develop and actively contribute to the common goals of the company, as well as continuous work on promoting initiatives with a direct impact on employee satisfaction and experience.

STRUCTURE OF THE TOTAL NUMBER OF PERSONS EMPLOYED AND ENGAGED BY DIVISION





MK Agriculture | MK Sugar | MK Meat | MK Real Estate | MK Energy and Support

Employee benefits

Team-building activities

At the MK Group, we encourage cooperation and the sense of belonging through various team-building programmes implemented at the level of divisions, individual companies and the whole system. These encounters serve not only to socialise, but also to build trust, strengthen team spirit and align with common values.

The programmes include sports, field trips and travel, as well as educational and developmental workshops that promote communication and connect colleagues from different sectors and countries we operate in.

By constantly promoting these initiatives, we create a working environment that motivates employees, encourages knowledge sharing and develops the team energy that drives our organisation.

That is how we build a connected and resilient team with collegiality, enthusiasm and loyalty representing the foundation of long-term success.

Business Run events
- Promoting a healthy lifestyle and team spirit

As part of the initiatives for the promotion of employee well-being, strengthening team culture and promoting healthy habits, in 2025, MK Group employees participated in Serbia Business Run in Novi Sad and Belgrade - the largest business and sports events of this type in Serbia.

The events gathered participants from more than 500 companies, who ran or walked a five-kilometre course in teams. We are proud of our sixteen employees who participated, supporting the message on the importance of taking care of physical and mental health.

MK Group participation in these events directly contributes to the fulfilment of ESG targets, particularly within the Social (S) and Environmental (E) segments:

- promotion of the physical and mental health of employees
- strengthening team spirit, inclusion and mutual support
- encouraging a responsible and active lifestyle
- promotion of sustainability and environmental awareness through organised sports events

Through these activities, we create an environment that encourages long-term employee satisfaction, strengthens corporate culture and contributes to sustainable community development.

Presents for first-grade pupils

Within the long-term corporate social responsibility, the MK Group continuously invests in support for the youngest ones and education. As in previous years, for the beginning of the 2025 school year, MK Group members provided a set of gifts and financial assistance in the amount of EUR 70 (in RSD equivalent) for the children of employees. This initiative aims to make it easier for parents to prepare, and to make the beginning of schooling joyful and special for children, at the same time confirming our commitment to the education and well-being of employee families.

In 2025, there were:

- 14 first-grade pupils whose parents work in PIK Bečej and PP Erdevik
- 25 first-grade pupils whose parents work in Carnex

Discounts at hotels

Within benefits, all MK Group system employees have access to exclusive discounts for staying at hotels from our diverse portfolio. This benefit enables a high-quality vacation under more favourable conditions.

In addition to immediate vacation benefits, discounts contribute to a stronger sense of belonging, motivation and loyalty. In this way, we encourage a balance between business and private life and foster a culture that values the well-being and quality of life of employees.

Visits of employees and their families to the Palace of Science

The Miodrag Kostić Endowment has so far organised four free visits to the Palace of Science for employees of the MK Group system and their families. We plan to continuously develop and expand these initiatives, in order to directly stimulate the curiosity and interest of the youngest in science and technology.

In addition to organised visits, employees of our system are entitled to special discounts for all Palace of Science programmes and content, which further strengthens our strategy of support for education, culture and family.

Special benefits of AikBank

Because of close cooperation with AikGroup, our system employees have acces to numerous benefits for AikBank products and services.

Those benefits include reduced interest rates for loans, limited offers of interest-free loans and more favourable conditions for the maintenance of payment accounts. These benefits help employees achieve important life goals - buying their first property, expanding their family or making investments.

Through this initiative, we clearly show that the MK Group takes the financial health and stability of its employees seriously, enabling them to plan the future more confidently.

Holiday spirit at the MK Group: Secret Santa and corporate celebration

During the New Year's holidays, the MK Group organises numerous festive activities at business premises to encourage informal socialising, strengthen mutual trust and promote a sense of belonging to the Company.

Among them, a special place is occupied by the “Secret Santa” game - a fun initiative in which employees anonymously exchange symbolic gifts with the colleagues they draw out of a “hat”. The activity is organised with clear rules (recommended budget for the gift and the possibility of donating to charities instead of a gift), in order to make it accessible, responsible and pleasant for all participants.

In addition, at the level of the whole MK Group system, a big New Year party is organised which serves as a solemn moment of joint celebration, gratitude and team bonding. These activities contribute to strengthening internal ties, they promote the well-being of employees and reflect the values of social responsibility and inclusiveness that our Company fosters.

Diversity, equality and inclusion

At the MK Group, we believe that differences between people are an important source of strength, new ideas and sustainable company development. That is why we are creating a working environment in which respect, fairness and equal opportunities represent the foundation of the relationship with employees.

Our Company's HR policy is based on the principle of zero tolerance for discrimination on any grounds. In the course of hiring, developing and promoting employees, the focus is exclusively on knowledge, competences, experience and the potential for contributing to the organisation. At the same time, we continuously work to ensure equal working conditions and fair evaluation of the contributions of all employees.

Fostering an open dialogue and culture of mutual respect is particularly important for us. Employees are provided with freedom of association and active participation in improving working conditions, while through cooperation with trade unions, collective agreements are regularly harmonised and working conditions, wages and benefits are defined in accordance with the market circumstances and the needs of employees.

More than two-thirds of employees are covered by collective agreements that provide additional safety and clearly define the rights and obligations in areas such as working hours, holidays and occupational health and safety.

The diversity of employees in terms of generations, experience and professional profiles contributes to the quality of cooperation and the sharing of knowledge within the system.

The MK Group continuously works on creating an inclusive working environment that encourages employee development and long-term career planning.

Number of employees - full-time employees	2024	2025
Persons with disabilities	28	29
Employees under 30 years of age	288	482
Employees between 30 and 50 years of age	1314	1,446
Employees over 50 years of age	781	1,035

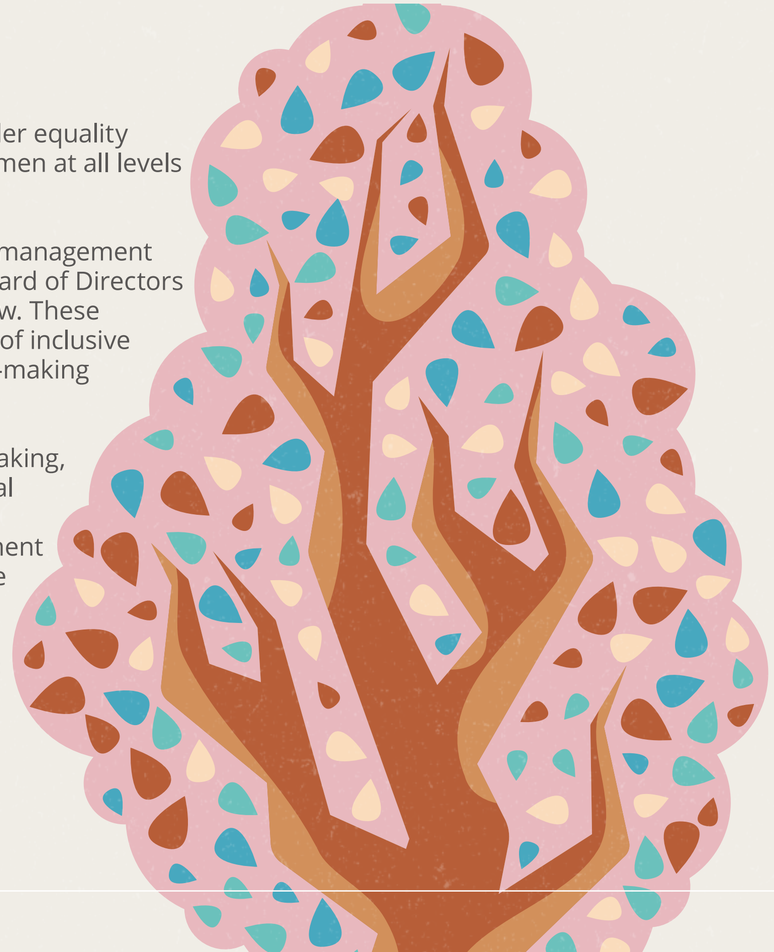
Gender equality and the representation of women in the Company's leadership

The MK Group continuously works on promoting gender equality and encouraging equal opportunities for women and men at all levels of the organisation.

In 2025, there were 45% women in middle and senior management position, while the representation of women in the Board of Directors remained at the level of 50%, for a second year in a row. These indicators show our commitment to the development of inclusive leadership and more equal representation in decision-making processes.

Diverse teams contribute to higher-quality decision-making, greater innovation and the promotion of organisational culture. Representation of women in management positions is an important part of the further development of the Company, additionally strengthening the culture of cooperation, trust and professional development.

Through this approach, the MK Group tends to ensure equally available opportunities for the development and promotion of all employees, with a working environment that supports professional growth and long-term career planning.



Number of employees - full-time employees	2024	2025
Women	829	1,100
Men	1554	1,863
TOTAL	2,383	2,963

Representation of men and women in middle- and top-level management positions at the MK Group	2024	2025
Women	40.8%	45%

Investment in the knowledge and development of employees

Through carefully designed education and professional development programmes, we continuously invest in the development and realisation of the employees' potential. We monitor the needs of teams and develop initiatives that provide support in strengthening competences, knowledge sharing and preparation for future business challenges.

Based on the feedback from employees and managers, we draft programmes in line with the strategic goals of the Company and individual development needs. Internal training sessions promote professional and interpersonal skills, while external programmes, conferences and professional meetings enable keeping up with industry trends, the exchange of experiences and the transfer of knowledge to the organisation.

There is a special focus on the development of leaders and employees recognised as drivers of future Company growth. Development programmes and academies strengthen leadership competences, strategic thinking, communication skills, the ability to make decisions and to manage change. The programmes include workshops, mentoring support and working on real business challenges.

These development programmes encourage proactivity, innovation and continuous learning, empowering employees to achieve their full potential. That is how the MK Group builds a strong, motivated and agile organisation, ready to respond to the challenges of the contemporary business environment, with a clear commitment to the development of people as a key factor in long-term success.

In 2025, there was a smaller scope of delivered training sessions and related investments in employee development compared to the previous year, primarily as a result of a more intensive training cycle during 2024, when activities were carried out to improve the employees' competences, as well as to meet specific business needs in the reporting period. In 2025, we continued investing in employee development through targeted training programmes in line with the business priorities and the further strengthening of key employee competences.

	2024	2025
Total number of training hours (h)	9,414	8,288
Total number of employees participating in training sessions	*	5,186
Total value of employee training sessions held (EUR)	647,912	173,283

*the number of employees participating in training sessions in 2024 was not published

Continuous development: the essence of performance management

Continuous performance improvement is the foundation of our approach to employee and organisational development. Through a structured and transparent performance management system, we encourage efficiency, responsibility and constant progress, clearly linking individual goals with the Company's strategic direction.

The performance management cycle lasts for a year and includes several key stages.

It starts with planning goals - precisely set objectives enable focus, prioritisation and faster decision-making. The strategic guidelines of the Company are translated to the level of teams and individuals in order to ensure a harmonised contribution to business results.

Goal alignment stage encourages an open dialogue between employees and managers, during which the relevance of goals is evaluated, priorities are redefined and the focus on activities with the greatest impact is confirmed.

Evaluation includes analysis of the achieved results and the identification of development potentials. High-quality two-way feedback provides clear guidance for progress, with managers acting as partners, coaches and development support.

Fair, consistent and transparent evaluation contributes to the recognition of results and fostering a culture of responsibility and high performance. That is why **rewarding achieved results** remains a strong motivator.

Performance management is not only an evaluation, it is also a tool for career development, talent management and discovering future leaders. The continuous feedback should be an integral part of daily cooperation, and it should not be reserved for formal evaluations only.

