

SUSTAINABILITY REPORT FOR 2024

Konjčina, June 2025.

GRI 2-22 STATEMENT ON SUSTAINABLE DEVELOPMENT STRATEGY

The company ZMH HORVAT d.o.o., headquartered in Konjščina (Bistrička cesta 4/A), operates as a manufacturer and distributor of frozen food products with an emphasis on quality, food safety and sustainable resource management.

The year 2024 was marked by a new investment cycle and expansion of production capacities. A project to expand the plant by an additional 3,000 m² has been launched to introduce new lines for semi-finished and ready-made meals and to modernize the breading and IQF freezing lines. The total investment value is approximately 9 million euros (6 million for construction works and 2–3 million for equipment). The project increases efficiency, safety and product quality and expands the range in line with the needs of the domestic market and the main EU export markets.

Despite rising energy and raw material costs, the company achieved stable business results in 2024, while maintaining liquidity and profitability. Investments were focused on energy efficiency, modernization of cooling systems and digitalization of processes. Measures to reduce greenhouse gas emissions and optimize fuel and energy consumption continued, as well as improved waste management and employee education on environmental protection.

The company maintains an integrated quality and food safety management system in accordance with IFS Food and HACCP standards and holds MSC, ASC, BIO and ZOZP certificates. During 2024, internal and external audits and inspections were conducted without significant non-conformities, confirming a high level of compliance with regulations and market requirements.

ZMH HORVAT d.o.o. employs 173 employees at the end of 2024 and continuously invests in their education, safety and development. During the year, workshops were held on food safety, energy efficiency, ethical business practices and corporate culture in accordance with the principles of EcoVadis and IFS Food standards. Systematic monitoring of the culture of food safety and social responsibility was initiated through internal questionnaires and employee satisfaction assessments.

The company operates in accordance with national legislation and ethical standards and has zero tolerance for corruption and favoritism. It actively contributes to the local community through donations, sponsorships and support for sports, educational and cultural initiatives.

In 2025, the priorities are:

- completion of the production expansion project
- implementation of monitoring of ESG indicators
- further reduction of energy consumption per product unit
- digitization of documentation processes
- strengthening of digital infrastructure and reporting transparency according to GRI and EcoVadis guidelines.

The company confirms that this report was prepared in accordance with the GRI Standards for the period from January 1 to December 31, 2024, with the aim of transparently presenting the economic, environmental and social impacts of its operations.

The company plans to expand its sustainability commitments during the 2025 reporting cycle by formally mapping business operations to the UN Sustainable Development Goals (SDGs). ZMH Horvat d.o.o. is also evaluating the potential accession to international sustainability initiatives such as the UN Global Compact and the Science Based Targets initiative (SBTi). These developments will form part of the long-term ESG monitoring system and will be integrated into future annual disclosures.

In Konjščina, June 2025.

ZMH HORVAT d.o.o.

Zoran Horvat, director

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ORGANIZATIONAL PROFILE

GRI 2-1 Organizational details

ZMH Horvat d.o.o. for agricultural production and trade

Headquarters: Bistrička cesta 4/A, 49282 Konjščina, Republic of Croatia

OIB: 49086457698 MBS: 080237803 Registration number: 00551201

Year of establishment: 1993 (entered into the court register on October 4, 1995)

Ownership structure: private ownership of the Horvat family (Zoran and Maja Horvat).

Management and representation: director Zoran Horvat, authorized for independent representation.

Number of employees (as of December 31, 2024): 173.

Main activity (NKD): C1020 - Processing and preservation of fish, crustaceans and shellfish.

Additional activities: agriculture, fishing, storage, transport, trade, catering and accounting services.

Certificates and management systems: IFS Food, HACCP, MSC, ASC, BIO (organic processing) and ZOZP (protected geographical indication).

Web: www.zmhhorvat.hr

E-mail: info@zmhhorvat.hr

ZMH Horvat d.o.o. is a medium-sized company in the food industry, specialized in the production and distribution of frozen food, operating in the Republic of Croatia and the region of Southeastern Europe. The company employs more than 170 workers and operates independently, without belonging to groups or affiliated companies. It has a clearly defined ownership and organizational structure and operates in accordance with international standards of food safety and sustainability, as confirmed by relevant certificates, stable financial indicators and regular external compliance checks.



Image: Headquarters of the company ZMH Horvat d.o.o. in Konjščina.

GRI 2-2 Entities included in the organization's sustainability reporting

The sustainability report covers the operations of the company ZMH Horvat d.o.o. for agricultural production and trade, headquartered in Konjščina (Bistrička cesta 4/A, 49282 Konjščina). The company operates as an independent legal entity without affiliated companies, branches or dependent entities in the country or abroad.

The report includes all organizational units of the company:

- production plants,
- storage and distribution centers,
- office and administrative spaces,
- vehicle fleet and transport activities.

All data in the report refers exclusively to the activities and results of ZMH Horvat d.o.o. and do not include external suppliers, subcontractors or other business partners, except where they are relevant for presenting the impacts in the value chain (e.g. sustainable procurement, logistics and the supply chain).

Reporting according to GRI standards applies entirely to ZMH Horvat d.o.o. as the only entity covered by the management system, certifications and sustainable business policies.

GRI 2-3 Reporting period, frequency and contact point

This sustainability report refers to the financial year 2024, covering the period from January 1 to December 31, 2024. Reporting is carried out once a year, in line with the practice of regular disclosure of business and sustainability results of ZMH Horvat d.o.o.

This report is publicly available on the company's website www.zmhhorvat.hr. It is available in Croatian and English.

Information on the company's operations is publicly available in the Register of Annual Financial Statements (<http://rgfi.fina.hr/JavnaObjava-web/SudregAction.do>), including:

- the audit report with appendices and notes
- the annual report
- the decision on profit distribution or loss coverage.

The contact point for all inquiries related to the sustainability report and sustainable business policies is:

ZMH Horvat d.o.o.

Bistrička cesta 4/A, 49282 Konjščina, Republic of Croatia

Tel: +385 (0)49 426 200

E-mail: info@zmhhorvat.hr

Web: www.zmhhorvat.hr

Contact person: Tomislav Petanjek, Management Representative for Quality and Sustainability.

The 2024 report has been prepared in accordance with the GRI Standards and the principles of transparency and will be updated annually in line with changes in the company's business activities and sustainability practices.

Beginning in 2025, a quarterly ESG monitoring and internal review framework will be established to align with EcoVadis requirements for continuous tracking of policies, measures, KPIs and corrective actions.

GRI 2-4 Restatements of information

This is the first sustainability report of ZMH Horvat d.o.o. prepared in accordance with the GRI Standards. During 2023, no report in this form was published; instead, selected information on

operations, food safety and certifications was included in internal reports and documentation of the integrated quality management system (IMS).

Therefore, for this reporting period (2024) no direct comparison is made with a previous GRI report. However, where applicable, relevant data from 2023 (e.g. financial indicators, number of employees, certificates) are included in order to enable monitoring of developments and progress in key sustainability areas.

From 2024 onwards, ZMH Horvat d.o.o. is establishing systematic annual sustainability reporting in line with the GRI Standards, thus initiating structured monitoring and disclosure of data on the economic, environmental and social impacts of its operations.

GRI 2-5 External assurance

The data and information contained in this report were not subject to independent external verification at the time of publication. However, part of the data included in the report is based on internally and externally verified sources, including:

- results of certification audits according to IFS Food and HACCP standards
- inspections and confirmations related to MSC, ASC and BIO certificates
- financial statements certified and published through the systems of FINA and the Croatian Chamber of Economy (HGK).

Independent verification of the GRI report is planned for future reporting cycles, once a stable data structure and a regular annual reporting process have been established. External verification of the report will be planned in accordance with the documented procedure SOP-IMS-01 Document Management and through the annual Management Review of the IMS.

Although the GRI report for 2024 has not yet been formally verified by an external auditing firm, the reliability of its key data is ensured through existing certification and regulatory controls applied within the company's integrated quality and sustainability management system. At the same time, the company plans to initiate an external ESG assurance process in future reporting cycles, whereby independent verification will cover material topics, quantitative ESG indicators, risk assessments and progress evaluations in line with international best practice; this approach strengthens transparency and demonstrates a commitment to progressively enhancing the robustness of reported information.

ACTIVITIES AND WORKERS

GRI 2-6 Activities, value chain and other business relationships

ZMH Horvat d.o.o. operates in the sector of processing and preserving fish, crustaceans and shellfish (NKD C1020), with related activities of production, storage, distribution and trade in frozen food.

The company's core business includes the procurement of raw materials, processing and packaging, cold storage and distribution of finished products to domestic and international markets.

The value chain includes:

- procurement of raw materials and packaging (fish, seafood, vegetables, packaging materials) from domestic and international suppliers approved according to IFS, MSC, ASC and BIO standards
- production facilities in Konjščina for processing, freezing, packaging and labelling
- storage and distribution centers and a fleet of refrigerated vehicles to maintain the cold chain
- sales and logistics to retail chains, the foodservice sector and institutional customers (hospitals, schools, kindergartens).

Main business partners include retail chains, food distributors and public institutions in Croatia and the surrounding region, along with export channels to EU member states.

The largest share of sales is achieved in Croatia (EUR 17.164 million). Slovenia (EUR 6.165 million) and Serbia (EUR 4.059 million) represent the main export markets, followed by Hungary and Montenegro (EUR 1.142 million and EUR 0.708 million). Sales were recorded in a total of 23 countries, with a strong regional focus and dependence on the domestic market, while Western European markets represent a strategically important opportunity for growth.



Figure. Sales presence by country.

In 2024, ZMH Horvat d.o.o. achieved total sales of 7,813,086 kg of frozen products, representing a 2% increase compared to 2023 (7,643,904 kg). Frozen fishery and aquaculture products accounted for 73% of the total volume, while the share of frozen vegetables slightly decreased to 20%.

Table. Volume of products sold in 2023 and 2024 by category

Product type	2023.		2024.		Index 2024/2023 (t)
	Sales (tons)	Share	Sales (tons)	Share	
Frozen fruit	53	1%	63	1%	118
Frozen dough products	346	5%	486	6%	140
Frozen vegetables	1,711	22%	1,592	20%	93
Frozen fishery and aquaculture products	5,531	72%	5,671	73%	103
TOTAL	7,643		7,813		102

Suppliers are selected based on food safety, traceability and sustainable fishing criteria. The company cooperates with certified external partners for quality control, laboratory testing, logistics and equipment maintenance.

In 2025, all suppliers will be required to sign the ZMH Horvat Supplier Code of Conduct and complete the ESG Supplier Questionnaire. Supplier assessment is carried out according to the criteria of POL-IMS-06 Sustainable Procurement Policy and the EcoVadis Sustainable Procurement pillar methodology,

with regular risk and compliance assessments through procedure SOP-IMS-07 Sustainable Procurement and ESG Supplier Evaluation.