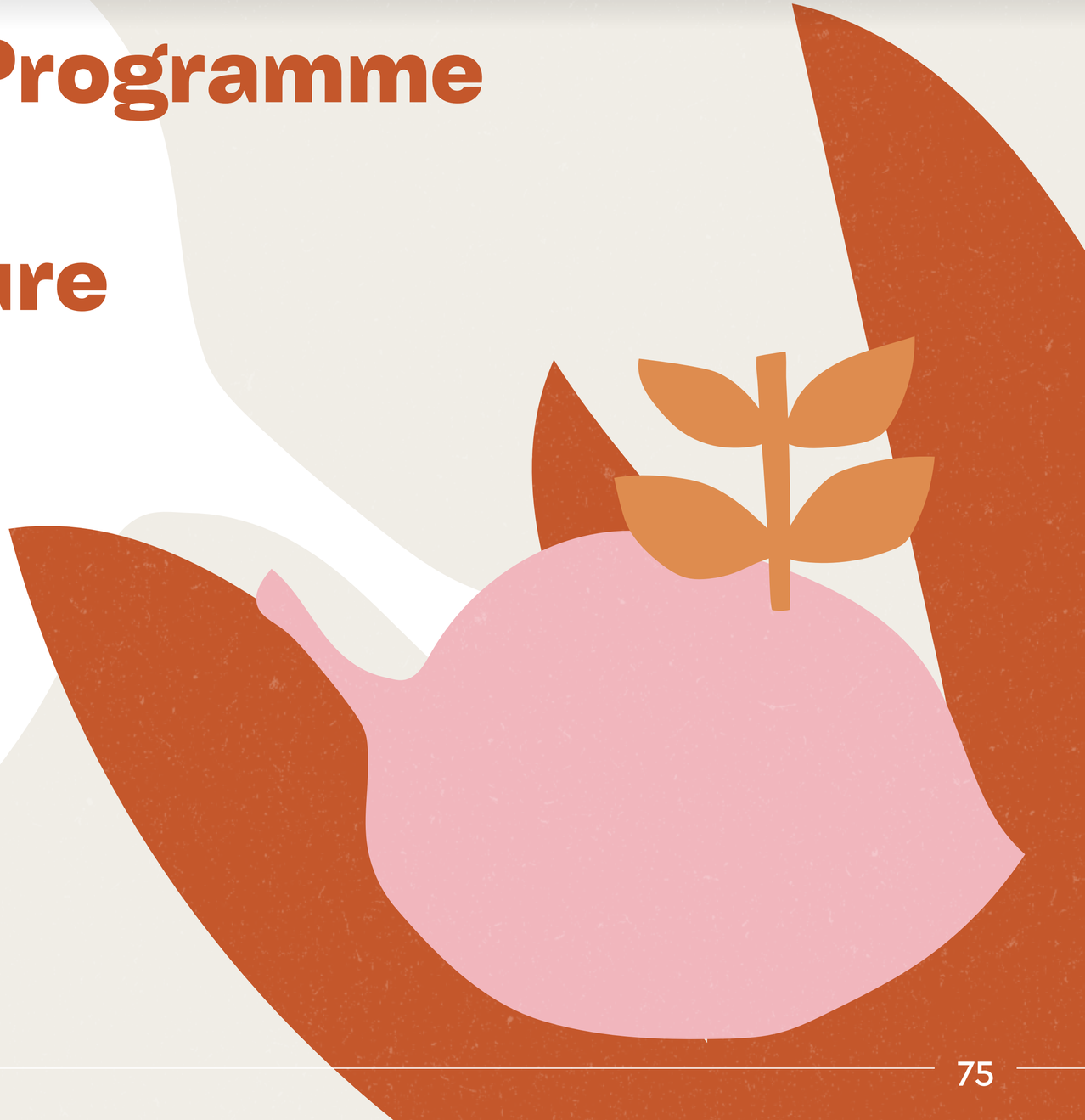
The “Young Talents” Programme - talent development for a sustainable future

Investment in the development of young talents is an important segment of sustainable development. In that spirit, we developed the “Young Talents” programme intended to connect employees from different companies and sectors in order to support their professional and leadership development.

The programme includes talent selection, individual evaluations and the development of personalised development plans, and culminates in the Young Talent Academy - development programme of six modules focused on leadership, communication, emotional literacy, decision-making and change management.

Through interactive training sessions and the exchange of experiences among participants from the entire system, we encourage cooperation, cross-sector connections and the broadening of professional perspectives. **The objective** of this programme is knowledge transfer, and the **empowerment of youth to recognise their own potential, build confidence and become change initiators in their own teams and organisations.**

That is how we develop stable, motivated and responsible teams ready for future challenges, with the belief that investing in young talents directly contributes to the long-term sustainable growth of the entire system.



Annual awards for employees

SELECTED REPRESENTATIVES OF MK GROUP VALUES

For five years now, our company has been awarding Annual Awards as part of a programme designed to recognise and highlight employees who show commitment and team spirit every day, contributing to high standards and excellent results.

The annual awards represent more than the recognition of achievements - they further strengthen the organisational culture and emphasise our corporate values: empowerment, excellence, continuous development and synergy.

As part of the awards, all employees can suggest colleagues they consider ambassadors of our corporate values. **This year, the number of applications increased by 14.7% compared to the previous year, with 904 nominations from the whole MK Group system.** Based on the number and quality of applications, as well as the achieved results, the Board of Directors of the MK Group, in cooperation with member CEOs, elected the finalists and winners.

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

ANNUAL AWARD WINNERS 2025

Ambassador of Empowerment

Duško Kašić

Supervisor - receptionists, MK Mountain Resort

With decades of experience and outstanding communication skills, Duško brings stability to the team and sets a high standard of professionalism. His problem-solving skills and constant availability provide reliable support for guests and colleagues. As a mentor, he actively develops and empowers team members, raising standards of work at the hotel reception and fostering a culture of continuous improvement. All these qualities confirm his role as an Ambassador of Empowerment within our system.

Ambassador of Excellence

Biljana Marković

Quality and Development Director, Carnex

Biljana consistently sets high standards of professionalism through dedication and genuine passion for the improvement of operations. Her role in the development of new products, raising the quality of the assortment and optimising costs directly contributes to the growth of productivity. As a leader, she successfully guides and motivates teams, making timely and carefully considered decisions. Her energy and responsibility provide reliable support in the working environment, which her colleagues particularly appreciate.

Ambassador of continuous development

Radoslav Višnjevčanin

Senior Procurement Associate, Sunoko

With his many years of experience and professional approach, Radoslav consistently encourages the improvement of operations. Through his work, he designs solutions that connect different segments of the Company, initiates changes and implements actual improvements that bring long-term value. The colleagues particularly highlight his strategic understanding of processes - from the procurement of equipment for a new factory to the coordination of teams - where his proactive approach and decision-making accelerate the implementation of key projects.

Ambassador of Synergy

Borko Veljković

Land Reclamation Technologist, PIK Bečej

Borko is always ready to actively contribute to solving challenges and promoting synergy among teams. He is a role-model for the continuous improvement and connection of teams from different locations, initiating cooperation that makes the maximum use of the knowledge and resources within the organisation. Oriented toward practical solutions, Borko actively shares knowledge and encourages cross-sectoral coordination, which significantly improves the efficiency and stability of the entire Company's operations.

The best manager

Filip Petrović

Human Potential Manager, Petram Resort & Residences

Filip was chosen as the best manager of the MK Group because of his responsibility and trust built in relationships with colleagues. Through persistence, work on the onboarding process, continuous team development and a mentoring approach, he achieved measurable improvements in performance and significantly increased employee satisfaction in his team. Filip's leadership combines strategic thinking and concrete results, making him the role-model for managerial excellence in the Company.

The best team

Treasury Department

MK Group

The MK Group Treasury Department Team is based on mutual trust and efficient cooperation. Their members build strong professional relations and they support one another outside work, too, contributing to faster knowledge sharing and better coordination. Because of their proactive risk management and improved procedures, the financial stability of the MK Group was strengthened. The example of this team confirms that synergy, trust and clear communication directly increase organisational efficiency.

Internal competition

“Launch an Idea”

“Launch an Idea” is an internal competition affirming continuous development as a key corporate value of the MK Group. **The aim of the initiative is to motivate employees to propose ideas that promote operations, increase efficiency and introduce innovation.** Applications are not limited by budget, and the MK Group undertakes to implement the winning project within five years.

In the seventh season, in 2025, there was a record number of applications - as many as 62 ideas.

The winning idea in the seventh season 2025 originates from Radoslav Višnjevčanin, Senior Procurement Associate from Sunoko: “Pre-drying of beet pulp in the Vrbas sugar factory”. The solution includes the improvement of the process of beet pulp drying through a combined use of heat from exhaust gases and process water, which enables a significant reduction in energy consumption and an increase in system efficiency. The implementation of this solution enables a reduction in the consumption of natural gas by 24%, with a simultaneous reduction of CO_2 emissions, estimated for that plant to be about 55% compared to previous coal-based technologies.

In addition to environmental benefits, the project also contributes to the improvement of economic efficiency through the reduction of operating costs, as well as the reduction of regulatory risks in the context of future climate policies and the CBAM mechanism.

The “Launch an Idea” project demonstrates that employee initiatives can generate measurable contributions to sustainable development and the strategic ESG targets of the MK Group.

Occupational health and safety

Occupational health and safety are a priority in human resource management and one of the key elements of the corporate social responsibility of the MK Group.

In 2025, our Company continued the systemic promotion of risk management, focusing on the **prevention of injuries, continued employee education and safety culture development at all levels** within the companies.

Identification of hazards, risk assessment and investigating incidents

The MK Group applies a comprehensive approach to risk management in the field of occupational health and safety (OHS), covering all operating stages, including outsourced contractors and suppliers. Risks are systematically identified and assessed through workplace assessments, regular site visits, analysis of “near misses”, employee reports and the results of internal checks and inspections.

Special attention is paid to high-risk activities, such as working at height, operating machinery and working with hazardous substances.

Risk prevention and mitigation are implemented by applying contractual requirements for partners, constant supervision of contractors and compliance with the relevant OHS standards and internal procedures. Risk assessments, inspections, incident analysis and consultations with employees are carried out for routine and unscheduled activities.

Employees have clearly defined channels for reporting danger - directly to their supervisors, the OHS department or through an internal reporting system. The Company guarantees whistleblower protection: no consequences, discrimination or disciplinary measures for reporting risks or participating in activities for OHS promotion. Employees are authorised to leave work situations that they justifiably judge to pose an immediate danger, without fear of negative consequences, in accordance with the internal procedures and legal requirements.

All incidents and accidents are thoroughly investigated in order to determine the root causes, identify associated hazards and assess risks. Based on the findings, corrective and preventive measures are defined, using the hierarchy of controls, and the results of the investigations are used for the continuous improvement of OHS system management and the prevention of repetition.

Our Company provides medical assistance through occupational medicine services - health supervision, preventive and periodic medical examinations, work capacity assessment and counselling related to occupational health risks.

Participation of employees in the development, implementation and improvement of the OHS system is encouraged through regular meetings, training sessions, risk reporting and the work of employee representatives in the OHS Committee. When formal joint committees are established, they actively participate in reviewing risks, analysing incidents, proposing preventive measures and improving working conditions, acting in an advisory capacity and meeting at defined intervals. Informing employees about risks, preventive measures and the results of activities takes place continuously through internal communication channels and education.

Employee training on occupational health and safety

During the reporting period, the companies implemented a comprehensive training programme in the field of OHS, including general orientation, work in production and storage conditions, employee rights and obligations, as well as specific training for jobs with increased risk - handling equipment and machines, dealing with emergency situations and applying protective measures against identified hazards and harms.

A total of about 1000 targeted training sessions were conducted, designed according to the specifics of the work processes and individual jobs.

Special emphasis was placed on practical exercises and simulations of accidents, implemented at the Sunoko sugar factories in Vrbas and Pećinci, Industrija mesa Carnex in Vrbas, and PIK Bečej and Agrounija in Krčedin. Through realistic scenarios, employees developed the ability to react quickly and correctly in risky situations, which contributed to the improvement of operational and preventive safety at the locations.

SIMULATION OF RESPONDING TO A CHEMICAL ACCIDENT - PC SUNOKO PEĆINCI

PC Sunoko Pećinci - Demonstration exercise

The demonstration exercise of responding to a chemical accident was successfully realised at the Sunoko production centre in Pećinci, and it was organised in order to check the readiness of employees and coordinate all the relevant services in emergency situations.

The exercise included the simulation of an employee's health problem while driving a heavy internal traffic vehicle, loss of control over the vehicle and the spillage of hazardous chemicals. In accordance with the defined procedures, the chemical accident response team was activated, employees were evacuated, a safe zone was secured, the injured persons were rescued, and the accident site was rehabilitated.

The chemical accident response team and the Pećinci fire-rescue unit participated in the exercise, along with the emergency department and Company management. There was a special emphasis on mutual cooperation, speed of reaction and the application of prescribed security measures.

Care for the health and well-being of employees

The MK Group facilitates employees' access to healthcare services outside the work context through timely information about available public and private healthcare institutions, referrals for preventive examinations and support in using health insurance. Access to services covers all employees, in accordance with the rights and obligations provided by the healthcare system.

In addition, the Company implements voluntary health promotion programmes that include preventive examinations, education on healthy lifestyle habits, chronic non-communicable disease prevention programmes, and initiatives focused on mental health and stress management. The programmes are designed to allow employees flexible involvement and available support through internal communication channels and cooperation with the relevant healthcare institutions.

Results and performance promotion

The implementation of systemic measures of occupational health and safety management during the previous year brought measurable results.

In 2025, the following was recorded:

- cumulative **reduction of injuries** of **30.8 %**
- the number of **lost workdays was reduced** by **20%** compared to 2024
- **0 deaths** as a consequence of work-related injuries
- **803 fewer lost workdays** compared to 2024 due to work-related injuries. This number is recorded on the basis of absence from work due to injuries and is used to calculate performance indicators

2024		2025
96	MINOR INJURIES	67
11	MAJOR INJURIES	7
107	TOTAL INJURIES	74
4,009	DAYS LOST DUE TO WORK-RELATED INJURIES	3,206

Number of work-related injuries

The main types of work-related injuries include:

- minor injuries (for example, scratches, cuts and sprains)
- major injuries (for example, fractures, more serious contusions and injuries requiring hospital treatment)

In the reporting period, severe injuries were most often the result of falls from a height.

To eliminate hazards and reduce the risk of falls, measures are applied in accordance with the control hierarchy: the replacement of dangerous procedures with safer solutions, technical protection and improvement of work equipment, collective and personal protective equipment, an increased number of training sessions, stricter supervision of work execution, the revision of procedures and permits for working at height. Administrative measures, regular training sessions and inspections are continuously implemented in order to further reduce the risks.

The report includes all workers whose work or workplaces are under the control of the Company, including hired workers who are not in a direct employment relationship.

The collected data indicates the efficiency of the preventive approach and confirms the importance of continuous education and the active participation of employees in improving occupational health and safety.

Certification and management system

In the previous year, the MK Group further strengthened the commitment to occupational health and safety through independent checks and confirmation of compliance with the international standard. The certification once again confirmed the functionality of the management system and its application in practice.

In 2025, external checks at the Sunoko sugar factory (PC Vrbas and Pećinci), Industrija mesa Carnex, Carnex Stočarstvo, PIK Bečej and Agrounija, in accordance with ISO 45001:2018 requirements. This confirms that the occupational health and safety management system has been implemented in accordance with the international standards and applicable legislation. The system includes all employees, work activities and locations under the operational control of the organisation.

Achieving this goal reflects the consistent application of standardised procedures, continuous performance monitoring, and ongoing commitment to improving the work environment.

Digitisation of occupational health and safety and the availability of information

In order to improve the availability of information to employees and the more efficient management of documentation, a digital platform for occupational health and safety and fire protection was developed, implemented through the internal platform MKONEKT.

This platform provides employees with easy access to key information:

- unique procedures and instructions for safe work
- educational materials and presentations
- reports on work-related injuries at the level of all companies
- occupational health and safety policy
- work permits and other operating documents

The planned modernisation of the platform will further improve the user experience and enable the even more efficient exchange of information and the management of safety processes.

Safety culture and employee engagement

The MK Group continuously strengthens the safety culture through the active inclusion of employees and systemic knowledge sharing. The World Day for Safety and Health at Work is marked by regular internal campaigns and communication activities, whereas the annual **"In-house seminar"** gathers experts from the whole MK Group system as the central platform for:

- exchange of experiences and good practices
- discussion on challenges in the implementation of OHS measures
- introduction to the latest trends through lectures by eminent expert

Continuous promotion, based on prevention, education and the digitisation of the process, remains the key direction of system development in the coming period.

Consumers and quality care

In the production companies of the MK Group, certified management systems covering quality, food safety, environmental protection, occupational health and safety and energy efficiency are widely implemented. During the reporting period, the continuity of certification was maintained with continuous improvement within each system.

Specific standards of sustainable production are applied in certain business segments, including the certificate of organic production in viticulture, which additionally confirms the commitment to the preservation of natural resources and the application of sustainable agricultural practices.

In addition to certificates, social aspects of sustainable operations and working conditions in the supply chain are monitored through self-assessment mechanisms and the application of internationally recognised tools for supplier transparency and ethical operations.

Table of standards according to which the companies of MK Agri-Food divisions have been certified

Certified standards in the MK Agri-Food division in 2025

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

NOTE

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

Value chain

Within the MK Group, value chain management is based on the principles of traceability, quality and sustainability through all stages of operations. The mentioned examples of Carnex and Agrounija illustrate how these principles are applied in practice, while similar standards and approaches are consistently applied in other members of the system.

carnex

Traceability and quality control in Industrija mesa Carnex

Ensuring traceability through all stages of the value chain is a key element of responsible operations and guarantees a high level of product safety and quality, enabling the complete transparency of the movement of raw materials and products through all the production stages.

Transparent insight into the origin and processing of raw materials enables companies to effectively manage risks and build long-term consumer trust.

Industrija mesa Carnex implements a comprehensive supply chain traceability system to identify the origin of raw materials, control quality, comply with the legal and internal requirements and manage risks related to product quality, sustainability, ethics and authenticity. The system, defined by an internal procedure and supported by digital solutions for monitoring and data management, provides complete records in the “farm-to-table” process - from the origin of raw materials, veterinary and transport records, through production processes and quality controls, to the final product and distribution. This ensures transparency, a quick response in the event of an incident and the consistent application of safety and sustainability standards throughout the value chain.

A defined supply chain traceability system ensures the possibility of tracking procured raw materials and starting materials through all the relevant stages of procurement, receipt, storage and use in the production process, whereby the level of traceability is established in accordance with the type of procurement (animals, raw materials or materials).

The system guarantees product traceability at least to the level of the supplier and the production batch/lot, while for selected raw materials and materials, traceability is extended to the place of origin, production plant or specific manufacturer. For the procurement of animals, traceability is ensured to the farm level.

Carnex monitors and records the certification status of procured materials and raw materials in accordance with the requirements of the quality system, product safety and supply chain authenticity. Certification data is collected from the supplier's documentation - certificates, declarations of conformity and accompanying documents submitted during the procurement and receipt of goods. The share of procured quantities that have certificates according to internationally recognised standards is determined by periodic analysis of procurement and the available documentation.

The certified products include raw materials, packaging materials and other starting materials for which suppliers have valid certificates of conformity (HACCP, ISO 9001, IFS, BRC, Global G.A.P., ISO 22000, FSSC).

Carnex continuously implement projects to increase the share of suppliers who possess internationally recognised certificates of traceability, quality, safety and authenticity.

Improvement measures include:

- establishing criteria for the selection and assessment of suppliers that require relevant certificates
- constant communication and cooperation with suppliers in order to improve the quality system and traceability
- periodic checks and analyses of the supplier's certification status
- inclusion of requirements for traceability and certification in contractual and purchasing conditions, questionnaires and declarations of conformity

The internal procedures for managing the list of approved suppliers define evaluation criteria that favour the application of international quality and safety standards. **This approach ensures a high level of transparency, security and trust in the supply chain with continuous improvement of the traceability system according to best practices.**

AGROUNIJA

Traceability and quality control in Agrounija's production of apples

In order to ensure a high level of quality, safety and traceability, the MK Agri-Food division applies contemporary automated fruit classification and processing systems in post-harvest processes in apple orchards.

The key role is played by the pre-calibrator, intended for the precise categorisation of apples according to colour, quality, diameter and weight. After the initial cooling in the chambers, the raw material is transformed in the pre-calibrator into uniform batches ready for final packaging, thus optimising the sales process and ensuring consistent quality for customers.

The system uses advanced optical technology that generates up to 36 high-resolution images for each fruit, with real-time weight measurement, achieving exceptional accuracy and reducing the possibility possibility of errors.

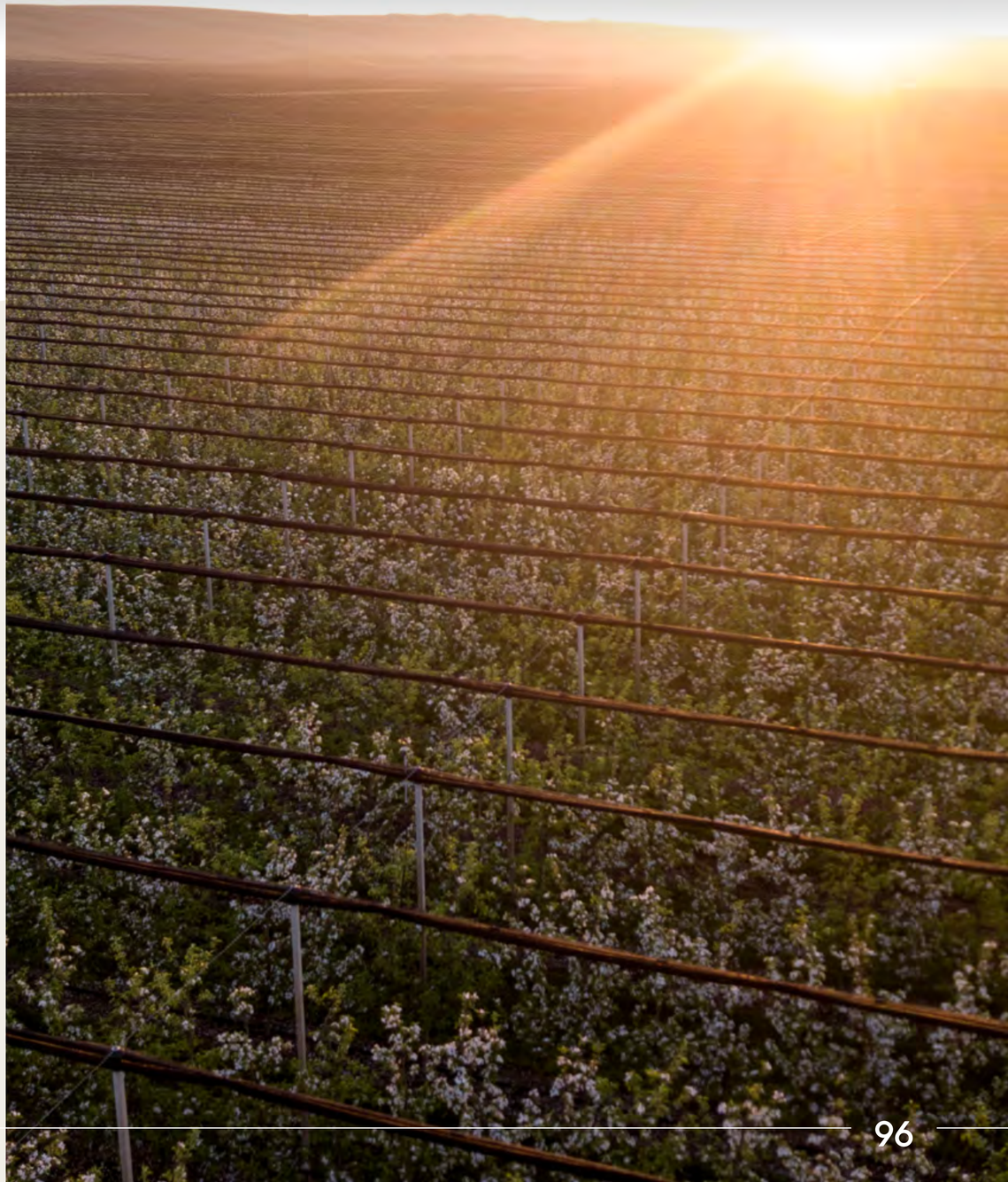
Based on the collected data, the fruits are distributed in one of 25 channels, which allows for high batch uniformity and adaptation to market requirements.

The process is organised in such a way as to minimise damage to the fruits and ensure a high hygienic standard, while automated labelling enables full product traceability in all stages of storage and distribution.

The system achieves a capacity of about 10 tons per hour, which ensures the high efficiency and stability of production during the seasonal peaks.

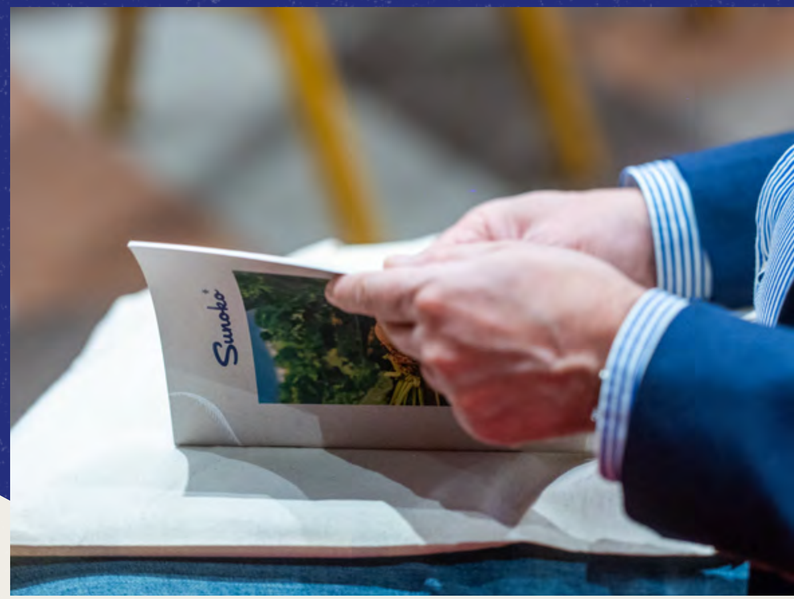
> **The pre-calibrator not only functions as a sorting device, but also as a quality assurance system that reduces the possibility of human error and enables precise adaptation to the requirements of different markets.**

This approach contributes to preserving the integrity of the fruit, extending shelf life and reducing losses, while at the same time ensuring the complete traceability of the product through all stages of the value chain.



Days of Sugar Beet Fields and the traditional Seminar on Sugar Beet Production

In order to improve the efficiency, sustainability and transparency of the value chain, **Sunoko continuously develops innovative solutions and applied research in agricultural production, with intensive cooperation with suppliers and manufacturers through knowledge sharing and the continuous promotion of manufacturing practices.**



Days of Sugar Beet Fields

During the traditional “Days of Sugar Beet Fields” organised in the reporting year by Sunoko and held in the fields near Bačko Dobro Polje, farmers exchanged experience and good agricultural practices. Event like this are one of the ways for the latest knowledge and technologies in sugar beet production to find their way to practical application and enable farmers to achieve higher yields.

Maximising the productivity of sugar beet production is key to maintaining competitiveness, especially in unfavourable market conditions. That is why Sunoko continuously invests in research and development to adapt production technology to the challenges posed by climate change and the reduction in the number of available plant protection agents.

The Days of Sugar Beet Fields presents the assortment and technologies adapted to the new conditions, improvements in protection against pests and protection against leaf diseases, as well as innovative approaches to weed control, including mechanical weed control. The key to success lies in the timely application of recommended measures - any delay or inadequate selection of protective agents can reduce the yield and quality of raw materials and lead to soil pollution. Special attention is paid to soil conservation through measures to retain moisture and encourage deep root development, thereby increasing crop resistance to dry periods.

* Modern machines for mechanical weed control, such as harrows with spring tines or cultivators, the so-called comb harrows (in the picture), allow the omission of one to two chemical treatments in the protection against weeds in sugar beet crops. The machines are still in the testing phase in PIK-Bečej.

Sugar Beet Production Seminar

The traditional Sugar Beet Production Seminar was held in Novi Sad at the end of 2025, with lectures by eminent experts in the field of protection and production technology. The seminar provided a platform for interactive knowledge sharing, the presentation of modern technologies and digitisation in agriculture, as well as the results of the application of new methods developed in the Inđija Research and Development Centre.

This year, the Manual on Sugar Beet Cultivation was presented at the Seminar, and the IRC team of authors and experts condensed it into a practical guide to successful production. The Manual deals with key technological steps, solutions for the most pressing issues in modern production, and it also includes a separate segment on climate change, plant stress and measures to overcome those challenges. It is also available in **digital format** for easy access and application in field practice.

Experts from the region and producers participated in the panel discussions, and shared their experiences in dealing with climate challenges, with a special emphasis on soil conservation measures and improving its physical properties.