In 2024, total procurement increased by 9% (8,920 t compared to 8,168 t in 2023), with frozen fishery and aquaculture products representing around three quarters of the total volume and recording an 8% increase. EU suppliers remain the main source (82% share), while the share of Croatia slightly decreased (-12%). Imports from the USA increased (+64%), and new markets such as India and Turkey emerged, reflecting gradual diversification of the supply chain.

Frozen vegetables recorded a 10% increase, driven by a strong rise in imports from Serbia (+105%), while the share of Croatia decreased (-68%). Other frozen products remained stable with 8% growth and a balanced domestic/EU supply structure.

Frozen fruit decreased slightly (-3%) due to lower imports from Serbia, while other bulk products for production recorded a significant increase (34%), predominantly sourced from Croatia and the EU, which highlights the strengthening of local raw material sourcing.

The procurement structure in 2024 confirms a trend of moderate growth and increased supplier diversification. This distribution strengthens supply chain resilience and is fully aligned with GRI 2-6 by transparently presenting key procurement categories, shares and geographical origin of raw materials supporting the company's production and market activities.

Table. Description of main procurement categories, geographical distribution of suppliers and changes in procurement volume.

Type of goods	Supplier country	2023		2024		Index 2024/2023 (t)
		Quantity (t)	Value (€000)	Quantity (t)	Value (€000)	
Frozen fishery and aquaculture products	EU	4,987.9	14,558.7	5,466.9	15,102.7	110
	Croatia	765.9	1,403.6	670.5	1,210.3	88
	USA	216.0	839.2	353.7	1,312.6	164
	Argentina	132.2	517.8	81.0	295.3	61
	China	52.0	124.3	52.0	93.3	100
	Vietnam	25.0	46.4	25.0	38.6	100
	India	-	-	22.0	48.6	-
	Turkey	-	-	19.8	124.1	-
	South Africa	21.0	243.1	-	-	-
Total Frozen fishery and aquaculture products		6,200.0	17,733.1	6,690.9	18,225.5	108
Frozen vegetables	EU	1,243.0	1316.1	1,083.7	1238.6	87
	Croatia	18.6	16.4	5.9	6.9	32
	Serbia	312.0	263.4	640.3	559.9	205
Total Frozen vegetables		1,573.6	1,595.9	1,729.9	1,805.4	110
Other frozen products	EU	4.6	16.4	4.0	23.8	87
	Croatia	12.5	40.4	14.5	56.6	116
Total Other frozen products		17.1	56.8	18.5	80.4	108
Frozen fruit	Croatia	6.9	12.2	8.4	17.7	122
	EU	-	0	3.0	6.7	-
	Serbia	61.4	135.4	54.9	122	89
Total Frozen fruit		68.3	147.6	66.3	146.4	97
Other bulk for production	EU	95.0	247.7	127.6	375.6	134
	Serbia	-	0	0.6	0.5	-
	Croatia	214.4	254.7	286.5	356.1	134
Total Other bulk for production		309.4	502.4	414.7	732.2	134
TOTAL PROCUREMENT		8,168.4	20,035.8	8,920.3	20,989.9	109

A formal Supplier Code of Conduct was developed in 2024 and will become mandatory for all suppliers starting in 2025. The company has implemented the procedure SOP-IMS-07 "Sustainable Procurement and ESG Supplier Evaluation", which includes annual risk assessments of suppliers based on environmental, labor, human rights, ethical business and traceability criteria. Corrective action plans, supplier performance records and compliance tracking will be systematically documented and integrated into the company's procurement governance.

GRI 2-7 Employees

As at 31 December 2024, ZMH Horvat d.o.o. employed 173 persons, which places the company in the category of medium-sized enterprises in the food industry. Employees are assigned to production, warehousing, transport and administrative functions.

Employee structure (by organizational units):

- Production and processing of fish and seafood - approximately 60% of employees
- Storage and distribution – 20%
- Office and administrative functions (purchasing, sales, finance, quality) – 15%
- Technical maintenance and support services – 5%

Most employees have indefinite employment contracts, with clearly defined job descriptions, responsibilities and reporting lines according to OD-04 Job Description and Responsibilities.

The company ensures equal employment opportunities, regular payment of salaries and continuous professional development in line with the requirements of IFS Food, HACCP and other management systems.

Employees regularly attend internal and external training focused on food safety, occupational health and safety, sustainability and product quality. New employees undergo initial training according to documented procedures and training programs.

ZMH Horvat d.o.o. recognizes its employees as a key resource for sustainable business. It systematically invests in their safety, expertise and development, encouraging a culture of responsibility, teamwork and compliance with the principles of quality and sustainability.

Table. Structure of employees by professional qualifications and gender.

Professional qualification	31.12.2023.				31.12.2024.				Index 2024/2023	
	Gender		Total	Share	Gender		Total	Share	Gender	
	F	M			F	M			F	M
University degree (EQF 7)	9	5	14	8%	8	6	14	8%	89	120
Higher education (EQF 6)	1	5	6	3%	3	5	8	5%	300	100
Secondary education	70	42	112	62%	66	38	104	60%	94	90
Skilled workers	3	2	5	3%	4	2	6	3%	133	100
Unskilled workers	41	3	44	24%	39	2	41	24%	95	67
TOTAL	124	57	181		120	53	173		97	93
<i>Share</i>	69%	31%	100%		69%	31%	100%			96

Women accounted for 69% of the workforce, and men for 31%, with the highest share represented by employees with secondary education (60%). The proportion of employees with professional higher education increased from 3% to 5%. Skilled and unskilled workers together accounted for 27% of total employment, with only minor changes in the distribution by gender compared with 2023.

GRI 2-8 Workers who are not employees

In addition to directly employed staff, in November 2024 ZMH Horvat d.o.o. engaged 10 agency workers under a temporary placement agreement with an authorized employment agency. They perform tasks in production and logistics facilities and are provided with the same working conditions, occupational health and safety requirements, personal protective equipment, and access to training as directly employed workers.

Salaries and statutory contributions are paid by the employer of record (the agency), while ZMH Horvat d.o.o. provides supervision, workplace safety, and integration into the quality and food safety management system. All placed workers have valid work permits issued by the Ministry of the Interior of the Republic of Croatia and have regulated temporary residence.

Engaging agency workers ensures additional flexibility in production processes while maintaining uniform OHS standards and rights for all persons performing work at ZMH Horvat d.o.o.

GOVERNANCE

GRI 2-9 Governance structure and composition

ZMH Horvat d.o.o. operates as a limited liability company (LLC) with a single-tier governance system and no supervisory board. The governance structure consists of the Company Director and the Executive Management, responsible for operations in production, sales, procurement, finance, quality and logistics.

Director

- Zoran Horvat – Company Director; responsible for strategic and operational leadership, financial performance and compliance.

Executive Management

- Tomislav Petanjek – Executive Director and Management Representative for Quality & Sustainability (IFS Representative)
- Ivana Horvat – Assistant Director, Procurement and External Communications
- Maja Horvat – Finance Manager
- Robert Posarić – Production Manager and HACCP Team Leader
- Matija Gulija – Sales Manager
- Tihomir Mušec – Distribution Manager
- Mario Kuljak – Warehouse Manager I
- Miljenko Mrazović – Warehouse Manager II
- Goran Sadaić – Technical Procurement and Maintenance Manager

The Company Director and management operate according to the principles of responsibility, transparency and compliance with legal regulations, and all managers are involved in the implementation of the IFS Food, HACCP, MSC/ASC and BIO certification systems.

The IMS (Integrated Management System) Committee acts as the central body for ESG oversight and decision-making, in accordance with the PRI-IMS-01 Integrated Management System Manual and the RE-IMS-01 plan.

The management body reflects the structure of a medium-sized family business: majority ownership and operational management are in the hands of the founders, while key functions are delegated to a professional team with defined responsibilities and authorities.

ZMH Horvat d.o.o. has a compact and functional management structure that enables rapid coordination and decision-making. The management system is based on the personal responsibility of the director and the professional competence of the management, in full compliance with applicable regulations and corporate governance standards.

GRI 2-10 Nomination and selection of the highest governance body

The Director of ZMH Horvat d.o.o. is appointed by a decision of the company's shareholders in accordance with the Articles of Association and the Croatian Companies Act (ZTD). The company is privately owned by the Horvat family, and the Director represents the company independently and is authorized to make strategic, financial and operational decisions.

Delegation of authorities for responsible persons is documented in OD-05 Appointment of Responsible Persons.

GRI 2-11 Chair of the highest governance body

The chairman of the highest management body of ZMH Horvat d.o.o. is Zoran Horvat, who simultaneously holds the position of director and legal representative of the company. The company does not have a supervisory board, and the director represents the company individually and independently, with full responsibility for business decisions, compliance and strategic management.

GRI 2-12 Role of the highest governance body in overseeing the management of impacts

The highest governance body of ZMH Horvat d.o.o., represented by the Company Director, holds ultimate accountability for supervising all economic, environmental and social impacts arising from business operations. Oversight is exercised through an integrated governance framework that combines strategic direction, risk management and compliance with international standards.

The Director ensures that sustainability considerations—such as food safety, energy and resource efficiency, environmental protection, occupational health and safety, and ethical business conduct—are incorporated into strategic decisions, investment planning and operational priorities. This oversight is operationalized through the Integrated Management System (IMS), which integrates the requirements of IFS Food, HACCP, MSC/ASC, BIO and EcoVadis methodologies.

Operational monitoring of impacts is delegated to the Executive Director and Management Representative for Quality and Sustainability, who supervises the implementation of sustainability objectives, coordinates internal audits, reviews performance indicators and reports regularly to the Director. Key findings, non-conformities, performance trends and improvement recommendations are reviewed through structured processes, including the annual Management Review (DP-05) and quarterly IMS Committee assessments.

Through this oversight structure, the Director ensures that sustainability objectives remain aligned with regulatory requirements, stakeholder expectations and business strategy, while maintaining accountability for decision-making, resource allocation and long-term sustainable development.

GRI 2-13 Delegation of responsibility for managing impacts

Responsibility for managing economic, environmental and social impacts at ZMH Horvat d.o.o. is delegated through a clearly defined governance and operational structure embedded in the Integrated Management System (IMS). While the Company Director retains ultimate accountability for strategic decisions, compliance and resource allocation, operational responsibility is formally delegated to designated managers in accordance with OD-05 Appointment of Responsible Persons and OD-04 Job Descriptions and Responsibilities.

The Executive Director and Management Representative for Quality and Sustainability coordinate the practical implementation of sustainability policies, oversees compliance with certification standards (IFS Food, HACCP, MSC/ASC, BIO) and ensures systematic monitoring of performance indicators. Department heads in production, warehousing, distribution, procurement and sales are responsible for implementing sustainability measures within their respective domains, including food safety controls, environmental management, occupational safety and supplier compliance.