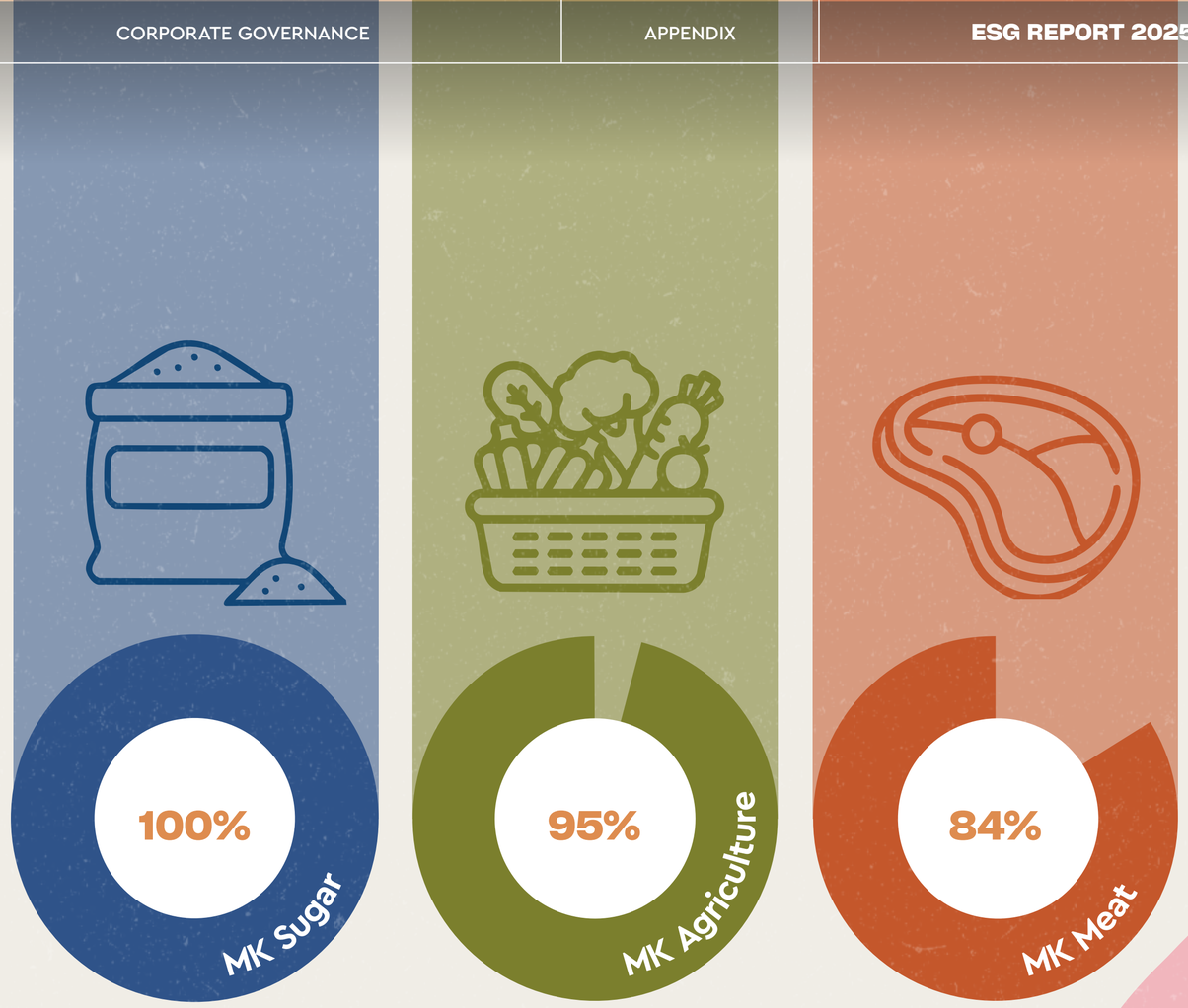
Such initiatives directly strengthen the professional capacities of the value chain and accelerate the transfer of innovation into practical application, contributing to production sustainability.

MANUAL ON
SUGAR BEET CULTIVATION

Local suppliers in the value chain

The MK Sugar, MK Agriculture and MK Meat divisions, operating within the MK Group, provide a significant part of the key raw materials through their own production and through close cooperation with local suppliers and subcontractors. This model enables the development of local value chains, support for domestic agriculture and greater traceability and quality control in the whole production process. In addition, reliance on local resources contributes to reducing greenhouse gas emissions from transportation and improving business sustainability.

Sunoko bases its entire sugar production on sugar beet grown in Vojvodina, in the immediate vicinity of the production facilities, using seeds that are not genetically modified. This model supports local agriculture, minimises the logistics impact and increases the social and economic contribution to the community.



Percent of products and services purchased from local suppliers in 2025
(for significant regions and significant activities)

Awards for quality

The awards for quality given to the projects and products of our companies represent an independent indicator of consistent orientation towards high standards of production, control and product safety. These recognitions confirm the application of good practices throughout the entire value chain, encourage the continuous improvement of processes and innovations, and contribute to strengthening the trust of consumers, business partners and regulatory bodies.

External quality verification is also used as an input for internal processes - award results are integrated into improvement plans, communication to markets and sustainability strategies, thus increasing the transparency and responsibility of the Company.

Awards to MK Group companies

IPMA Gold Award for global excellence in project management:
The MK Group has been awarded the prestigious IPMA Gold Award for global excellence in project management for the implementation of the Miodrag Kostić Endowment - Palace of Science project.

Award for architecture:
The architectural team of the Miodrag Kostić Endowment - Palace of Science was awarded the prestigious award at the 47th Salon of Architecture for the best architectural project in Serbia.

Award for contribution to the improvement of the economic partnership with Montenegro:
The award of the Ministry of the Diaspora of Montenegro was awarded posthumously to the MK Group founder, Miodrag Kostić, for his contribution to the improvement of economic partnership.

Vinarija Erdevik

In 2025, the wines of the Erdevik winery achieved notable success at the renowned international competition **Decanter World Wine Awards**, winning multiple accolades in various categories. These medals confirm the high quality of the product, the continuous improvement of the production processes and the growing recognition of the brand on the international market.

Decanter World Wine Awards 2025:

Omnibus Lector Chardonnay (vintage 2019)
Gold medal

Ex Cathedra Sauvignon Blanc (vintage 2021)
Silver medal

Stiflers Mom Shiraz (vintage 2020)
Silver medal

Grand Trianon (vintage 2020)
Silver medal

Omnibus Lector Chardonnay (vintage 2021)
Bronze medal

Marlot Delon Cabernet Sauvignon Merlot (vintage 2020)
Bronze medal

Trianon Pino Blanc-Pinot Grigio-Sauvignon Blanc (vintage 2023)
Bronze medal

Industrija mesa Carnex

Awards at Novi Sad Fair 2025

1. Grand Champion Cup

- Industrija mesa "CARNEX" DOO, Vrbas - for superior quality and a wide range of products

2. Product group quality champions:

- Industrija mesa „CARNEX" DOO, Vrbas - "Peas with pork" in the sterilised ready meal group
- Industrija mesa „CARNEX" DOO, Vrbas - "Pâté with ham" in the liver sausages and pâtés group
- Industrija mesa „CARNEX" DOO, Vrbas - "Rustic" in the fermented dry sausage group
- Industrija mesa „CARNEX" DOO, Vrbas - "Wrapped smoked bacon" in the bacon group
- Industrija mesa "CARNEX" DOO, Vrbas - "Premium hot dog" in the finely chopped boiled sausages group

3. Medals won for the quality of meat products

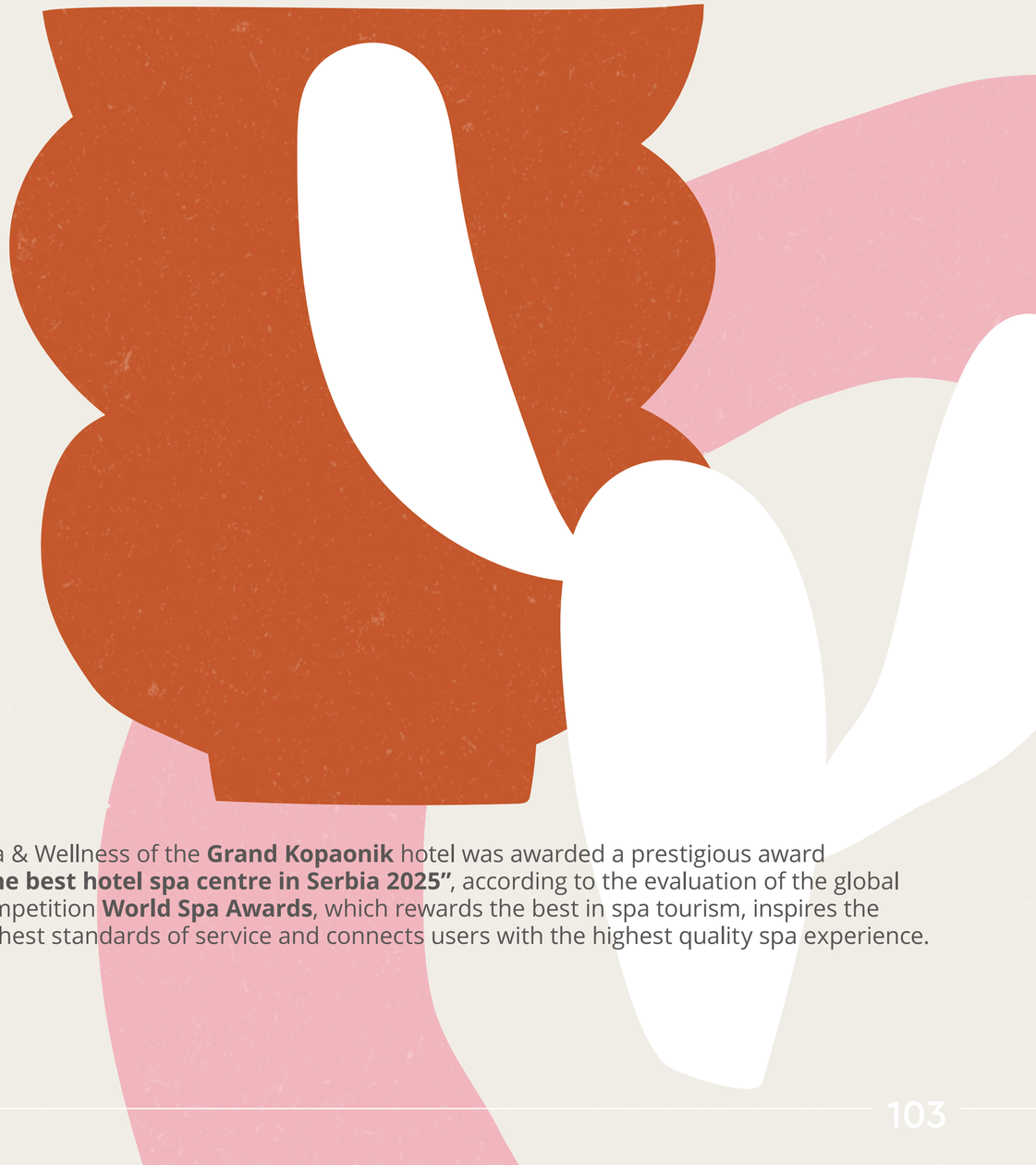
- Liver pâté - Gold medal
- Tea pâté - Gold medal
- Pâté with ham - Grand gold medal
- Pâté with vegetables - Gold medal
- Spicy pâté - Gold medal
- Alpine pâté - Gold medal
- Chicken pâté - Gold medal
- Spicy chicken pâté - Gold medal
- Smazalice chicken pâté - Gold medal
- Cold meat - Gold medal
- Peas with pork - Grand gold medal
- Beans with bacon - Gold medal
- Beans with sausage - Silver medal
- Homemade sarma - Gold medal
- Peas with chicken - Gold medal
- Beans with smoked meat - Gold medal
- Lean beans - Gold medal
- Pork stew - Gold medal
- Beef stew - Gold medal
- Novosadska - Silver medal
- Mini alpine - Gold medal
- Homemade sausage - Silver medal
- Grill sausage - Silver medal
- Grill sausage with cheese - Gold medal
- Thin sausage - Silver medal
- Wrapped smoked bacon - Grand gold medal
- Homemade meat bacon - Gold medal
- Mini wrapped, pressed ham - Gold medal
- Mini pizza ham, wrapped - Silver medal
- Special ham - Gold medal
- Premium hot dog - Grand gold medal
- Delicacy with vegetables - Gold medal
- Rustic - Grand gold medal
- Sremska sausage - Silver medal
- Dry pork prosciutto - Silver medal

Awards for MK Group hotels

The hotels operating within the MK Group are winners of significant regional and international awards in the fields of hotel management, sustainability and gastronomy. During 2025, the Palace Portorož hotel particularly stood out, as its awards confirmed its high level of service, strong position in the MICE segment and commitment to sustainable destination development. These awards further strengthen the reputation of the MK Group as a reliable and responsible partner in tourism and hotel management.

A consolidated overview of the prestigious awards and recognitions that **Hotel Palace Portorož** won in 2025:

Award	Awarded by	Rationale
Slovenia's Best Incentive Hotel 2025	World MICE Awards	Recognition as the leading destination in Slovenia for incentive travel, with an emphasis on superior business infrastructure and unique experiences.
Meeting Star (Slovenia's Best MICE Resort Hotel)	Kongres Magazine & Conventa	Awarded for excellence in the MICE resort hotel category, confirming the hotel's status as a premier location for congresses and events.
Slovenia's Leading Hotel 2025	World Travel Awards	Confirmation of the country's leading luxury hotel status based on service excellence, historical significance and guest satisfaction.
Eco-Certified Property (EarthCheck)	EarthCheck	Recognition for sustainability due to meeting strict international environmental standards, supporting the local community and efficient resource management.
Recognition for the 12th Festival of Sparkling Wines	Potrorož Tourist Community	Awarded for a key partnership in the organisation of one of the most prestigious gastronomic events in the region, contributing to the reputation of the destination.



Spa & Wellness of the **Grand Kopaonik** hotel was awarded a prestigious award **"The best hotel spa centre in Serbia 2025"**, according to the evaluation of the global competition **World Spa Awards**, which rewards the best in spa tourism, inspires the highest standards of service and connects users with the highest quality spa experience.

Caring about the community

EUR 5 million
For CSR activities in the period from 2023 to 2027

EUR 98,000
For "Family Support" CSR programme in 2025

EUR 123,000
For SOS Children's Villages in 2025

Social responsibility is one of the greatest values of the MK Group, and the focus is always on supporting the family and parenting, children, youth and education.

In addition to significant investments in the renovation of kindergartens and student dormitories in Serbia, Montenegro, Croatia and Slovenia, in the last two years, the MK Group has continuously supported numerous local initiatives, too. Let us mention some of the most prominent ones: planting trees in Vrbas, donations to associations that fight against diseases, equipping sports clubs, donations of goods and funds to youth centres, health institutions, monasteries and many other organisations that needed assistance.

The value of the donations in 2025 by MK Group system divisions:

MK GROUP SYSTEM DIVISION	DONATION VALUE (EUR)
MK Support	2,990,107
MK Agri-Food	387,927
MK Real Estate	231,939
MK Energy	2,640
TOTAL	3,612,613

The focus on social responsibility at the MK Group:

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

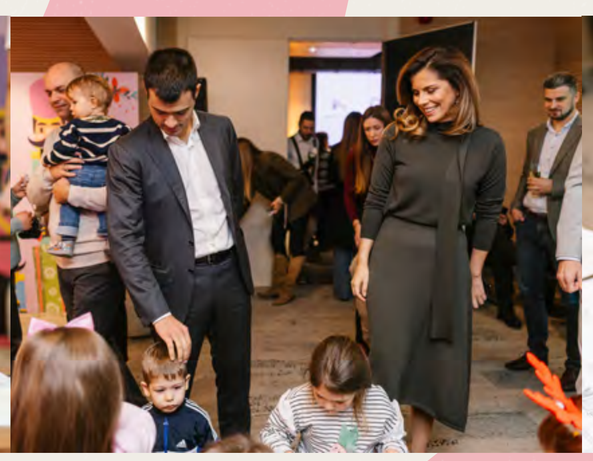
Family support

In 2017, the MK Group initiated the “Family Support” internal programme, in order to empower and support employees who become parents. In partnership with AikGroup, from the establishment of the programme until today, we have together celebrated the arrivals of **1,800 babies and** provided support to more than **1,000 families**, investing almost **EUR 700,000.**

In 2025 alone, **we allocated almost** EUR 100,000 **for 170 newborns.** We are glad that employees who become parents in 2026 will receive increased financial allowances for the first, second, third and each subsequent child from our Company.

Over time, the programme expanded beyond the scope of the Company - through donations that provided support to organisations and institutions dedicated to parents, children and young people throughout the Adria region. We believe that sustainability begins with the care of the youngest, and that is why the safety of every child who comes into the world is our priority.

“FAMILY SUPPORT 2025”



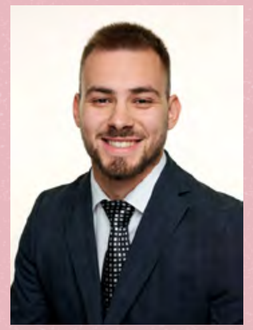
AikGroup
PODRŠKA PORODICI
11.500.000 dinara

Youth support: investment in future generations

In 2025, the MK Group provided the opportunity to seven final-year university students for professional practice in various positions - from marketing and HR, through M&A to agronomy department.

Through a structured internship programme, students applied theoretical knowledge on real projects, with the support of mentors, clearly defined goals, regular progress evaluations and practical workshops for the development of key skills (communication, teamwork and project management). The programme also includes professional guidance that facilitates the transition to the labour market, and some interns continued their cooperation with the MK Group through permanent employment.

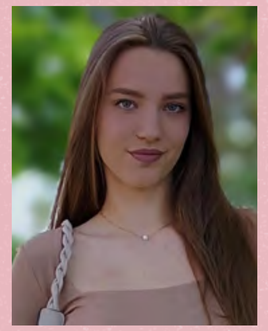
Below are the young talents who spent their summer in our system and gained their first significant professional experience.



ANDREJ GAVRIĆ

M&A team intern, MK Group

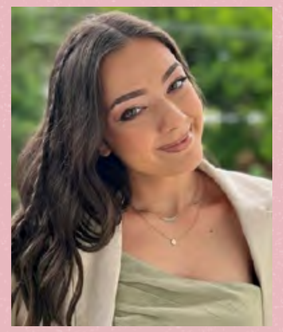
"Internship is crucial for the development of every student, especially in the fields of business and economics. At the MK Group, I have acquired valuable skills, from responsibility at work to team communication, which can rarely be learned through formal education. This experience gave me the opportunity to really grow, both technically and interpersonally.
The most important lesson learned at the MK Group is the importance of precision and focus, because it is through these that we build trust and professional credibility."



DUNJA VRAČEVIĆ

Intern - bookkeeper, Acadia

"During my internship at Acadia, I gained important experience that connected my theoretical knowledge of economics with practice. I was particularly interested in the topics of procurement, sales and accounting of income and expenses, which deepened my understanding of business processes. This practice has contributed to my professional development, freeing me from initial fears and strengthening my confidence at work."



LARA BOGAROŠKI

Intern in the marketing and communications team, MK Group

"Experience from the internship at the MK Group represents a solid foundation for further professional development for me. I will continue to develop and apply the knowledge and skills I have acquired in my future career. The most important lesson I learned is that consensus and mutual respect in a team are key, especially in unforeseen situations, when it is necessary to find a solution quickly. That's when the team's strength and willingness to overcome challenges together comes to the fore."

MARIJA MILUTIN

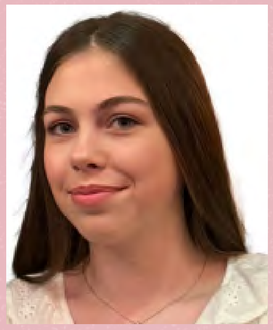
M&A team intern, MK Group

"The experience of internship at the MK Group far exceeded my expectations. I felt accepted in the team, and the continued support I received meant a lot to me. The internship allowed me to develop a professional approach to work, to gain a deeper understanding of corporate processes, and to gain confidence in business communication. For me, the internship represents an opportunity to learn in a safe environment and brings great experiential benefits."

NIKOLA DAMJANOVIĆ

IT clerk - Department of Infrastructure, MK Group

"I believe that internship is very important for personal development because it gave me the chance to taste the professional working atmosphere and the opportunity to see how business processes are carried out. I am sure that this experience will help me in my further career development, because it gave me a better picture of the business environment and a clearer idea of the direction I want to build my career in."



MILICA KALEMBER

Intern - HR assistant, MK Group

"For me, internship at the MK Group was a unique experience, where, thanks to a great team, I learned that mutual support and synergy are important for success. The experience in the HR sector of a large company was important for my professional and personal development. I gained significant professional knowledge, as well as valuable acquaintances."

SARA RIBIĆ

Intern agronomist, PIK Bečej

"During my internship at the MK Group, I had an opportunity to get to know the functioning of a large system, and to gain insight into the complex processes of production and sales in the agricultural sector through working with experts. This experience gave me a clearer picture of the way I want to continue my professional development and I believe it will be of great benefit in my further career."

Traditional CSR activities of the MK Group

MK Group supports the community in the long term through traditional CSR activities aimed at improving conditions for children, youth, parenting and education. Through continuous donations, sponsorships and partnership programmes, our company encourages educational opportunities, social support for families and the development of young talents, contributing to a sustainable social impact in local communities.

Winter holidays for children from Kosovo and Metohija

For fourteen years in a row, in cooperation with the Office for Kosovo and Metohija, the MK Group has been organising and financing winter holidays for the best pupils from the schools in our southern province at the Grand Hotel in Kopaonik, operating within the Kopaonik National Park.

This year, for more than thirty of the best pupils, a diverse programme was prepared that included sports, recreational and educational activities adjusted to their age, with the use of all the amenities provided by the mountain environment and the most famous hotel on our most beautiful mountain.

The initiative aims to reward their achievements, but also to encourage children's educational ambitions and personal development in the long term. There is a special emphasis on programmes that strengthen social skills, team spirit and self-confidence, as well as on safety and health protection measures during the stay.

WINTER HOLIDAYS
FOR THE BEST PUPILS
FROM KOSOVO AND METOHIJA:

Support for the SOS Children's Villages foundation

The support for the SOS Children's Villages foundation is one of our longer-standing collaborations aimed at improving care for families and children. For more than ten years, the MK Group has allocated more than EUR 650,000 for the operations of this organisation.

In 2025 alone, the MK Group system companies donated EUR 123,000 to the Family Support Centre in Raška and the Programme of Support for Mothers and Babies in Kraljevo. At the end of this year, when the foundation marked twenty years of existence in Serbia, in the Miodrag Kostić Endowment - Palace of Science, our Company was presented with a special thank-you certificate for long-term support and cooperation.

The SOS Children's Villages international organisation, present in more than 130 countries, awarded Miodrag Kostić, the founder of our Company, the highest recognition - the Badge of Honour.

Support for NURDOR

The MK Group keeps providing continuous support to families of children with cancer through a long-term cooperation with NURDOR and support for the Parents' House in Novi Sad - a safe haven for children and their parents during treatment.

A family house, handed over to the Institute for Health Care of Children and Youth of Vojvodina for use by the founder, Miodrag Kostić, in 2013, remained the first and key such institution in Vojvodina. So far, 184 families have stayed in it, while during 2025, **9 families** stayed in the house on several occasions. The house not only provides accommodation, but also support in the organisation of treatment, emotional support for families and facilitates access to healthcare institutions.

Within our long-term cooperation, the MK Group regularly organises charity events and the traditional distribution of New Year's gifts for children with cancer. Our Company remains committed to providing practical and emotional assistance to families during the most challenging times.

The Miodrag Kostić Endowment - Palace of Science

The first centre for research and the popularisation of science in Serbia and the largest in the region - the Palace of Science, marked its first anniversary in 2025.

This modern scientific space is designed as an open and interactive space for learning, research and inspiration - a place where curiosity, innovation and social responsibility meet. Through contents such as the planetarium, 30 educational exhibits, the Show Lab and the Children's Science Corner, an accessible and modern scientific experience is designed for every curious person.

A significant part of the project is the scientific/research segment, which includes 20 scientific centres: 19 centres created in cooperation with the Faculty of Electrical Engineering, University of Belgrade, and one in partnership with Radio Television of Serbia. Future-oriented research is carried out in these centres - robotics, artificial intelligence, biomedicine, sustainable energy, 3D sound and a number of other modern scientific fields.

EUR 25 million
worth of investment

5,500 m²
of science space

20
science centres

more than **30**
educational exhibits

THE MIODRAG KOSTIĆ ENDOWMENT - PALACE OF SCIENCE

Palace of Science content and activities

Promotion of science

- The permanent exhibition
- Show Lab
- Children's Science Corner
- Thematic exhibitions
- The Planetarium
- Events

Scientific research

- 20 contemporary science centres
- 19 in partnership with the Faculty of Electrical Engineering, University of Belgrade
- 1 in partnership with Radio Television of Serbia

Commercial content

- Restaurant
- Scientific café
- Scientific bookshop
- AikBank digital branch
- Extended Reality
- Conference and event halls

In 2025, more than 100 events were held in the Palace of Science, organised by the internal team, in cooperation with research centres and at the initiative of partner organisations. This included a wide range of formats - from workshops for children and free lectures for the public, through science camps, concerts and conferences, to pop-up exhibitions and the TEDxBelgrade event.

The Miodrag Kostić Endowment - Palace of Science is one of the most significant philanthropic investments in this part of Europe in the last hundred years, a symbolic renewal of the tradition of endowment as a long-term contribution to the community. This is a crown jewel of the philanthropic activities of Miodrag Kostić, which provides a strong incentive for the development of science and support for education in Serbia and the whole region.

The Palace of Science 2025 in numbers

107,789 visitors

8 awards

54 external events

145 internal events

200 members of the "Guardians of Science" programme

21,572 pupils

62 papers at scientific conferences

28 papers in scientific journals

29 bachelor's theses

22 master's theses

Awards for social responsibility to the MK Group

The awards received by the MK Group during the reporting period represent a significant indicator of recognition of the Company's contribution in the field of sustainability, social responsibility and community development. These recognitions confirm the quality of the implemented initiatives and their positive impact on society, innovation and energy transition.

In 2025, the MK Group and other companies in the system received a number of significant awards:

CAMPAIGN WITH PURPOSE - the award the MK Group won in the Social category for the marketing campaign for the opening of the Miodrag Kostić Endowment - Palace of Science, the first centre for research and the popularisation of science in Serbia. The recognition is awarded as part of the Festival of Socially Responsible Communications.

the! AWARD - we are the winners of the prestigious "the! award" regional recognition for excellent projects, awarded by the Croatian Association for Public Relations (HUOJ), in the category of corporate social responsibility for the project of opening the Miodrag Kostić Endowment - Palace of Science.

VIRTUS - award for corporate philanthropy, awarded by the Trag Foundation. The MK Group won it for the opening of the Miodrag Kostić Endowment - Palace of Science.

SPECIAL THANK-YOU CERTIFICATE - the MK Group got a special thank-you certificate from SOS Children's Villages Serbia for many years of support and successful cooperation.