Responsibilities are documented, traceable and regularly reviewed through internal audits, management assessments and IMS Committee meetings, ensuring that decision-making authority,

operational duties and oversight mechanisms are aligned. This structure guarantees that accountability remains at the highest level, while operational management is effectively distributed across competent personnel who oversee day-to-day processes that influence the company's environmental, social and governance impacts.

GRI 2-14 The role of the highest management body in sustainability reporting

The Company Director holds ultimate responsibility for approving the structure, content and accuracy of the Sustainability Report of ZMH Horvat d.o.o. This includes ensuring that all disclosed information is complete, reliable and aligned with the GRI Standards. The Director reviews the report prior to publication, verifies consistency with the company's strategic objectives and confirms compliance with applicable certification systems (IFS Food, HACCP, MSC/ASC, BIO) and regulatory requirements.

Operational responsibility for preparing the report is delegated to the Executive Director and Management Representative for Quality and Sustainability, who coordinates data collection, verification and analysis across all sectors. The IMS Committee provides additional oversight through quarterly reviews of performance indicators, audit results and corrective actions. Data used for reporting is drawn from verified internal sources, certified management systems and documented procedures, ensuring traceability and methodological consistency.

The Director's role includes approving the reporting methodology, determining priority topics, allocating necessary resources, and endorsing improvement measures based on the report's findings. Through this governance framework, sustainability reporting is integrated into strategic decision-making and continuous improvement processes, ensuring that disclosures reflect the company's actual impacts, performance trends and long-term commitments.

Ethical governance is supported by the Transparency and Compliance Policy (POL-IMS-09) and the Anti-Corruption Policy (POL-IMS-05). In 2024 the company strengthened anonymous reporting mechanisms, including a confidential e-mail channel and physical trust box. From 2025 onward, the company will introduce systematic monitoring of ethics-related incidents, a central register of reports and publication of aggregated ethics performance data in the annual ESG report, consistent with EcoVadis ethics requirements.

GRI 2-15 Conflicts of interest

ZMH Horvat d.o.o. applies a strict zero-tolerance approach to conflicts of interest to ensure that all business decisions are made objectively and in the best interest of the company. The Company Director, as the sole legal representative and co-owner, is required to act with full professional integrity and prevent any situation in which personal, financial or family interests could influence corporate decision-making.

All managers and employees are bound by the Ethical Business Conduct and Corruption Prevention Policy (POL-IMS-05), the Transparency and Compliance Policy (POL-IMS-09), and the Code of Ethics, which define mandatory rules of conduct, disclosure obligations and prohibited practices. Employees must report any actual, potential or perceived conflict of interest to their immediate superior or the Executive Director. Favoritism toward suppliers, customers or external partners is explicitly prohibited.

Mechanisms for reporting concerns include an anonymous trust box and the dedicated e-mail address (povjerenje@zmhhorvat.hr), enabling confidential submission and protection of the reporting party. All reports are assessed in accordance with procedure in SOP-IMS-06, and corrective or disciplinary measures are implemented where justified. Through documented responsibilities, transparent decision-making processes and accessible reporting channels, the company ensures integrity, fairness and accountability at all organizational levels.

GRI 2-16 Communication of critical concerns

ZMH Horvat d.o.o. maintains a structured and transparent system for communicating critical concerns related to quality, food safety, environmental protection, labor practices and ethical conduct.

Communication flows between employees, management and external stakeholders are organized to ensure timely identification, escalation and resolution of issues that may affect the company's operational, legal or sustainability performance.

Critical concerns are addressed through multiple formal channels, including regular management meetings, IMS Committee reviews, internal audits, certification assessments and documented communication procedures. Employees are informed through bulletin boards, internal notices, e-mail communication and targeted training sessions, ensuring consistent understanding of responsibilities and reporting expectations.

The Executive Director and Management Representative for Quality and Sustainability is responsible for collecting, analyzing and escalating critical concerns to the Company Director, who makes final decisions and approves corrective actions. External partners, customers and institutions may submit inquiries or concerns through official communication channels published on the company website.

Anonymous or sensitive concerns may also be reported via the trust box or designated e-mail address, with confidentiality and protection ensured in accordance with SOP-IMS-04. Through this structured communication framework, ZMH Horvat d.o.o. ensures timely escalation of significant issues, evidence-based decision-making and continuous strengthening of its integrated management system.

GRI 2-17 Collective knowledge of the highest governance body

The highest governance body of ZMH Horvat d.o.o., led by the Company Director, possesses extensive experience in managing food production, food safety systems and sustainability-related requirements. The Director and members of the executive management have long-standing professional backgrounds in the processing and distribution of frozen food, risk management, and oversight of integrated quality and environmental systems.

Collective competencies are continuously strengthened through structured internal and external training related to IFS Food, HACCP, MSC/ASC, BIO certification schemes, and EcoVadis sustainability criteria. Managers regularly participate in professional seminars, audits, regulatory briefings and consultations with certification bodies and specialized advisors. Knowledge exchange between departments—production, quality, logistics, procurement and sales—is integrated into operational meetings and IMS Committee activities, ensuring alignment across functions.

Professional development is formalized through the company's training programs and documented within the Integrated Management System. This structured approach ensures that the highest governance body maintains up-to-date expertise relevant to food safety, legal compliance, environmental management, occupational health and broader ESG issues. The combination of practical experience, continuous learning and cross-functional cooperation enables effective oversight of sustainability impacts and strategic decision-making.

GRI 2-18 Evaluation of the performance of the highest governance body

The performance of the highest governance body of ZMH Horvat d.o.o., represented by the Company Director, is evaluated through a structured system that integrates financial, operational, sustainability and compliance indicators. The evaluation is grounded in measurable criteria defined within the Integrated Management System (IMS) and is supported by documented monitoring processes.

Assessment parameters include financial and operational results (revenue growth, profitability, liquidity), performance of certified management systems (IFS Food, HACCP, MSC/ASC, BIO), fulfillment of sustainability objectives (energy consumption, CO₂ emissions, waste management, occupational safety indicators) and results of internal and external audits. Customer satisfaction, stability of supplier relations and regulatory compliance also contribute to the overall evaluation.

The Executive Director and Management Representative for Quality and Sustainability prepares periodic performance reports and proposes improvement measures, while the final assessment is carried out and approved by the Company Director through the annual Management Review (DP-05).

This methodology ensures traceability, accountability and evidence-based decision-making, while supporting continuous improvement and alignment with the company's strategic sustainability commitments.

GRI 2-19 Remuneration policy

ZMH Horvat d.o.o. implements a structured and transparent remuneration policy based on legality, fairness and alignment with internal job classification systems. The policy is defined through three core documents: individual Employment Contracts, the Decision on Performance-Based Incentives and the Labor Ordinance, which collectively regulate base salaries, allowances and employee rights.

Remuneration is determined according to the complexity and responsibility of each role, taking into account qualifications, experience, working conditions and performance expectations. Salary components include base pay and statutory allowances for night work, overtime and work on Sundays or public holidays. Additional incentives may be awarded based on individual or departmental performance, subject to criteria set out in the company's internal regulations.

All salaries, including those of management, are treated as business-confidential information in accordance with internal policies. ZMH Horvat d.o.o. ensures regular salary payments and periodic reviews of compensation levels in line with business results and market conditions. The remuneration framework supports stability, legal compliance and long-term employee retention, while promoting productivity, accountability and equal treatment across the workforce.

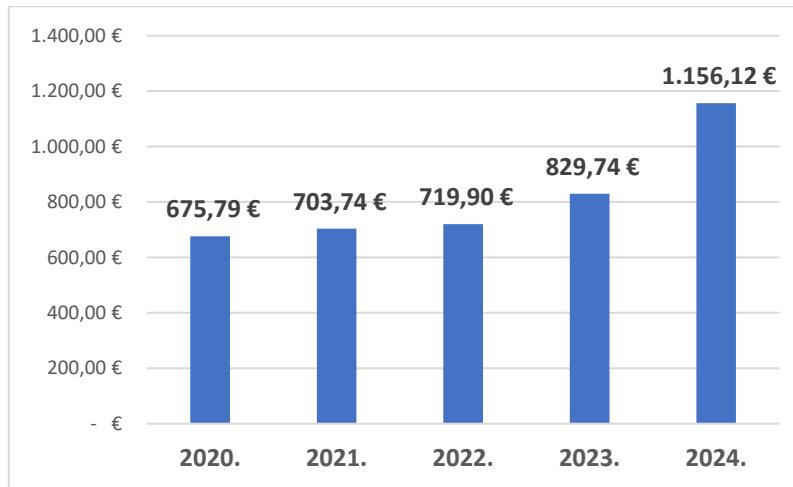
GRI 2-20 Process to determine remuneration

The remuneration process at ZMH Horvat d.o.o. is governed by clearly defined internal rules that ensure fairness, transparency and compliance with labor legislation. The structure and methodology for determining compensation are set out in the Labor Ordinance, Employment Contracts and the Decision on Performance-Based Incentives.

Jobs are classified according to their complexity, responsibility and required competencies, forming the basis for determining the level of base salary. The remuneration process includes assessment of work conditions, shift requirements, and statutory elements such as allowances for night work, overtime, and work on Sundays or public holidays. Variable compensation is awarded according to predefined performance criteria, monitored and evaluated by department heads and the Company Director.

This structured approach ensures that remuneration decisions are objective, traceable and consistent with the company's principles of equal treatment and responsible employment practices.

Chart. Average net salary 2020-2024



Source: Available at the Digital Chamber of the Republic of Croatia.

GRI 2-21 Annual total compensation ratio

ZMH Horvat d.o.o. maintains a moderate ratio between the total annual compensation of the Company Director and the average compensation of employees, reflecting the structure of a medium-sized family-owned enterprise with a single-tier governance model. The Director receives a contracted gross compensation that corresponds to the scope of responsibilities, operational complexity and legal accountability associated with the role.

Compensation for the Director does not include stock options, variable bonus schemes or additional incentive programs beyond the contractual remuneration. Employee compensation is determined through the company's standardized job classification and remuneration system, ensuring internal equity and compliance with legal requirements.

The resulting compensation ratio remains stable and proportionate to the company's size, organizational structure and financial capacity, supporting responsible governance practices and fair remuneration principles.

STRATEGY, POLICIES AND PRACTICES

GRI 2-23 Policy commitments

ZMH Horvat d.o.o. is committed to responsible economic, environmental and social performance through a structured set of policy commitments integrated into the company's operations. These commitments are implemented within the Integrated Management System (IMS), which incorporates the requirements of IFS Food, HACCP, MSC/ASC Chain of Custody, the BIO (EKO) certification scheme and the EcoVadis sustainability methodology. All policies apply to production, storage, distribution and administrative activities, covering the entire product life cycle from raw material procurement to delivery of finished goods.

The IMS comprises a suite of documented policies that define obligations, principles and objectives related to quality, food safety, environmental protection, occupational health and safety, human rights, ethical business conduct, information security, sustainable procurement and carbon management. Key policies include:

- POL-IMS-01 Integrated Management System Policy
- POL-IMS-02 Environmental protection and energy efficiency policy
- POL-IMS-03 Occupational Health and Safety Policy
- POL-IMS-04 Social responsibility and human rights policy
- POL-IMS-05 Ethical Business Conduct and Corruption Prevention Policy
- POL-IMS-06 Sustainable procurement policy
- POL-IMS-07 Information security policy
- POL-IMS-08 Policy for preventing discrimination and promoting diversity
- POL-IMS-09 Transparency and Compliance Policy
- POL-IMS-10 Employee development and education policy
- POL-IMS-11 Carbon footprint and climate risk management policy
- PQA Food Quality and Safety Management Policy

These policies guide the implementation of sustainability commitments—including reducing energy and water use, minimizing CO₂ emissions, improving waste management, ensuring responsible procurement, protecting worker rights and promoting ethical conduct.

The company holds the following certificates confirming its compliance with international standards:

- IFS Food v.8 – food safety system

- HACCP – Hazard Analysis and Critical Control Points
- MSC Chain of Custody – sustainable fisheries
- ASC Chain of Custody – responsible aquaculture
- ECO / BIO certificate (HR-EKO-04) – ecological production
- ZOZP – Protected Geographical Indication for "Zagorski štruklji"

The fundamental obligations of a sustainable business policy include:

- ensuring food quality and safety in accordance with IFS and HACCP requirements,
- reduction of energy, water and fuel consumption and CO₂ emissions,
- responsible waste management and promotion of a circular economy,
- protection of employee health and safety,
- respect for human rights, equality and the prohibition of discrimination,
- ethical business practices, transparency and prevention of corruption,
- sustainable procurement and cooperation with certified suppliers,
- digital and information security and employee education on sustainability.

Policy implementation is overseen by the Executive Director and Management Representative for Quality and Sustainability, with final accountability held by the Company Director. All policies are reviewed annually through the Management Review process, ensuring their continued relevance, effectiveness and alignment with evolving regulatory, market and stakeholder expectations.

GRI 2-24 Embedding policy commitments

The sustainability policies of ZMH Horvat d.o.o. are embedded in all business processes through an integrated management system aligned with IFS Food, HACCP, MSC/ASC, BIO and EcoVadis standards. Sustainable principles are applied in procurement, production, resource and energy management, and cooperation with partners. Operational oversight and strategic implementation is ensured by Director Zoran Horvat, thereby integrating sustainability principles into all levels of management and decision-making.

In 2024, the achievement of IMS objectives was monitored through the RE-IMS-01 Balanced Scorecard, using measurable KPIs implemented across business processes.

- **Fully achieved goals (●):** Reduction of energy consumption by 3%, reduction of CO₂ emissions by 2.3%, zero confirmed cases of corruption, maintained a high level of customer satisfaction, number of complaints within the target value (≤50), successful IFS Food audit without Major non-conformities, zero serious injuries at work, <50 non-conformities in total, achieved the goal of food safety culture, 100% educated employees and >1000 hours of education, and fulfilled goals in the area of occupational health and safety (OHS) and ethical business.
- **Partially achieved goals (● / ■):** Sales growth of 2% did not reach the planned 3% and the goal was assessed as partially achieved. Implementation of sustainable supply chain monitoring has started, but is not fully completed as the Supplier Code of Conduct was not sent to suppliers in 2024.
- **Unmet goals (■):** The EcoVadis assessment was not conducted during 2024 due to organizational burden, therefore the goal of a minimum of 60 points (Silver) was not realized and is carried over to 2025.

The evaluation of RE-IMS-01 objectives in the 2024 Sustainability Report indicates a high level of system implementation, with isolated areas of partial or non-achievement. Most IMS objectives were achieved or exceeded, supported by measurable and verifiable KPIs, while two key areas—EcoVadis certification and full implementation of sustainable procurement—remain priorities for corrective

action. Within the management-system framework, the results confirm operational stability and a high degree of compliance, but also highlight the need for more robust resource allocation to ESG processes. The system functions effectively and is well-established, although stronger strategic attention to the remaining gaps is required to fully meet ESG expectations.

GRI 2-25 Processes to remediate negative impacts

ZMH Horvat d.o.o. has established structured and documented processes for promptly identifying, managing and remediating negative impacts related to food safety, employee health and safety, environmental protection and operational disruptions. These processes form part of the Integrated Management System (IMS) and are designed to ensure rapid response, containment of risks and full regulatory compliance.

Negative impacts on product quality and safety are addressed through the Documented Procedure for Product Withdrawal and Recall (DP-11). When a potential non-conformity is identified, affected batches are immediately blocked, traced and controlled. The procedure includes communication with customers, regulatory authorities and certification bodies, as well as the initiation of laboratory analyses or other verification measures. Corrective and preventive actions are defined, documented and reviewed to prevent recurrence.

Broader operational or environmental impacts—including contamination events, fires, equipment failures or extraordinary water pollution—are addressed through the General Crisis Management Procedure (OD-09) and the Operational Plan of Measures in Case of Extraordinary and Sudden Water Pollution. These documents define response structures, responsibilities, communication protocols, coordination with emergency services and implementation of containment and remediation measures. Environmental incidents are handled in accordance with the State Plan of Measures and the Water Act, ensuring compliance with national requirements.

Employee health and safety incidents are investigated through hazard identification and incident-management procedures consistent with occupational safety legislation. All incidents trigger root cause analysis, documentation of findings and implementation of corrective actions, supported by regular monitoring from the Occupational Health and Safety Committee.

Through these structured mechanisms—supported by clearly defined responsibilities, traceable documentation and regular internal reviews—ZMH Horvat d.o.o. ensures systematic remediation of adverse impacts and continuous strengthening of its food safety, environmental and occupational health systems.

GRI 2-26 Mechanisms for seeking advice and raising concerns

ZMH Horvat d.o.o. provides structured, accessible and confidential mechanisms for employees and external stakeholders to seek advice, request clarification or raise concerns related to ethics, food safety, environmental protection, information security and labor rights. These mechanisms are defined in the documented procedure SOP-IMS-06 Communication and Reporting Management and are aligned with the Act on the Protection of Whistleblowers (OG 46/22).

Employees may request guidance or report concerns through multiple channels, including direct contact with the Company Director, the Executive Director or designated responsible persons. Issues related to workplace dignity may be raised with the authorized person (Maja Horvat), while broader organizational concerns may be submitted through an internal anonymous “trust box” or by using the dedicated confidential email address (povjerenje@zmhhorvat.hr).

All reports—anonymous or named—are recorded, reviewed and handled with strict confidentiality. The company guarantees full protection against retaliation, discrimination or adverse treatment for any individual who raises a concern in good faith, in accordance with internal policies on social responsibility, ethical business conduct, information security and transparency in accordance with the following policies:

- POL-IMS-04 Social responsibility and human rights policy,
- POL-IMS-05 Ethical Business Conduct and Corruption Prevention Policy,
- POL-IMS-07 Information Security Policy,
- POL-IMS-09 Transparency and compliance policy.

If a concern is substantiated, the management initiates corrective, disciplinary or preventive measures and ensures follow-up communication through internal notices, training or procedural updates. These mechanisms foster transparency, accountability and trust within the organization, enabling early identification of risks, strengthening compliance and supporting continuous improvement of the Integrated Management System.

GRI 2-27 Compliance with laws and regulations

ZMH Horvat d.o.o. operates in full conformity with the legislative and regulatory framework of the Republic of Croatia, as well as all applicable European Union regulations governing food safety, hygiene, environmental protection, labor rights, occupational safety and financial reporting. Legal requirements are integrated into the company's Prerequisite Programs, documented procedures and sector-specific controls within the Integrated Management System (IMS).

Compliance obligations are continuously monitored through cooperation with competent authorities, certification bodies and external advisors. Internal audits, management reviews and sector-level controls verify the implementation of legal requirements and ensure that processes remain aligned with current legislation. Responsibilities for legal compliance are defined in OD-04 Job Descriptions and delegated to the Company Director and the Executive Director, who jointly oversee regulatory updates, system adjustments and documentation accuracy.

During 2024, no legal infringements, penalties or regulatory sanctions were recorded in any area of the company's operations, including food safety, environmental protection, labor law or financial governance. This outcome confirms the effectiveness of established compliance mechanisms and the maturity of the company's management system.

To strengthen corporate commitments, ZMH Horvat d.o.o. will further formalize and publicly disclose its Environmental, Occupational Health and Safety, Diversity and Equal Opportunity, Human Rights and Sustainable Procurement policies during 2024–2025. Each policy will include measurable targets, baseline years and defined timelines, in line with EcoVadis criteria for effective sustainability governance.

GRI 2-28 Membership associations

ZMH Horvat d.o.o. actively participates in professional and industry associations that support the development of the food processing sector, promote responsible business practices and facilitate regulatory alignment. The company is a member of the Croatian Chamber of Economy (HGK), specifically the Association of the Food Processing Industry, which brings together companies from the food and beverage sector and provides a platform for knowledge exchange, regulatory updates and sectoral initiatives.

ZMH Horvat d.o.o. is also involved in the HGK Fisheries Association, which includes entities engaged in fish and seafood processing and distribution, enabling participation in discussions related to fisheries policy, certification requirements and sustainability standards. Collaboration with the Croatian Employers' Association (HUP) and the Croatian Chamber of Trades and Crafts (HOK) additionally strengthens the company's engagement with national business networks.

At an international level, the company participates in MSC and ASC Chain of Custody programs, confirming adherence to globally recognized standards for sustainable fisheries and responsible aquaculture. These memberships reflect the company's commitment to continuous improvement, sustainability, responsible sourcing and alignment with global best practices.

STAKEHOLDER ENGAGEMENT

GRI 2-29 Approach to stakeholder engagement

ZMH Horvat d.o.o. conducts structured and continuous stakeholder engagement as an integral part of its Integrated Management System (IMS) and sustainability governance. Engagement processes are defined in the Integrated Management System Manual (PRI-IMS-01) and supported by the materiality assessment methodology (ZP-IMS-03), which is updated at least annually during the Management Review.

Stakeholders are identified based on their influence on the company's operations and the extent to which they are affected by the company's economic, environmental and social impacts. The main stakeholder groups include employees, customers, suppliers, certification and inspection bodies, regulatory institutions, the local community, owners and management, and independent sustainability partners (e.g., MSC/ASC, EcoVadis platforms).

Engagement mechanisms vary by stakeholder group and include internal meetings, employee satisfaction surveys, food safety culture assessments, training programs, customer audits, supplier evaluations, ESG questionnaires, certification audits, and formal communication with regulatory authorities. Feedback from employees, customers and partners is systematically reviewed and integrated into improvement plans, risk assessments and annual IMS objectives.