SPECIAL THANK-YOU CERTIFICATE - SOS Children's Villages Serbia presented a special thank-you certificate to the president of our Company, Aleksandar Kostić, for successful cooperation and contribution in the field of family and social welfare.

"ĐORĐE VAJFERT" NATIONAL AWARD - the MK Group and the Palace of Science Project won this prestigious award presented by the Serbian Chamber of Commerce.

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

ORDER OF KARAĐORĐE'S STAR OF THE FIRST DEGREE - the Republic of Serbia posthumously honoured the MK Group founder, Miodrag Kostić, for his outstanding contribution to the foundation of the Miodrag Kostić Endowment - Palace of Science and the creation of an innovative centre for the development of education, science and support for young talents in the Republic of Serbia.

THE INTERNATIONAL TRANSIT AWARD - the MK Group won the international TRANSIT award in the Industries category for the "Transition to a Sustainable Future Through Training and Education" project, confirming the contribution of the Company in the field of sustainability and social responsibility.

THE NATIONAL TRANSIT AWARD - our company was declared the winner of the national TRANSIT competition for the contribution to the use of renewable energy sources and energy transition.

These recognitions further confirm the commitment of the MK Group to sustainable development and the continuous promotion of social, economic and environmental impacts.

1 SVET BEZ SIROMAŠTVA
2 SVET BEZ GLADI
3 DOBRO ZDRAVLJE
4 KVALITETNO OBRAZOVANJE
5 RODNA RAVNOPRAVNOST
6 ČISTA VODA I SANITARNI USLOVI
7 DOSTUPNA I OBNOVLJIVA ENERGIJA
8 DOSTOJANSTVEN RAD I EKONOMSKI RAST
9 INDUSTRIJA, INOVACIJE I INFRASTRUKTURA
10 SMANJENJE NEJEDNAKOSTI
11 ODRŽIVI GRADOVI I ZAJEDNICE
12 ODGOVORNA POTROŠNJA I PROIZVODNJA
13 AKCIJA ZA KLIMU
14 ŽIVOT POD VODOM
15 ŽIVOT NA ZEMLJI
16 MIR, PRAVDA I SNAŽNE INSTITUCIJE
17 PARTNERSTVOM DO CILJEVA

Corporate governance

Sustainability management in the MK Group is based on the principles of responsibility, transparency and integrated risk management, ensuring long-term stable and sustainable business development.

Modern governance structure for sustainable

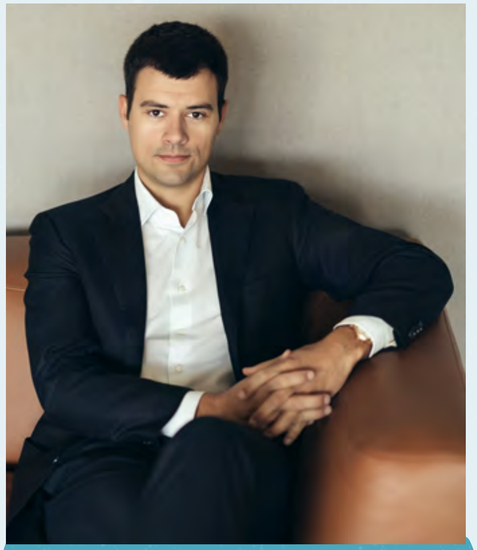
Corporate governance at the MK Group continues its development directed towards greater clarity, accountability and the integration of ESG principles. During the reporting year, we implemented a series of status changes that strengthened organisational transparency and improved the mechanisms of supervision and decision-making.

Strategic divisions are clearly defined through the ownership and management architecture: agri-food, tourism and real estate, as well as energy. The established structure enables more precise risk management, segmental financial reporting and the greater responsibility of the management teams. This form of organisation improves the efficiency of internal supervision, speeds up strategic decision-making and strengthens the trust of stakeholders, laying a stable foundation for sustainable and responsible development in the coming period.

Founder and President of the MK Group

Miodrag Kostić was a driving force behind the MK Group, the Company he founded in 1983, and developed into one of the strongest business systems in the region. His strategic approach, focus on long-term investments and ability to recognise opportunities in a changing environment laid the foundation for stable growth and professional management that has lasted for decades. His commitment to responsible business and supporting local communities has shaped the Company's culture and its contribution to society. The MK Group is today led by **Aleksandar Kostić**, who continues and expands his father's vision through business modernisation and a focus on innovation. Under his leadership, the company strengthens operational efficiency, improves transparency and develops partnerships that meet the challenges of the modern market, balancing growth with social and environmental responsibility.

Miodrag Kostić
Founder of the MK Group



Aleksandar Kostić
President of the MK Group

Company Management

The Board of Directors, with the leadership of the CEO, plays a central role in defining and monitoring the Company's strategic course. Their knowledge, experience and decision-making capacity are key to achieving and maintaining high standards of governance, ethics and operational excellence.

The CEO, in close cooperation with the Board, leads daily operations and ensures the realisation of strategic priorities. The Management regularly reports to the Board on progress, key risks and mitigation measures to ensure consistency between strategy and operating practices.

MK Group division directors

Mihailo Janković
CEO
MK Group

Jovan Purar
Chief Legal Officer
MK Group

Violeta Kovačević
Group Finance Director
MK Group

Aleksandra Stojanović
Director of Corporate Affairs and
MK Real Estate Development
MK Group

Danijela Havrilčak
Chief Human Resources Officer
MK Group

Feđa Zeljković
Director of IT and Technology
MK Group

Ivan Zeković
Director
MK Agri-Food

Luka Bjeković
Director
MK Energy

Slobodan Košutić
Director
MK Sugar

Milan Radoš
Director
MK Meat

Sanja Savić
A/Director
MK Agriculture

Novak Bojanić
MK Hospitality
CEO Petram Resort & Residences

Marko Keserović
MK Hospitality
CEO Grand Hotel Kopaonik

Performance measurement

The MK Group systematically approaches the measurement and management of employee performance in order to encourage responsibility, professional development and the improvement of business results. The process is based on continuous communication between managers and associates, with clearly defined goals and regular feedback.

The annual evaluation cycle includes goal setting, semi-annual evaluations and final performance evaluation, which ensures a transparent and structured approach to performance evaluation. The entire process is carried out through the SAP Success Factors platform, which enables the monitoring of the results, transparency and the active involvement of employees in their own development.

This approach contributes to the development of competences, increasing engagement and strengthening organisational efficiency, and performance management is integrated into the wider system of corporate responsibility of the company.

Business ethics, integrity and compliance

Code of Ethics

MK Group operates on the foundations of integrity, responsibility and respect for legal and ethical standards, established by the Code of Ethics as a key framework of corporate conduct. The Code guides the daily decisions and conduct of employees, promoting professionalism, open communication and responsible reporting, where transparency, accuracy and the preservation of business integrity are essential.

The Company applies the principle of zero tolerance of corruption and unethical behaviour, with clear rules on gifts, donations and business benefits, as well as strict guidelines for the prevention of conflicts of interest that require the priority of the general interests of the company and the timely reporting of potentially problematic situations. Mechanisms for reporting irregularities, with a guarantee of protection against retaliation, support a culture of accountability and enable the efficient protection of confidential information, assets and resources.

In relations with employees and external partners, the Code promotes fair market behaviour, compliance with anti-trust rules, equal opportunities, non-discrimination, safe working conditions and respect for labour rights, including the right of association and fair compensation. Our company consistently opposes forced and child labour, as well as any inhuman treatment, and the application of the Code of Ethics is considered crucial for preserving our reputation, strengthening the trust of partners and the long -term sustainability of business. That is why all employees are required to act in accordance with this Code.

Anti-corruption conduct and preventing conflicts of interest

The MK Group remains committed to high standards of business ethics and legality, consistently implementing rules aimed at preventing corruption and conflicts of interest. The Code of Ethics is the foundation of the responsible behaviour of employees, clearly defining obligations regarding compliance, avoidance of conflicts of interest, and acting regarding gifts, donations and sponsorships.

To preserve the transparency and integrity of business, we apply an internal set of controls, procedures and internal audit activities, as well as systematic checks of business partners and suppliers. **In the reporting period, not a single case of corruption or non-compliance with the relevant regulations was recorded.** During the following period, the improvement of internal controls and raising the employee's awareness of the importance of integrity continued through targeted education sessions and communication activities.

Respecting the rules of competition and fair market behaviour

During the reporting period, the MK Group was not a participant in any judicial or administrative proceedings related to anti-competitive behaviour or violation of regulations in the field of competition protection.

The Company's operations are based on full compliance with the current legislation on competition protection, with the implementation of internal policies and procedures aimed at preventing anti-competitive practices and ensuring fair market performance.

Tax risk management and compliance

The tax function within the MK Group represents a key element of risk management and ensuring the compliance of operations with the applicable legislative framework. In terms of organisation, it is integrated into the Finance and Risk Department and provides continuous support to all companies in the system.

During the reporting period, the systematic approach to the management of tax issues continued through preventive, control and reporting activities, with a special focus on the identification and timely management of tax risks, especially in the area of complex and specific transactions. The preventive role is realised through the continuous monitoring of regulatory changes, the internal education of employees and daily professional support for system members.

Control activities include analysis of key tax data and verification of compliance with the applicable regulations, while providing recommendations for process improvement and the elimination of potential irregularities. Through unified reporting, greater transparency and insight into tax obligations at the level of the entire system is ensured.

Given the complex and changing tax regulations, our Company continuously improves the approach to tax planning and optimisation, with strict compliance with all legal frameworks. Responsibility for the correct calculation and payment of tax duties is clearly defined at the level of individual entities, with the support of the central tax function. Although the risks of incorrect tax treatment are minimised by existing control and management mechanisms, they cannot be completely eliminated due to frequent changes in the regulations and different interpretations in practice. In order to maintain a high level of compliance, we maintain continuous cooperation with relevant regulatory institutions and external advisers.

Taxes paid (MILLION EUR)	2024	2025
Corporate income tax	9.85	5.83
Tax and contributions on wages and other personal income	15.93	14.99
Property taxes	2.09	2.26
VAT	9.20	8.56
Taxes, fees and customs and excise duties	2.33	1.94
Tax on the use of goods and other tax duties	0.07	0.03
TOTAL	**39.47**	**33.61**

Compliance

In addition to managing tax obligations, the company continuously works to improve compliance with all relevant legal and by-law requirements in various areas of business. Challenges in achieving full compliance have been identified in certain segments, resulting from the complexity of the regulatory framework, technical requirements and the specifics of the production processes.

To overcome these challenges, action plans have been defined that include analysis of the current situation, the identification of priority measures and gradual harmonisation with regulations. We continuously improve internal procedures and processes, monitor regulatory changes and maintain cooperation with competent institutions to ensure a high level of compliance.

The management of regulatory requirements is integrated into the risk management system, contributing to business stability and reducing potential operational and financial risks.

Risk management

The MK Group applies an integrated risk management system that includes all business segments and is an integral part of the process of making strategic and operational decisions. The system is based on clearly defined roles and responsibilities, continuous monitoring and improvement of procedures and internal controls, and on the involvement of all levels of the organisation - from the Board of Directors and specialised risk management committees at the level of the MK Group and division management, as well as risk owners in certain sectors, ensuring effective supervision and timely reaction to changes in the business environment.

During the reporting period, the systematic approach to the identification, assessment and monitoring of key risks continued, along with updating the risk register and continuous reporting to the competent management bodies. Key categories include financial and market risks, operational and organisational risks, regulatory risks, as well as market, climate and other external factor that may affect operations. We apply a balanced (”neutral”) approach to risk management, considering the potential benefits and exposure to risk at the same time in order to make sustainable and economically justified decisions.

The risk management system is continuously improved and integrated into all key business processes - including financial management, regulatory compliance, digital security and climate challenges - ensuring business stability and increasing resilience to internal and external challenges, while supporting long-term strategic objectives and the principles of sustainability. A special segment refers to digital and cyber threats, which are an increasingly important part of the overall risk management system, and they will be presented in the next chapter.

Digital accountability, cyber security and AI use

Within corporate governance, the MK Group set information security and digital accountability as one of its strategic priorities. Recognising digital transformation as a driver of growth and a source of new complex risks, we have made significant progress in strengthening cyber resilience through a strategic partnership with Microsoft, a global leader in data and digital identity protection.

This partnership enables the implementation of a contemporary Zero-Trust (model) security framework and the most advanced Identity and Access Management solution. We conduct strict verification, control and encryption of access to corporate resources, with a special focus on the introduction of multi-factor authentication (MFA) to minimise the risk of account compromise.

Responsible use of artificial intelligence and innovation

Our company actively integrates artificial intelligence into operating processes while applying strict ethical and safety standards, including:

- safe use of AI tools through control mechanisms that prevent the leakage of sensitive information when working with public and internal models
- ensuring the integrity of data used to train and operate algorithms, with privacy protection and harmonisation with the privacy regulations
- continuous education of employees and raising awareness about Shadow IT risks and recognising the threats of generated AI models

Strategic framework and compliance

The MK Group system adopted a comprehensive IT strategy integrating IT security as a key component of the protection of all members. The strategy defines frameworks for preventive action and response to incidents, ensuring a uniform level of protection and full compliance with the provisions of the new Law on Information Security. This confirms our commitment to regulatory compliance and industry best practices.

Effect and benefits of investments

Investments in cyber security and the ethical application of technologies directly contribute to the stability of operations and the trust of partners, through:

- increased reliability of digital services for clients
- a safer work environment and employee data protection
- safe adoption of innovations that enable a competitive advantage without compromising security
- long-term sustainability of business processes through proactive risk management

By continuously investing in the protection of the information space and responsible development, the MK Group protects its own assets and contributes to the stability of the broader digital ecosystem. Cyber risk management is integrated into our Company's overall business risk management system.