Through these structured and transparent processes, ZMH Horvat d.o.o. ensures that stakeholder expectations are incorporated into decision-making, supports continuous improvement of sustainability performance and maintains trust with all relevant groups.

GRI 2-30 Collective bargaining agreements

ZMH Horvat d.o.o. does not have a company-specific collective bargaining agreement; however, all employment relations fully comply with the Labor Act of the Republic of Croatia and applicable sectoral collective agreements within the national food industry. Rights and obligations related to working conditions, salary structure, overtime, occupational safety and employee participation are defined in individual Employment Contracts and the company's Labor Ordinance.

Employees are guaranteed the legal right to establish or elect a Workers' Council in accordance with national legislation. Although employees have not yet elected a council or designated representatives, the company fully enables this process, provides necessary conditions and respects all related labor rights. In the absence of a Workers' Council, communication between employees and management is maintained through regular meetings, consultations and open dialogue channels, ensuring representation of worker interests and transparent resolution of labor-related matters.

This governance approach ensures that employee rights are preserved, participation mechanisms are available and legally compliant processes are upheld, regardless of the current absence of a formal collective bargaining structure.

GRI 3 MATERIAL TOPICS

GRI 3-1 Process to determine material topics

ZMH Horvat d.o.o. applies a structured and methodologically consistent process for identifying and evaluating material topics in accordance with the GRI 2021 Standards and the requirements of IFS Food, HACCP, MSC/ASC, BIO and EcoVadis. The process is defined in the Integrated Management System Manual (PRI-IMS-01, Chapter 4.6) and supported by the Risk and Opportunity Management Procedure (SOP-IMS-02). Materiality analysis is conducted at least once per year by the IMS Committee as part of the Management Review.

The process consists of four main phases:

- 1. Identification** – Collection of relevant information from internal audits, certification assessments, customer requirements, complaints, employee surveys, operational data, regulatory changes and sustainability benchmarks. All potential environmental, social, economic and governance topics are mapped across the value chain.
- 2. Assessment of significance** – Evaluation of each topic's actual and potential impact on the company's operations, stakeholders, regulatory compliance, food safety, environmental footprint, labor practices and corporate governance. Stakeholder expectations and strategic priorities are incorporated through interviews, surveys and sector-specific analyses.
- 3. Prioritization** – Selection of material topics with the highest relevance and impact. Prioritization is performed jointly by management, the Quality and Sustainability Department and department heads, ensuring cross-functional perspectives and risk-based decision-making.
- 4. Approval** – Final validation of material topics by the Company Director and the Executive Director and Management Representative for Quality and Sustainability. Approved topics serve as the basis for sustainability reporting, KPI planning and improvement objectives within the IMS.

This systematic approach ensures that material topics reflect the company's most significant impacts and stakeholder expectations, supporting transparent reporting, strategic decision-making and the continuous enhancement of sustainability performance.

GRI 3-2 List of material topics

Based on the impact assessment process and structured stakeholder consultations, ZMH Horvat d.o.o. has identified the following material topics that reflect the company's most significant economic, environmental and social impacts, as well as the expectations of stakeholders:

- 1. Food Safety and Product Quality (GRI 416)**
Ensuring full compliance with IFS Food, HACCP and relevant legislation; maintaining product integrity, traceability and consumer confidence.
- 2. Environmental Management and Resource Efficiency (GRI 302, GRI 303, GRI 305)**
Efficient energy and water use, reduction of CO₂ emissions, responsible waste management, and optimization of environmental performance across operations.
- 3. Sustainable Procurement and Supply Chain Responsibility (GRI 204)**
Supplier approval processes based on food safety, traceability and certification criteria (MSC, ASC, BIO), risk assessment and ethical sourcing.
- 4. Working Conditions, Labor Rights and Development (GRI 401, GRI 404, GRI 405)**
Respect for labor rights, equal opportunities, training and professional development, and maintaining fair and safe working conditions.
- 5. Occupational Health and Safety (GRI 403)**
Systematic prevention of injuries, implementation of hygiene and safety standards, and continuous monitoring of workplace risks.

6. Business Ethics, Compliance and Anti-Corruption (GRI 205, GRI 206)

Zero tolerance for corruption, prevention of conflicts of interest, transparent business conduct and robust compliance mechanisms.

7. Waste and Packaging Management (GRI 306)

Waste reduction, separate collection and recycling, and a structured approach to reducing plastic packaging.

8. Community Engagement and Social Impact (GRI 413)

Cooperation with local suppliers, participation in community initiatives, and support for socially beneficial programs.

9. Transparency, Stakeholder Dialogue and Reporting (GRI 2-29, GRI 3-3)

Open communication channels, regular sustainability reporting and involvement of employees, customers and partners in ESG dialogue.

These material topics form the foundation of the company's sustainability strategy and guide the scope, metrics and narrative of reporting in accordance with the GRI Standards.

Table. Material Topics and Relevant SDGs

Material Topic	Relevant SDG
<i>Energy and Emissions</i>	<i>SDG 7, SDG 12, SDG 13</i>
<i>Waste and Resource Efficiency</i>	<i>SDG 12</i>
<i>Occupational Health & Safety</i>	<i>SDG 3, SDG 8</i>
<i>Supplier Management & Procurement</i>	<i>SDG 12, SDG 8</i>
<i>Ethics & Anti-Corruption</i>	<i>SDG 16</i>

Beginning in 2025, ZMH Horvat d.o.o. will integrate comprehensive SDG mapping and measurable KPI tracking into its annual ESG reporting, including quantitative targets, baseline years and yearly progress evaluations, thereby strengthening transparency and alignment with international sustainability frameworks.

GRI 3-3 Management of material topics

ZMH Horvat d.o.o. manages material issues through an integrated management system that includes IFS Food, HACCP, MSC/ASC, BIO and EcoVadis standards and internal documented procedures. For each material issue, objectives, responsible persons and performance monitoring mechanisms are defined.

Management is based on the following principles:

- Risk prevention through regular audits, process controls and risk analyses.
- Continuous improvement based on the results of internal and external assessments, complaints and stakeholder feedback.
- Involvement of employees through trainings, surveys and suggestions for improvements.
- Monitoring of sustainability indicators (energy and fuel consumption, amount of waste, number of incidents, employee satisfaction).

Responsibility for monitoring and reporting on each material topic is allocated by area: Director Zoran Horvat leads strategic oversight and decision-making, while Executive Director for Quality and Sustainability (Tomislav Petanjek) coordinates operational activities and reporting.

In this way, the company ensures that all material topics are systematically monitored, measurable and linked to sustainable business objectives, thus enabling consistency between strategy, daily operations and reporting.

SPECIFIC TOPICS: ECONOMIC ASPECTS

GRI 201 Economic Performance

201-1: Direct economic value generated and distributed

ZMH Horvat d.o.o. creates and evenly distributes economic value through sustainable business, employment, investments and cooperation with local partners. During 2024, the company achieved total revenues of around 31.9 million euros, which represents a stable growth of over 5% compared to the previous year.

Part of the profit is reinvested in the modernization of equipment, digitization of processes and employee education, which ensures long-term competitiveness and business development. An investment in a new production and storage facility has been started, the completion of which is expected at the end of 2025.

In this way, ZMH Horvat d.o.o. continuously contributes to the local economy and community through employment, tax revenues and cooperation with suppliers from the region, confirming a responsible approach to the creation and distribution of economic value.

Table. Economic value created, distributed and retained in 2022.-2024.

Description	2022 (€)	2023 (€)	2024 (€)	Index 2024/2023
Directly created economic value	28,135,641	30,540,410	32,547,081	107
Sales revenue	27,779,429	30,061,273	30,661,513	102
Other operating income	249,736	264,793	1,243,961	470
Financial income	106,477	214,344	641,607	299
Distributed economic value	27,207,670	29,290,193	31,857,271	109
Business expenses	24,397,517	25,891,652	27,879,691	108
Personnel costs (salaries and benefits)	2,080,055	2,514,680	3,098,951	123
Financial expenses	69,676	28,018	21,075	75
Income tax	657,413	839,423	847,491	101
Community investments (donations, sponsorships)	3,010	16,419	10,063	61
Retained economic value	927,971	1,250,217	689,811	55

The total created economic value increased by 7%, mostly due to the growth of other and financial income. Distributed value increased by 9%, mainly due to higher business expenses and salaries (+23%). Investments in the community decreased by 39%, while the retained economic value fell by 45%, which shows a greater channeling of funds into operational and personnel costs with a smaller amount retained for reinvestment.

201-3: Defined benefit plan obligations and other retirement plans

ZMH Horvat d.o.o. implements all mandatory forms of pension and social insurance in accordance with the legislation of the Republic of Croatia and regularly pays contributions to the I. and II. pillars of mandatory pension insurance. The company currently does not have a separate voluntary pension plan (III. pillar), but is considering its introduction as an additional form of employee reward and retention in the future.

In addition to legal obligations, the company provides employees with a number of additional benefits, including:

- reimbursement of transportation costs,
- hot meal or cash compensation for food,
- rewards based on achieved results,
- Easter and Christmas gifts.
- payment of the annual award.

All employees, including fixed-term and temporary workers, have equal rights to benefits according to the Labor Regulations and internal decisions. Such an approach ensures fairness, motivation and long-term stability of the workforce, while respecting all regulations on social security and labor rights.

GRI 202 Market presence

ZMH Horvat d.o.o. is a family business with strong ties to the local community in which it operates. More than 95% of employees come from Krapina Zagorje County, and a very significant portion of employees are from Konjščina, where the company's main production and distribution facility is located.

The company provides stable jobs, above-average salaries and opportunities for professional development, making it one of the main drivers of economic and social development in the Krapina-Zagorje County. Through its operations, it contributes to strengthening the local economy, encouraging youth employment, and collaborating with local suppliers and educational institutions, further strengthening its role as a responsible and sustainable employer in the community.

202-1: Ratios of standard entry level wage by gender compared to local minimum wage

At ZMH Horvat d.o.o., standard starting salaries for new positions are fully compliant with the Labor Act and regularly exceed the amount of the legally prescribed minimum wage in the Republic of Croatia.

In 2024, the legal minimum wage was €840 gross, while all starting gross salaries at ZMH Horvat d.o.o. were higher than the legal minimum, depending on the complexity of the job.

In terms of gender equality, there are no differences in starting salaries between women and men in equal positions. Salaries are determined according to the internal job classification system, taking into account professional qualifications, experience and responsibility, regardless of gender.

This practice confirms the commitment of ZMH Horvat d.o.o. to the principles of equal opportunities and fair remuneration, thus supporting the goals of social sustainability and equality in the workplace.

202-2: Proportion of senior management hired from the local community

At ZMH Horvat d.o.o., the entire senior management comes from the local community of the Municipality of Konjščina and Krapina-Zagorje County, where the company's headquarters are located (Konjščina, Bistrička cesta 4/A). This includes Director Zoran Horvat, Executive Director Tomislav Petanjek, and heads of key departments – production, warehousing, distribution, procurement, and sales.

Hiring local experts is part of the company's long-term strategy to stimulate the economic development of the region, reduce the need for daily migration of employees and strengthen ties with the local community. The company cooperates with local schools and educational institutions to ensure a continuous influx of qualified personnel in the fields of food technology and logistics.

In this way, ZMH Horvat d.o.o. achieves 100% representation of senior management from the local community, thereby confirming its focus on local development, stability and social responsibility.

GRI 204 Procurement practices

ZMH Horvat d.o.o. applies responsible and transparent procurement practices aligned with the principles of sustainability, traceability and food safety according to document POL-IMS-06 Sustainable

Procurement Policy. Procurement of raw materials, packaging and services is carried out according to strict quality criteria and legislative requirements, with preference to local and regional suppliers whenever possible.

The company cooperates with suppliers who hold appropriate certificates (IFS, MSC, ASC, BIO) and conducts regular assessments and audits to ensure their compliance with food safety, environmental protection and ethical business standards.

Supplier selection criteria include product quality, delivery reliability, regulatory compliance, environmental aspects and ethical business practices. Procurement is conducted through a documented process within the quality management system and is subject to audits.

In this way, ZMH Horvat d.o.o. maintains a stable, transparent and sustainable supply chain, which supports the local economy and reduces the environmental footprint of its operations.

204-1: Proportion of spending on local suppliers

In ZMH Horvat d.o.o., the share of local suppliers is not significant, since most of the necessary raw materials, raw materials and packaging specific for the processing and packaging of frozen food are not produced in the territory of the Republic of Croatia. Most of the raw materials and packaging are procured from foreign certified manufacturers that meet the requirements of the IFS, MSC, ASC and BIO standards.

Despite this, the company maintains cooperation with local suppliers whenever possible, especially in the segments of packaging procurement, logistics, technical maintenance, service and distribution. In this way, ZMH Horvat d.o.o. contributes to the local economy, while maintaining high standards of product quality and safety.

GRI 205 Anti-corruption

ZMH Horvat d.o.o. applies the principle of zero tolerance towards all forms of corruption, bribery and favoritism. Ethical business practices are embedded in all levels of management and operational work, and employees are familiar with the rules of conduct through the Ethical Business Practices and Corruption Prevention Policy (POL-IMS-05), the Transparency and Compliance Policy (POL-IMS-09) and the Code of Ethics.

Corruption risk assessment is carried out regularly through the monitoring of key business processes, especially in the areas of procurement, sales and interactions with public authorities. In these areas, control points, responsibilities and decision-making processes are defined, ensuring transparency and preventing conflicts of interest.

Preventive measures include mandatory employee training on ethical conduct, a ban on receiving or giving any inappropriate gifts or benefits, and regular communication on anti-corruption rules. All employees can anonymously report suspected irregularities via a trust box or directly to their superiors, with guaranteed confidentiality and protection of the reporter. Reports are analyzed and, if necessary, investigated in cooperation with the Director and Executive Director of Quality.

In 2024, no cases of corruption or attempted bribery were recorded, which confirms the effectiveness of the existing system of supervision, internal controls and professional integrity of employees. With this approach, ZMH Horvat d.o.o. maintains the trust of business partners, customers and regulatory authorities and ensures legal, transparent and ethical business operations.

GRI 206 Anti-competitive Behavior

ZMH Horvat d.o.o. applies the principle of zero tolerance towards all forms of anti-competitive behavior and operates in full compliance with the Competition Act and relevant European Union regulations. The company does not participate in price fixing, market restriction, exchange of privileged information or in any activities that could lead to distortion of free competition.

Business operations are based on the principles of transparency, ethics and fair market practices, in accordance with the Transparency and Compliance Policy (POL-IMS-09) and the Ethical Business Conduct and Anti-Corruption Policy (POL-IMS-05). All contractual relationships with partners are regulated in a way that ensures equal conditions of market competition, respects the rules of fair competition and prevents conflicts of interest.

As part of the integrated management system, the risk of anti-competitive behavior is constantly monitored, including supervision of sales, procurement and cooperation processes with external partners.

During 2024, there were no reported cases, investigations or sanctions related to anti-competitive behavior. With this approach, ZMH Horvat d.o.o. confirms full compliance with regulations and principles of fair market practice, thus contributing to a stable, ethical and legal business environment.

SPECIFIC TOPICS: MATERIAL TOPICS

GRI 301 Materials

In the production and packaging of frozen food products, ZMH Horvat d.o.o. uses materials approved for contact with food, which fully meet legal, safety and quality requirements. The main categories include plastic, cardboard and aluminum packaging, cooling media and consumables for production lines.

Materials management is carried out in accordance with the principles of "reduce–reuse–recycle" and the provisions of the Sustainable Procurement Policy (POL-IMS-06) and the Integrated Management System Manual (PRI-IMS-01), which define the criteria for supplier selection, monitoring of material flows and stakeholder involvement. The company cooperates exclusively with certified suppliers who meet the requirements of the IFS, MSC/ASC and BIO standards and ensures the traceability of all incoming materials through a documented control system. Packaging is selected according to the criteria of safety, quality, origin and the possibility of recycling or reuse.

In 2024, the total amount of packaging used decreased from 394 t to 364.6 t, or -7%, while the total value remained almost unchanged (€823.4 thousand compared to €821 thousand), which shows an increase in the unit value of packaging and a shift to more expensive, often more sustainable materials. The share of recyclable materials (aluminum, cardboard, paper) increased from around 75% to around 80%, confirming the company's focus on a circular economy and the reduction of non-recyclable plastics.

Cardboard and paper, all FSC certified and of domestic origin (HR), form the dominant group – 81% of packaging weight and 43% of total value. Cardboard boxes recorded an 8% growth in volume and value, while small FSC boxes decreased by almost 40%, indicating an optimization of secondary packaging.

Plastic multilayer materials (PE/EVOH/PE, PET/PE, PET/PELD, PA/PE) continue to represent the largest source of non-recyclable waste, although their total mass has decreased by about 25%. There is a noticeable increase in imported packaging from Germany (DE), especially PET/PE (+79%), which indicates technological requirements for barrier properties.

Material efficiency and the share of recyclable materials are increasing, and the total mass of packaging is decreasing, which is in line with the goal of reducing environmental impact through packaging optimization and increasing the share of domestic and certified raw materials.

Table. Use of packaging materials: Quantities used, shares and values (2023–2024)

Type of packaging materials	Label packagin g	Country of origin	2023			2024			Index 2024/202 3 (tons)
			Weight (t)	Share	Value (€000)	Weight (t)	Share	Value (€000)	
Aluminum bowl	ALU	EN	0.5	0.1%	5.2	1.5	0.4%	13.9	300
Cardboard boxes FSC®CoC	PAP	EN	242.6	63.0 %	214.9	261.9	71.8%	232.2	108
Cardboard boxes FSC®CoC	PAP	EN	51.3	13.3 %	94.1	29.7	8.1%	86.8	58
Paper stickers	PAP	EN	1.2	0.3%	31.8	1.0	0.3%	29.4	83
PE/EVOH/PE		DE	2.7	0.7%	26.8	5.0	1.4%	48.1	185
PET/PE		DE	8.4	2.2%	23.0	15.0	4.1%	37.8	179
POF		EN	2.1	0.5%	12.7	1.9	0.5%	10.5	90
LDPE		EN	2.7	0.7%	16.5	0.4	0.1%	5.0	15
FIVE		EN	4.3	1.1%	12.4	5.0	1.4%	14.3	116
PA/PE		EN	0.4	0.1%	2.5	0.2	0.1%	13.9	50
PET/PELD		EN	68.9	17.9 %	381.1	43.0	11.8%	331.5	62
			385	100%	821.0	364.6	100.0 %	823.4	

GRI 302 Energy

ZMH Horvat d.o.o. implements systematic energy management with the aim of reducing greenhouse gas emissions, optimizing costs and increasing energy efficiency. Energy management is based on the principles of the Environmental Protection and Energy Efficiency Policy (POL-IMS-02) and is integrated into the environmental and quality management system.

The main sources of energy in the business are electricity, diesel fuel and natural gas, which are used to power cooling systems, heating, transport and auxiliary equipment. Energy consumption is monitored monthly through internal reports, trend analyses and comparisons of consumption intensity by facilities and processes.

Energy-efficient cooling systems, LED lighting, and automated temperature and compressor operation monitoring are used in production and storage facilities, achieving stable results in reducing consumption.

The company uses solar power plants with a total power of 660 kW for its own needs, equipped with photovoltaic modules with a total installed power of 920 kWp. In 2024, the solar power plants produced 905 MWh of electricity, of which 746 MWh was consumed within the company and 159 MWh was delivered to the HEP grid. Total electricity consumption (from the grid and from own solar power plants) amounted to 2,828 MWh in 2024, which is a decrease of 2.5% compared to 2023 (2,902 MWh). Electricity from own solar power plants thus covered 26% of total electricity consumption, while the remaining 74% (2,082 MWh) was supplied from the public electricity grid.



Photo. Solar power plants on the roof of the ZMH Horvat d.o.o. building

In 2024, 135 MWh of natural gas was consumed, which is 25% less than in 2023 (180 MWh), while diesel fuel consumption for transportation purposes amounted to 238,000 liters, or 1.5% less than the previous year.

In line with GRI 302-1, total energy consumption within the organization includes only energy actually used on site (electricity consumed from own solar power plants and the grid, plus natural gas) and excludes surplus electricity delivered to the HEP network.

Table. Energy consumption within the company (GJ)

Description	2023 (kWh)	2023 (GJ)	2024 (kWh)	2024 (GJ)	Index 2024/2023 (GJ)
Total electricity production from solar power plants	943,864	3,398	905,271	3,259	96
<i>Surplus electricity delivered to HEP network</i>	143,428	516	158,948	572	111
<i>Electricity consumed from own solar power plant</i>	800,436	2,882	746,323	2,687	93
Electricity taken from the HEP network	2,102,560	7,569	2,082,160	7,496	99
Natural gas	179,874	648	135,730	489	75
Total energy consumed	3,082,870	11,099	2,964,213	10,672	96

Total energy consumption within the organization decreased from 3,082,870 kWh (11,099 GJ) in 2023 to 2,964,213 kWh (10,672 GJ) in 2024, which represents a reduction of around 4%. The decrease was driven primarily by lower consumption of electricity from the grid and natural gas, while on-site solar generation maintained a stable and significant contribution to electricity demand.

The company purchases electricity from the supplier HEP Opskrba d.o.o., with which it has concluded annual or biennial supply contracts. According to HEP data for 2024, total available electricity amounted to 20.29 TWh, with the following structure of sources: hydroelectric power plants (30%), thermal power plants (18%), nuclear energy (14%), renewable sources including purchases from RES

(8%) and imports (30%). This mix indirectly influences the emission factor associated with the company's purchased electricity.