Digitisation effects and benefits

In addition to cyber risk management and the protection of information systems, the MK Group actively uses digital technologies as tools for improving operating efficiency and reducing the environmental impact of operations.

As support for sustainable operations, the MK Group IT Department plays an important role through the digitisation of processes, the optimisation of infrastructure and the improvement of data management, which reduces the need for paper documentation, physical meetings and the manual processing of information.

A special contribution is reflected in the digitisation of the ESG process, which improves the accuracy, transparency and availability of reporting data. The use of digital tools and centralised systems reduced the volumeof manual data exchange and increased the reliability of ESG information at the level of the entire Company.

The use of digital platforms for collaboration, online meetings and remote support enables more efficient communication between locations and reduces the need for travel, thereby indirectly reducing emissions associated with transport and administrative processes.

In the field of infrastructure, the development of cloud, virtualisation and centralised solutions contributes to a more rational use of hardware and energy resources, while increasing system availability and security.

The contribution of the IT sector is also reflected in the application of the principle of responsible management of the life cycle of IT equipment, through optimising the use of devices, extending their shelf life and controlled scrapping, which reduces the amount of electronic waste.

In this way, digitisation contributes to reducing the indirect environmental impact of operations and supports the achievement of the climate goals of the MK Group.

Transparent communication with stakeholders

Clarity, responsibility and active inclusion as a business standard

The MK Group is dedicated to developing an approach to communication that puts clarity and responsibility first. We aim for all partners, employees, investors and local communities to have timely, credible information that enables them to make informed decisions and participate in shaping our initiatives. Instead of one-time reporting, we strive for the continuous exchange of data and feedback that leads to concrete steps and measurable results.

We use an integrated communication model that combines digital platforms and direct forms of dialogue. Apart from the corporate website and social networks, we have close cooperation with relevant media, organisations and institutions. In addition, through timely and transparent internal communication, we strive to ensure the information and active participation of the employees of our system.

Internal communication is realised through the intranet platform MKonekt, internal publications (”MOZAIK” and “Carnex vesti”) and digital channels, including LED screens and kiosks in business premises, thus supporting employee awareness and the consistent exchange of key corporate messages.

This approach contributes to building a culture of openness and trust, based on understanding and continuously monitoring the stakeholders' expectations.

carnex vesti

ISSN 1821-2433 BROJ 72 OKTOBAR 2025.

NOVE MENADŽERSKE POZICIJE strana 1

NALED NA BELOM DVORU strana 2

NAŠA NOVA KOLEGINICA TATJANA PASKAŠ strana 3

KAMPANJA SMAZALICE: JOŠ JAČA EKIPA strana 4

IVAN ZEKOVIĆ I MILAN RADOŠ NOVE MENADŽERSKE POZICIJE

Milan Radoš imenovan je za generalnog direktora naše kompanije. Milan je pretkodne četiri godine uspešno obavljao funkciju komercijalnog direktora IM Carnex, gde je svojim znanjem, posvećenošću i rezultatima značajno doprineo razvoju i jačanju kompanije. Njegovo dosadašnje iskustvo i postignuća predstavljaju čvrstu osnovu za novu ulogu u kojoj će, sa još većom odgovornošću, nastaviti da vodi kompaniju ka daljem rasta, unapređenju organizacije i jačanje pozicije na tržištu. Uvereni smo da će svojim liderstvom, profesionalizmom i vizijom doprineti ostvarivanju zajedničkih ciljeva, uz podršku svih zaposlenih i saradnika.

Milan Radoš Ivan Zeković

Ivan Zeković, dosadašnji generalni direktor Carnexa, svojom posvećenošću, liderskim integritetom i jasnom strateškom vizijom dao je značajan doprinos razvoju naše kompanije i postavio snažne temelje za njen dalji rast. Zahvaljujemo mu na svemu što je izgradio u Carnexu i čestitamo na unapređenju i imenovanju za direktora MK Agri-Food divizije, u okviru koje posluju poddivizije MK Meat, MK Sugar, MK Agriculture i Sunal. Želimo mu mnogo uspeha u novoj ulozi i daljem doprinosu razvoju MK Group sistema.

carnex vesti

ISSN 1821-2433 BROJ 73 NOVEMBAR 2025.

BROJNA PRIZNANJA ZA CARNEX NA MEATCON 2025 strana 1

RAZVIJAMO KOMUNIKACIONE VEŠTINE ZAJEDNO strana 2

NAŠ NOVI KOLEGA DEJAN TANASIJEVIĆ strana 3

ODRŽAN SASTANAK UREDNIČKOG TIMA MK GROUP strana 4

BROJNA PRIZNANJA ZA CARNEX NA MEATCON 2025

Od 5. do 8. oktobra na Zlatiboru održana je 63. Međunarodna konferencija industrije mesa MEATCON 2025, pod sloganom „Food for Thought. Innovations in Food and Nutrition". Domaćin skupa bio je Institut za higijenu i tehnologiju mesa (INMES) iz Beograda, koji je ovom prilikom obeležio i 70 godina postojanja. Konferencija je, kao i prethodnih godina, okupila veliki broj učesnika iz zemlje i inostranstva - naučnike, stručnjake iz prehrambene i prerađivačke industrije, predstavnike zakonodavnih institucija, studente i profesionalce iz oblasti kontrole kvaliteta i bezbednosti hrane. Tokom tri dana trajanja, Zlatibor je bio centar razmene najnovijih saznanja i iskustava iz oblasti nauke o mesu, tehnologije prerade, ishrane, bezbednosti hrane, inovacija i održivog razvoja prehrambene industrije. Izuzetno smo ponosni na učešće Zahvalnici za doprinos u oblasti nauke o hrani i industriji hrane koja je naša kompanija dobila na svogodišnjoj konferenciji jer ona potvrđuje naše posvećenost inovacijama, kvalitetu i stalnom unapređenju prehrambene industrije.

Dodatno, povodom jubilarnih 70 godina Instituta za higijenu i tehnologiju mesa Carnex-u je dodeljena i Plaketa u znak priznanja za stručnost, posvećenost i trajan doprinos razvoju i ugledu Instituta za higijenu i tehnologiju mesa. Naloge izvršnog direktora IM i predsednice Saveta tehnologa Tamare Panić dodeljeno je Priznanje kao znak zahvalnosti i poštovanja za izuzetnu stručnost, predanost i trajni doprinos razvoju i ugledu Instituta kao i razvoju bezbednosti i kvaliteta hrane, veterinarske i prehrambene struke, te očuvanju javnog zdravlja. I naše kolege tehničari učestvovale su u brojnim predavanjima, diskusijama i radionicama posvećenim inovacijama u tehnologiji mesa i bezbednosti hrane. Poseban trenutak za naš tim bio je kvir zavanja, gde je ekipa Carnex-a potvrdio osvojila prvo mesto! Ponosni smo na sve kolege koji su još jednom pokazali stručnost, timski duh i ljubav prema poslu koji radimo. MEATCON ir godine u godinu potvrđuje svoj status najznačajnijeg stručnog i naučnog skupa iz oblasti industrije mesa u regionu. Dogadaje je odlična prilika za umrežavanje i uspostavljanje saradnje između akademske zajednice i industrije.

MOZAIK

INTERNI ČASOPIS MK GROUP Broj 37 • maj 2025.

DODELJENE GODIŠNJE NAGRADE ZA 2024.

MK GROUP NA ZIMOVANJU SA DECOM SA KOSOVA I METOHIJE

POČINJE „LANSIRAJ IDEJU" 7

PALATA NAUKE: UPOZNAJTE TIM IZA NAJZNAČAJNIJEG PROJEKTA

MOZAIK

INTERNI ČASOPIS MK GROUP Broj 38 • septembar 2025.

FEĐA ZELJKOVIĆ • NOVI DIREKTOR ZA IT I TEHNOLOGIJU MK GROUP

LANSIRAJ IDEJU • INTERVJU SA POBEDNICIMA 6. SEZONE

AKADEMIJA ZA MLADE TALENTE • PIŠE: KSENIJA MLJUK GAGOVIĆ

LETO JOŠ NIJE GOTOVO • PONUDE ZA ZAPOSLENE MK GROUP SISTEMA

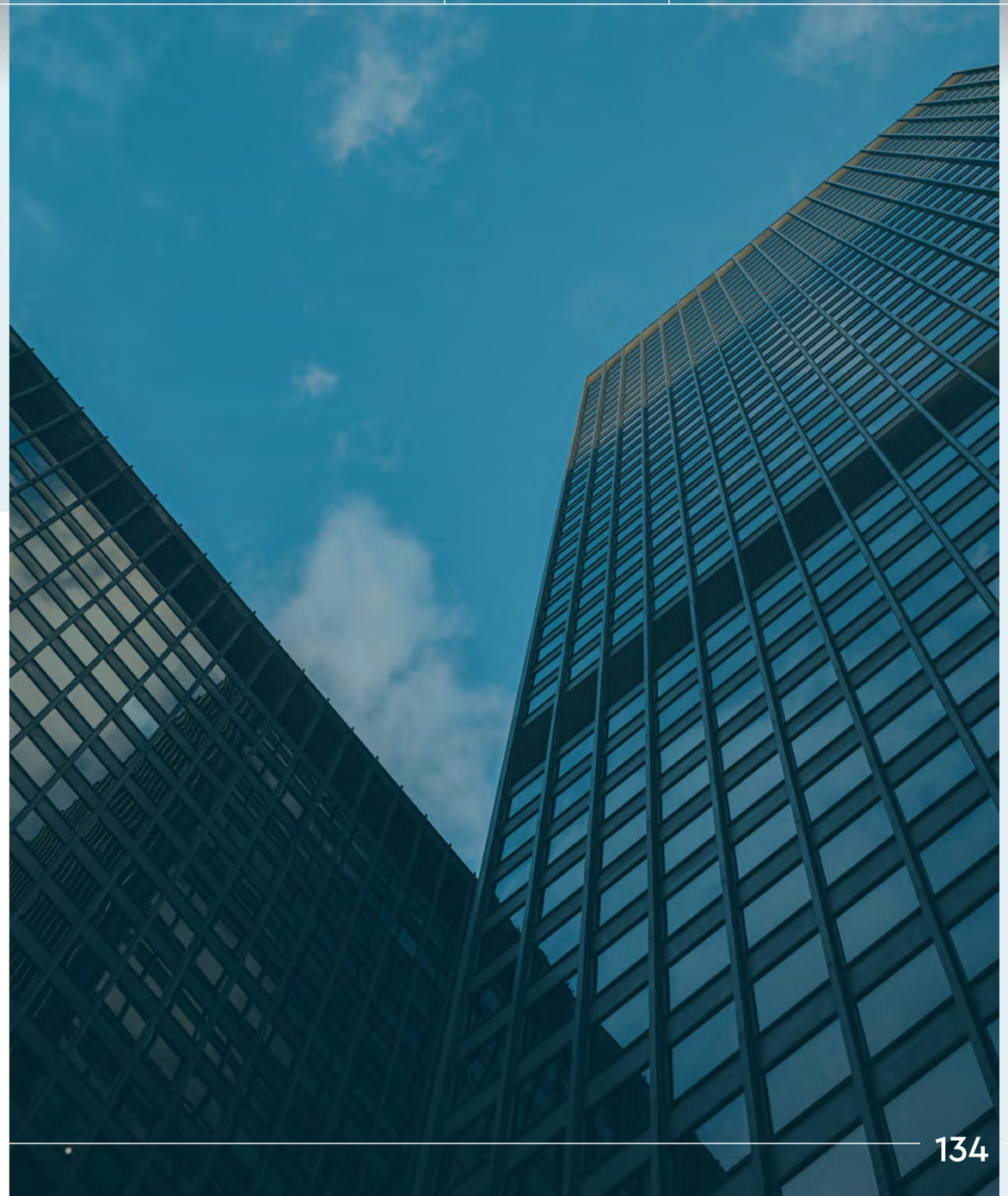
Membership in business associations

The MK Group actively participates in the work of relevant national and international business associations, initiatives and professional networks, including:

- NALED (National Alliance for Local Economic Development)
- AMCHAM (American Chamber of Commerce in Serbia)
- Serbian Chamber of Commerce (PKS)
- Serbian Association of Managers (SAM)
- Foreign Investors Council (FIC)
- ”Privrednik” Serbian Business Club
- Serbian Philanthropy Forum
- Responsible Business Forum
- Association of Corporate Directors
- ESG Foundation Western Balkans

Through active membership and participation in the work of the aforementioned organisations, the MK Group contributes to the promotion of the regulatory framework, development of sustainable business practices and the implementation of contemporary ESG standards.

This kind of engagement enables knowledge sharing, participation in the creation of initiatives and an active contribution to the development of a competitive and responsible business environment at the local and regional levels.



ESG capacity development of the MK Group and education

In order to further improve sustainability management and strengthen internal capacities, the MK Group continuously invests in employee education and the development of ESG competences.

In 2025, the Company's employees participated in the first cycle of the ESG Academy organised by the Western Balkans ESG Foundation, as one of the first initiatives of its kind in the region. The programme focused on the development of knowledge in the field of sustainable development, the requirements of EU regulations and national legislation, as well as capacity-strengthening for the implementation of the sustainable development principles and reporting on sustainability. The successful completion of the programme further enhanced internal sustainability expertise.

MK Group representatives actively participated in regional and international conferences on sustainability. Within the CORE Days 2025 conference, and the “FIC Insight into ESG Regulations” professional meeting, the Company employees took part in panel discussions on challenges, risks and opportunities in the application of ESG principles, the development of sustainable supply chains and adapting operations to the requirements of EU regulations.

Through participation in initiatives like these, the MK Group contributes to knowledge sharing, understanding regulatory requirements and promoting ESG practices on the market, with active participation in shaping sustainable business models at regional level.

In the following period, additional activities aimed at the further development of ESG competences are planned, including the education of employees in the field of greenhouse gas emission management (Scopes 1, 2 and 3), as well as the realisation of the “ESG Caravan of the MK Group” internal initiative in order to raise awareness and further empower employees.

Beata Fridrich and Biljana Bogdanović
at the ESG Academy

Beata Fridrich and Tamara Penjić
at the CORE Days conference

"In our company, ESG is not only a standard we respect, but a strategic framework in which we invest and on the basis of which we build long-term competitiveness. ESG principles are embedded in all divisons - from agriculture and the food industry to energy and tourism. Through transparent work, responsible resource management and investments in renewable energy sources, we build trust with all stakeholders and in the communities we operate in.”

- Beata Fridrich, Environmental Protection and Standards Manager, Chemicals Adviser

Our Sustainability Team

Sustainability management in the MK Group is based on a clearly defined organisational structure, including the ESG Board and ESG teams at the level of the business divisions. The ESG Board has a key role in defining material topics, setting sustainable development goals and monitoring ESG strategy implementation, as well as in managing risks and opportunities at the level of the whole company.

ESG teams, including E, S and G Ambassadors and representatives of business divisions, are in charge of the operational implementation of ESG activities, performance monitoring and the implementation of adopted policies within daily operations, as well as support in the process of reporting and risk management.

Cooperation between the ESG Board and ESG teams ensures a continuous flow of information, regular reporting and the consistent application of ESG principles at all levels of the organisation, integrating sustainability into key business processes and strengthening system resilience.

ESG Board

Beata Fridrich
Chair
Environmental Protection and Standards Manager, Chemicals Adviser

Violeta Kovačević
member
Group Finance Director MK Group

Miloš Savić
member
Director of Internal Audit MK Group

	MK Sugar	MK Meat	MK Agriculture
	Slobodan Košutić Chair Division Manager	**Milan Radoš** Chair Division Manager	**Sanja Savić** Chair
E	**Biljana Bogdanović** E Ambassador Quality Control Coordinator	**Tatjana Miljanić** E Ambassador EMS Assistant at Carnex IM and Carnex Stočarstvo	**Rada Đuričin** E Ambassador Standards and Quality Coordinator **Emilija Nađfeješ** E Ambassador, Quality Manager **Milena Inaišvili** E Ambassador, Administrative employee
S	**Una Blažević** S Ambassador HR Manager	**Nikolina Gajić** S Ambassador HR Manager	**Jovana Mirković** S Ambassador HR Manager
G	**Milenko Pudar** G Ambassador Legal Affairs and Administration Director	**Biljana Savić** G Ambassador Legal and General Sector Head	**Maja Ćosić** G Ambassador

MK Energy

Luka Bjeković Chair Division Manager	**Emilija Marković** E Ambassador Finance Specialist	**Jelena Majić** G Ambassador Legal and General Affairs Manager

ESG Team MK Hospitality division:

Petram Resort & Residences

ESG

Novak Bojanić
Chair, Director

Other team members:
Igor Košturjak, Filip Petrović, Matea Pedljo

ESG Team MK Hospitality division:

Hotel Palace Portorož and Adriatic Istria Resort

ESG

Mirjana Sočan
Chair, Director

Other team members:
Liljana Sokolova, Sabina Cernogoraz, Darija Davidović, Stefan Čukić, Alenka Colarich, Marta Živković Poropat, Urška Kukec, Uroš Mauković

ESG Team MK Hospitality division:

MK Mountain Resort

ESG

Miljan Milić
Chair, G Ambassador, Specialist in Labour Legal Affairs

Other team members:
Svetlana Kostić, Mina Subotić, Nikola Đorđević, Milena Savić

Goran Lazić
E Ambassador
Technical Department Head

Miloš Karadžić
S Ambassador
Specialist in Legal Affairs

GRI indicator list and mapping of material topics

E

Reference standard	Disclosures	Description of disclosures	Page number
GRI 302: ENERGY 2016	302-1	Energy consumption within the organisation	30
	302-2	Energy consumption outside the organisation	32, partially covered in the report
	302-3	Energy intensity	28, partially covered in the report
	302-4	Reduction of energy consumption	27-28, 30, 32.83
	302-5	Reductions in energy requirements of products and services	not applicable
GRI 303: WATER AND EFFLUENTS 2018	303-1	Interactions with water as a shared resource	37-38, 44-48
	303-2	Management of water-discharge-related impacts	37-38
	303-3	Water withdrawal	37
	303-4	Water discharge	38
	303-5	Water consumption	37, partially covered in the report
GRI 101: BIODIVERSITY 2024	101-1	Policies to halt and reverse biodiversity loss	34-35, 49, 53-54
	101-2	Management of biodiversity impacts	51-55
	101-3	Stakeholder engagement and biodiversity-related grievance mechanisms	34-35, 53, partially covered in the report
	101-4	Identification of biodiversity impacts	34-35, 47, 53
	101-5	Locations with biodiversity impacts	34-35, 111, partially covered in the report
	101-6	Direct drivers of biodiversity loss	44-45, 47, 54, 97-98
	101-7	Changes to the state of biodiversity	34-35, 52-53, 55
	101-8	Ecosystem services and impacts on humans	35, 48, 52-53, 55
GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) emissions	27-28
	305-2	Energy indirect (Scope 2) emissions	27-28
	305-3	Other indirect (Scope 3) emissions	29
	305-4	GHG emissions intensity	28
	305-5	Reduction of GHG emissions	27-28, 55, 83
GRI 306: WASTE 2020	306-1	Waste generation and significant waste-related impacts	39-42
	306-2	Management of significant waste-related impacts	55
	306-3	Waste generated	39, 42
	306-4	Waste diverted from disposal	39-40, 55
	306-5	Waste diverted to disposal	is not covered by the report
GRI 201: ECONOMIC PERFORMANCE 2016	201-2	Financial implications and other risks and opportunities due to climate change	33-36; 43-48, 62
GRI 13: AGRICULTURE 2022	13-4	Conversion of natural ecosystems	there was no conversion of natural ecosystems
	13-5	Soil health	42; 43-48, 49-55, 97-99
	13-6	Pesticide use	54, 97-99
	13-11	Animal health and welfare	56-61
	13-23	Supply chain monitoring option	91-100; 101-103
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-2	Negative environmental impacts in the supply chain and actions taken	20, 95; partially covered in the report

S

Reference standard	Disclosures	Description of disclosures	Page number
GRI 2: GENERAL DISCLOSURES 2021	2-7	Employees	66
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational health and safety management system	88
	403-2	Hazard identification, risk assessment and incident investigation	85
	403-3	Occupational health services	85
	403-4	Worker participation, consultation and communication on occupational health and safety	85-90
	403-5	Worker training on occupational health and safety	86, 90
	403-6	Promotion of worker health	67-68, 86-88
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	85, 88, 90
	403-8	Workers covered by an occupational health and safety management system	88
	403-9	Work-related injuries	87
	403-10	Work-related ill health	86-87
GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	73
	404-2	Programmes for upgrading employee skills and transition assistance programmes	67, 73, 75, 83, 108-109, 115-116, 123, 135
	404-3	Percentage of employees receiving regular performance and career development reviews	74, 123; partially covered in the report
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity of governance bodies and employees	71-72
GRI 406: NON-DISCRIMINATION 2016	406-1	Incidents of discrimination and corrective actions taken	71, 85, 125
GRI 413: LOCAL COMMUNITIES 2016	413-1	Operations with local community engagement, impact assessments and development programmes	53, 103, 104-117, 133
	413-2	Operations with significant actual and potential negative impacts on local communities	34-35
GRI 13: AGRICULTURE 2022	13-9	Food safety	92-96, 102
GRI 13: AGRICULTURE 2022	13-20	Employment practices	69, 70-71
GRI 13: AGRICULTURE 2022	13-24	Public policy	134
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	not covered by the report
GRI 13: AGRICULTURE 2022/GRI 408: CHILD LABOUR 2016/GRI 409: FORCED OR COMPULSORY LABOUR 2016	408-1	Operations and suppliers at significant risk of incidents of child labour	During the reporting period, no operations or suppliers at significant risk of incidents of child labour were identified.
	409-1	Operations and suppliers at significant risk of incidents of forced or compulsory labour	During the reporting period, no operations or suppliers at significant risk of incidents of child labour were identified.
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Assessment of the health and safety impacts of product and service categories	91-96, 102
	416-2	Incidents of non-compliance concerning the health and safety impacts of product and service categories	91-96

G

Reference standard	Disclosures	Description of disclosures	Page number
GRI 2: GENERAL DISCLOSURES 2021	2-1	Organisational details	6-19
	2-2	Entities included in the organisation's sustainability reporting	143
	2-3	Reporting period, frequency and contact point	143
	2-4	Restatement of information	27
	2-5	External assurance	The report was not a subject of external assurance
	2-6	Activities, value chain and other business relationships	6-19; 62
	2-9	Governance structure and composition	120-122
	2-10	Nomination and selection of the highest governance body	120-122 partially covered in the report
	2-11	Chair of the highest governance body	120-122
	2-12	Role of the highest governance body in overseeing the management of impacts	21, 129, 136-138
	2-13	Delegation of responsibility for managing impacts	120, 129, 136-138
	2-14	Role of the highest governance body in sustainability reporting	136, partially covered in the report
	2-15	Conflicts of interest	125-126
	2-16	Communication of critical concerns	129, 136-138, partially covered in the report
	2-17	Collective knowledge of the highest governance body	73, 135
	2-18	Evaluation of the performance of the highest governance body	74, partially covered by the report
	2-19	Remuneration policies	74, 76-83
	2-20	Process to determine remuneration	is not covered by the report
	2-21	Annual total compensation ratio	is not covered by the report
	2-22	Statement on the sustainable development strategy	4-5, 135
	2-23	Policy commitments	125-126
	2-24	Embedding policy commitments	73, 86, 125-126, 130-132, 135
	2-25	Processes to remediate negative impacts	125, 128
	2-26	Mechanisms for seeking advice and raising concerns	125-126, 133
	2-27	Compliance with laws and regulations	126, 128
	2-28	Membership associations	134
	2-29	Approach to stakeholder engagement	20-21, 133, 135
	2-30	Collective bargaining agreements	71
GRI 3: MATERIAL TOPICS 2021	3-1	Process to determine material topics	20-21
	3-2	List of material topics	22
	3-3	Management of material topics	see all the chapters on material topics in the report
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Direct economic value generated and distributed	127
GRI 204: PROCUREMENT PRACTICES 2016	204-1	Proportion of spending on local suppliers	100
GRI 205: ANTI-CORRUPTION 2018	205-1	Operations assessed for risks related to corruption	125-126
	205-2	Communication and training about anti-corruption policies and procedures	125-126
	205-3	Confirmed incidents of corruption and actions taken	126
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	126
GRI 207: TAX 2019	207-1	Approach to tax	127
	207-2	Tax governance, control and risk management	127, 129
	207-3	Stakeholder engagement and management of concerns related to tax	127
GRI 415: PUBLIC POLICY 2016	415-1	Political donations	no political donations were realised during the reporting period

List of legal persons included in the ESG report

The MK Group Sustainability Report 2025 includes legal persons within the MK Agri-Food division (MK Agriculture, MK Meat and MK Sugar), MK Energy and MK Real Estate division, together accounting for almost 90% of the MK Group's total income. MK IT Business Solutions d.o.o was included in the reporting period and, during the reporting period, it was integrated into the MK Group.

Our company plans to expand the implementation of ESG strategy and reporting scope to other members of the system in the following reporting cycles.

In accordance with the transparent reporting principles, we disclose changes in the scope: the Flora factory, which used to operate within PIK Bečej, was a part of the MK Group system during the whole 2025 reporting period, which is why it is included in this report. After it was sold at the beginning of 2026, Flora will not be covered by future ESG reports. The Miodrag Kostić Endowment - Palace of Science was presented in the report through its social significance and contribution to the community, while the operating information of the Endowment was not included in the ESG report of the MK Group.

Certain segments of the MK Real Estate division, including hotel capacities in Montenegro (under minority ownership), as well as Portorož Airport and Monetic (Real estate projects) in Slovenia, the Golf course in Croatia and the BIGZ commercial building in Serbia, are not covered by the ESG report 2025, or earlier reports due to the ownership structure, specificity of operations and data availability. Their gradual inclusion is planned in the following reporting cycles.

The reporting period includes data from 1 January to 31 December 2025. For additional information on the content of report, the following e-mail is available: info@mkgroup.rs

THE FOLLOWING LIST INCLUDES THE LEGAL ENTITIES FOR WHICH DATA WAS COLLECTED AND ANALYSED IN THE REPORTING PERIOD:

MK Agriculture:

- **Agrounija d.o.o.**
- **Carnex IM d.o.o.**
- **Carnex stočarstvo d.o.o.**
- **Carnex veterina d.o.o.**
- **Erdevik d.o.o.**
- **Kuća vina Krčedin d.o.o.**
- **PIK Bečej d.o.o.**
- **PIK Bečej veterina d.o.o.**
- **Sunoko d.o.o.**

MK Energy:

- **Energobalkan d.o.o.**
- **MK Fintel Wind a.d.**
- **IVICOM Energy d.o.o.**
- **Suntastic One d.o.o.**
- **Suntastic Two d.o.o.**
- **Vetropark Kula d.o.o.**

MK Real Estate:

- **MK Mountain Resort d.o.o.**
- **Hotel Palace Portorož d.o.o.**
- **Petram Resort d.o.o.**
- **Rezidencija Skiper d.o.o.**
- **Skiper Hoteli d.o.o.**

Other companies:

- **MK Group d.o.o.**

MK GROUP

2025

ESG REPORT