Chart. Energy sources in 2024 for HEP Opskrba suppliers.

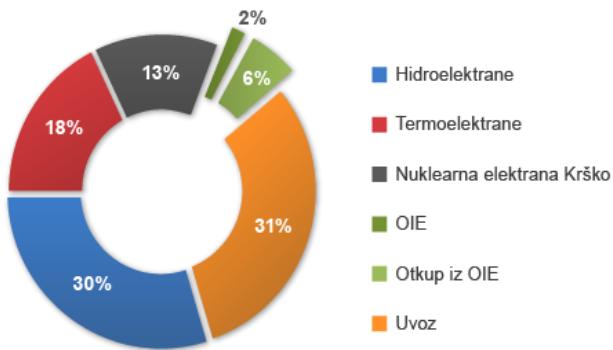


Table. Energy intensity per kilogram of product sold

Indicator	Unit	2023.	2024.	Index 2024/2023.
Total product sales	kg	7,643,904	7,813,086	102
Total energy consumption	kWh	3,082,870	2,964,213	96
Energy intensity (per kg sold)	kWh/kg	0.40	0.38	95
Equivalent in MJ/kg	MJ/kg	1.45	1.37	94

The data indicate a clear decoupling of energy use from production growth in 2024: total product sales increased by 2% (from 7.64 to 7.81 million kg; index 102), while total energy consumption decreased by 4% (from 3,082,870 to 2,964,213 kWh; index 96). Consequently, energy intensity improved from 0.40 to 0.38 kWh/kg, equivalent to a reduction of approximately 6% (index 95), with a corresponding decrease in specific energy expressed in MJ/kg (from 1.45 to 1.37; index 94). These results reflect the positive combined effect of investments in solar power plants, optimization of cooling systems and responsible energy management, and align with the company's long-term objective of reducing energy intensity by 20% by 2030 relative to the 2023 base year.

The company applies an internal methodology for monitoring energy consumption by energy source and per unit of product, ensuring consistent calculation and tracking of performance indicators. In 2025, ZMH Horvat d.o.o. will introduce Scope 1 and Scope 2 emissions accounting in accordance with the GHG Protocol, while the Scope 3 assessment is under development to further enhance transparency and climate-aligned reporting.

Table. CO₂ emissions from vehicle fleet fuel consumption by vehicle category (2023-2024)

Vehicles category	Vehicles category	Type fuel	Ecological category	Number vehicles	Consumption (l) 2023	Emission CO2 (kg) 2023	Consumption (l) 2024	Emission CO2 (kg) 2024	Emission index CO2 (kg) 2024 / 2023
M1	PASSENGER TRANSPORTATION	DIESEL	EURO 6	6	4,772.13	12,741.59	5,450.03	14,551.58	114
N1 (<3.5 tons)	DELIVERY	DIESEL	EURO 5	1	1,031.29	2,753.54	1,086.56	2,901.12	105
N1 (<3.5 tons)	DELIVERY	DIESEL	EURO 6	5	11,575.24	30,905.89	10,597.81	28,296.15	92
N1 (<3.5 tons)	REFRIGERATOR WITH AGGREGATE	DIESEL	EURO 6	2	4,758.45	12,705.06	13,257.14	35,396.56	279
N2	REFRIGERATOR (3.5-12 tons) WITH AGGREGATE	DIESEL	EURO 6	5	56,679.10	151,333.20	55,780.1837	148,933.59	98
N3 (>12 tons)	REFRIGERATOR WITH AGGREGATE	DIESEL	EURO 6	5	125,537.90	335,186.19	118,352.22	316,000.43	94

N3 (>12 tons)	TUGBOAT	DIESEL	EURO 6	4	37,973.60	101,389.51	34,264.62	91,486.54	90
-	TRACTOR	DIESEL	-	1	392.33	1,047.52	488.35	1,303.89	124
TOTAL DIESEL VEHICLES				29	242,720.04	648,062.51	239,277.10	638,869.86	98.58

* Emission factor of 1 liter of diesel = 2.67 kg of CO2

M1	PASSENGER TRANSPORTATION	PETROL	EURO 6	1	1,163.38	2,675.77	948.26	2,181.00	82
TOTAL PETROL VEHICLES				1	1,163.38	2,675.77	948.26	2,181.00	82

* Emission factor of 1 liter of gasoline = 2.30 kg of CO2

M1	PASSENGER TRANSPORTATION	ELECTRICAL	1
TOTAL ELECTRIC VEHICLES			1

TOTAL VEHICLES	31
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Through investments in renewable sources, monitoring consumption and implementing planned measures, ZMH Horvat d.o.o. is achieving measurable results in energy efficiency. The planned construction of a third solar power plant upon completion of the new facility will further reduce fossil fuel consumption and dependence on external energy sources, confirming the company's long-term orientation towards low-carbon and sustainable business.

GRI 303 Water and Effluents

The company ZMH Horvat d.o.o. uses water in technological, sanitary and cooling processes and in the preparation of food products in accordance with the requirements of the IFS Food and HACCP standards. Water is supplied exclusively from the public water supply system of the supplier Zagorski vodovod i odvodnja d.o.o., Zabok. All water used in the production process is regularly analyzed according to legal regulations and internal procedures and meets all microbiological and chemical criteria for use in the food industry.

Table – Water consumption intensity per kilogram of product sold

Indicator	Unit	2023.	2024.	Index 2024/2023.
Total product sales	kg	7,643,904	7,813,086	102
Total water consumption	m ³	14,711	16,077	109
Intensity of water consumption (per kg sold)	m ³ /kg	0.00192	0.00206	107
Equivalent per ton of product	m ³ /t	1.92	2.06	107

In 2024, there was a 9% increase in total water consumption, while production and sales increased by 2%, resulting in a 7% increase in water consumption intensity compared to the previous year. A total of 2.06 m³ of water was used to produce one ton of finished product, which is within the expected values for the food industry, but shows the need for further optimization of resource use.

Water is used primarily for:

- production of food products,
- sanitation, cleaning and disinfection of production areas, equipment and lines,
- personal hygiene of employees,
- maintaining hygienic conditions in warehouses and handling areas.

Closed cooling circuits with automatic regulation that do not use water are used for cooling purposes. All wastewater from production passes through a preliminary treatment system before being discharged into the public sewerage system, which reduces the burden on the municipal system and the environment. For the discharge of wastewater from the internal drainage system, a Water

Management Permit for the discharge of wastewater was issued by the competent authority of Croatian Waters on 25.01.2023. with permanent validity. Wastewater parameters are regularly controlled in accordance with legal regulations and internal procedures, and reports on laboratory testing of wastewater are regularly submitted to the competent institution of Croatian Waters.

ZMH Horvat d.o.o. plans to further improve the water management system through testing the internal network and optimizing technological processes, with the aim of further reducing drinking water consumption and protecting the environment.

GRI 305 Emissions

ZMH Horvat d.o.o. systematically monitors and reduces greenhouse gas (GHG) emissions resulting from energy, fuel and transport consumption. The largest share of emissions relates to direct emissions (Scope 1) from diesel vehicles and gas heating systems, and indirect emissions (Scope 2) from electricity consumption.

Thanks to investments in renewable energy sources, since 2023 the company has been using solar power plants with a total installed capacity of 920 kWp, which produce around 905 MWh of electricity annually.

Table. GHG Emissions Summary by Scope, Source and Energy Type (2023–2024)

Scope and category of emissions	Fuel / energy type	Unit	Consumption / Loss		Emission factor (kgCO ₂ e / unit)*	CO ₂ e emissions (t)		Index 2024/2023 CO ₂ e (t)
			2023.	2024.		2023.	2024.	
Direct emissions from stationary energy sources	Natural gas	kWh	179,874	135,730	0.221	39.8	30.0	75
Direct emissions from mobile energy sources	Diesel	liter	242,720	239,277	2,670	648.1	638.9	99
Direct emissions from mobile energy sources	Petrol	liter	1,163	948	2,300	2.7	2.2	82
Direct emissions from refrigerant leaks and discharges	-	-	-	-	-	No emissions	No emissions	-
Direct emissions from production processes	-	-	-	-	-	No emissions	No emissions	-
Total Scope 1						690.5	671.0	97
Indirect emissions due to electricity consumption	Electricity	kWh	2,102,560	2,082,160	0.131	275.4	272.8	99
Indirect emissions due to heating and cooling energy consumption	-	-	-	-	-	No emissions	No emissions	-
Total Scope 2						275.4	272.8	99
Overall Scope 1 + 2						965.9	943.8	98

- SCOPE 1 - https://mzozt.gov.hr/UserDocs/Images//klimatske_aktivnosti/ETS2//NIR%202024_CO2%20emission%20factors%2C%20oxidatino%20factors%20I%20donje%20ogrijevne%20vrijednosti.pdf
- SCOPE 2 - <https://www.hep.hr/opskrba/trziste-elektricne-energije/trziste/izvori-energije/1385?>

The company's total greenhouse gas emissions in the period 2023–2024 are covered in accordance with the GHG protocol, with a division into direct (Scope 1) and indirect emissions (Scope 2). In 2024, an overall decrease in emissions was recorded from 965.9 tCO₂e to 943.8 tCO₂e, or by 2.3%. The largest share of Scope 1 emissions is accounted for by diesel fuel consumption (around 95%), while natural gas consumption decreased by 25%, indicating improvements in energy efficiency or a lower need for heating. Scope 2 emissions, which arise from electricity consumption, remained almost unchanged (-1%), reflecting stable consumption and a slight decrease in the emission factor of the electricity supplier (HEP Supply). There were no refrigerant emissions or emissions from production processes during the observed period. The calculation of emissions is based on emission factors according to EEA

(2024) and MINGOR, and the values are expressed in tons of CO₂ equivalent. The overall result shows a positive trend of reducing the carbon footprint with stable operations and rational use of energy sources.

Emissions of substances that damage the ozone layer

Refrigerants that damage the ozone layer due to their chemical composition are used in cooling and fire-fighting systems. They are regularly serviced and maintained, and all interventions are recorded on service cards.

Location	Type of refrigerant	Number of cooling systems	2023.		2024.	
			Quantity used (kg)	Annual loss (kg)	Quantity used (kg)	Annual loss (kg)
HR-49282 Konjščina, Bistrička cesta 4a	R404A	7	2,491	-	2,491	-
HR-49282 Konjščina, Bistrička cesta 4a	R32	1	32	-	32	-

GRI 306 Waste

ZMH Horvat d.o.o. manages waste in accordance with the Waste Management Act, the Waste Management Regulation and the internal document DP-13 Waste Management, which defines the methods of collection, sorting, temporary storage and delivery of waste to authorized collectors. The waste management system is implemented in accordance with policies POL-IMS-02 Environmental Protection and Energy Efficiency, POL-IMS-06 Sustainable Procurement and POL-IMS-11 Carbon Footprint and Climate Risk Management, with the aim of reducing environmental impact and promoting a circular economy.

The goal of the system is to prevent pollution, protect employee health, and safely handle by-products and waste with complete traceability at all stages - from the point of origin to delivery to an authorized collector.

Waste is classified into:

- non-hazardous waste: paper, plastic, cardboard packaging, municipal waste, sludge from wastewater treatment and animal by-products;
- hazardous waste: lubricants and oils, electronic equipment, batteries and packaging with residues of hazardous substances.

All waste is collected at the point of origin in marked and segregated containers. Records are kept via the e-ONTO system of the Ministry of Economy and Sustainable Development, ensuring digital traceability and compliance with reporting requirements.

Internal inspections regularly check compliance with regulations and contractual obligations towards authorized waste collectors.

Authorized collectors and processors are:

- Komunalac Konjščina d.o.o. – municipal and packaging waste,
- Agroproteinka d.d. Sesvetski Kraljevec – animal by-products (category III),
- Uniorad Lobar and Eko-Flor Plus Zabok – waste plastic, cardboard packaging and recyclable materials.

By-products of animal origin (category III) are disposed of exclusively through the authorized collector of Agroproteinka dd, in accordance with the regulations and requirements of IFS Food on the prevention of contamination.

The public municipal waste collection service is carried out by the authorized collector Komunalac Konjščina, with three 1,100 L containers and one 240 L container, with a collection frequency of four times a month.

Table. Amounts of waste by key number of waste (2023-2024)

Waste key number	2023 (tons)	2024. (tons)	Index 2024/2023 (tons)
02 02 02 Waste animal tissue	621.8	639.5	103
15 01 01 Paper and cardboard packaging	184.3	195.7	106
15 01 06 Mixed packaging	46.0	44.2	96
15 01 02 Plastic packaging	4.8	2.5	52
16 01 03 Waste tyres	3.6	2.3	63
16 06 01 Lead-acid batteries	-	0.8	-

In 2024, total waste volumes recorded a moderate increase of 3% compared to 2023, which is primarily a consequence of increased processing of raw materials of animal origin (02 02 02). At the same time, a decrease in the volume of packaging and auxiliary waste was recorded: mixed packaging by 4%, plastic packaging by 48% and waste tires by 37%, which demonstrates the effectiveness of measures to separate, reuse and optimize packaging materials.

In 2024, no improper waste handling or violations of environmental regulations were recorded, which confirms the effectiveness of the DP-13 system and responsible resource management.

In accordance with policies POL-IMS-02 and POL-IMS-11, the company continuously works on:

- reducing the total amount of waste per ton of product,
- increasing the share of recycled materials,
- optimization of packaging and reduction of plastic,
- and educating employees about responsible waste management and sorting.

In this way, ZMH Horvat d.o.o. contributes to the goals of SDG 12 - Responsible Consumption and Production and SDG 13 - Climate Action, confirming compliance with the requirements for systematic, transparent and measurable waste management.

GRI 307 Compliance with environmental regulations

The company ZMH Horvat d.o.o. operates in full compliance with the legislation of the Republic of Croatia and the European Union in the field of environmental protection, waste management, water and energy. The environmental management system is integrated into the Integrated Management System (IMS) and is based on the requirements of the IFS Food, HACCP, MSC/ASC and BIO standards, as well as on internal documents:

- POL-IMS-02 Environmental protection and energy efficiency policy,
- POL-IMS-11 Carbon Footprint and Climate Risk Management Policy,
- DP-13 Waste management procedure,
- OD-09 Handling crisis situations,
- Prerequisite programs (hygienic and technical conditions in production).

The environmental aspects monitoring system includes control of resource consumption (energy, water), emissions, waste and wastewater, as well as regular cooperation with authorized laboratories and inspection bodies. In cooperation with external authorized experts, sampling and analysis are carried out in accordance with legal regulations, and all results are recorded and analyzed as part of the Management's assessment (DP-05).

During 2024, no violations of regulations, fines or misdemeanor proceedings were recorded in the field of environmental protection, which confirms the effectiveness of the system of preventive measures and timely response to risks.

The company continuously improves its environmental monitoring through:

- reduction of energy and water consumption,
- increasing the share of recycled and recyclable materials,
- optimizing waste management and reducing CO₂ emissions,
- introduction of additional climate risk monitoring instruments according to the POL-IMS-11 policy.

Through its activities, ZMH Horvat d.o.o. confirms its ongoing commitment to pollution prevention, responsible use of resources and sustainable business, in accordance with the objectives of GRI 307 and environmental protection and climate responsibility policies.

SPECIFIC TOPICS: SOCIAL ASPECTS

GRI 401 Employment

ZMH Horvat d.o.o. employs more than 170 workers of various profiles in production, warehousing, transport and administration, systematically applying the principles of equal opportunities, professional development and social security. The employment policy is based on fairness, transparency and compliance with all provisions of the Labor Act of the Republic of Croatia and the company's internal acts - the Labor Regulations, the Employment Contract and the Decision on the Stimulating Part of the Salary.

Recruitment is carried out according to clearly defined criteria of qualifications, experience and competences, without discrimination based on gender, age, nationality or belief. New employees undergo an introductory training program in which they are introduced to the quality system, food safety and occupational safety rules.

The company encourages stable employment – more than 75% of workers have permanent contracts, while the company does not carry out seasonal work. During 2024, 32 new workers were hired, mainly in production and logistics, which confirms the growth and stability of the business.

ZMH Horvat d.o.o. regularly cooperates with local educational institutions and the Employment Service, thereby contributing to the development of professional staff and employment in the region. This approach ensures long-term stability, employee motivation and sustainable growth of the organization.

401-1: New employees and turnover

ZMH Horvat d.o.o. maintains a stable work structure with a low level of employee turnover. The employment policy is focused on long-term workforce retention, professional training and encouragement of professional development.

In 2024, the company hired 32 new employees, of which:

- 27 in production,
- 1 in logistics and warehousing,
- 4 in administrative work.

At the same time, 40 employees left the company, mostly for personal reasons or retirement, representing a turnover rate of 22%.

Employment stability, safe working conditions and the possibility of advancement result in a high level of employee retention and the strengthening of a long-term organizational culture in accordance with the principles of sustainable business.

401-2: Benefits for full-time employees

All employees of ZMH Horvat d.o.o., regardless of contract type, gender, age or other characteristics, enjoy equal rights and benefits in accordance with the time spent at work and the company's internal regulations.

The company provides employees with:

- awards for long service (anniversaries),
- Christmas and Easter bonuses,
- severance pay upon retirement,
- monthly and annual incentives for achieved work results,
- organized gatherings and team building activities to strengthen team cooperation.

Employees are entitled to reimbursement of transportation costs and paid leave for special occasions such as weddings, births, relocations or blood donations.

With this benefits system, ZMH Horvat d.o.o. ensures fair remuneration, social security and a motivating working environment that encourages long-term employee loyalty and satisfaction.

401-3: Parental leave

According to the decision of the Croatian Health Insurance Institute, all female employees have the right to maternity and parental leave, while every male employee has the right to parental leave in accordance with applicable legislation.

In 2024, 7 female employees used maternity leave, while no male employee exercised or exercised this right. The company ensures full protection of labor rights, continuity of service, and return to work without reduction in salary or status.

ZMH Horvat d.o.o. encourages a balance between the private and professional lives of its employees and ensures that all parents can exercise their legally guaranteed rights without risking their professional status. Such a practice contributes to gender equality, employee retention and the creation of a stimulating work environment.

GRI 402 Minimum notice periods regarding operational changes

ZMH Horvat d.o.o. respects the deadlines prescribed by the Labor Law of the Republic of Croatia for notifying employees of all operational and organizational changes that may affect their workplaces, working conditions or employment contracts.

In the event of changes to work schedules, departmental organization, technological processes or work systems, employees are notified at least 30 days in advance, except in extraordinary circumstances when notification is given without delay, in accordance with internal procedures.

The company applies the principle of open communication and timely information, and every change is documented in writing and harmonized with the Labor Regulations and Labor Contracts.

In 2024, there were no organizational changes that had a negative impact on employees, contract terminations due to restructuring, or changes in the ownership or management structure. With this, ZMH Horvat d.o.o. confirms the stability of its operations and its transparent attitude towards its employees.

GRI 403 Occupational Health and Safety

ZMH Horvat d.o.o. ensures a safe and healthy working environment for all employees in accordance with the requirements of the Occupational Safety and Health Act, IFS Food and HACCP standards, and

internal documented procedures and prerequisite programs. The occupational safety management system includes injury prevention, risk monitoring and regular employee education.

Health and safety at work is ensured by the application of **POL-IMS-03** and the implementation of measures from the annual plans **ZP-77** for production, storage and distribution.

The company conducts regular risk assessments at all workplaces, with an emphasis on production and storage areas, and provides personal protective equipment (work clothes, gloves, safety shoes, hearing protection). In the event of injuries, the documented Procedure for reporting and recording injuries at work is followed, with analysis of the causes and implementation of corrective measures.

The company has established an Occupational Safety Committee, which meets at least every six months, and more often, if necessary, in accordance with legal regulations.

Employees undergo initial and periodic medical examinations, as well as training in safe work, fire protection and first aid. Safety supervision and implementation of protection measures are coordinated by the Occupational Safety and Health Commissioner in cooperation with an authorized external occupational safety service.

In 2024, no serious injuries at work were recorded.

Through regular internal inspections, equipment maintenance and employee education, ZMH Horvat d.o.o. confirms its commitment to risk prevention, employee health protection and continuous improvement of the safety culture within the organization.

403-1: Management system

ZMH Horvat d.o.o. has an established occupational health and safety management system. The system is fully compliant with the provisions of the Occupational Health and Safety Act and subordinate legislation of the Republic of Croatia.

The director, executive director, employer's representative and direct occupational safety officers are responsible for the implementation and supervision of the system, while operational supervision is carried out by the Occupational Safety and Health Committee, which meets at least twice a year and more often if necessary.

The system includes:

- risk assessment for each workplace,
- preventive measures plans,
- regular medical examinations of employees,
- training for safe work and fire protection,
- system for reporting and analyzing injuries and accidents,
- periodic internal controls and audits.

ZMH Horvat d.o.o. continuously improves this system through employee education, modernization of work equipment and monitoring of safety indicators, thus ensuring permanent compliance, risk prevention and a culture of safe work at all levels of the organization.

403-2: Hazard Identification and Incident Investigation

As part of the occupational health and safety system, ZMH Horvat d.o.o. conducts risk assessments for all workplaces in accordance with legal regulations. All employees are familiar with the hazards, harmful influences and stresses characteristic of their workplace and are trained in safe work and action in case of danger.

Occupational safety experts, employer representatives, direct authorized persons and other employees participate in the risk assessment. Their task is to identify and assess risks, determine whether existing protection measures are adequate and propose additional ones if necessary. The

results of the assessment are discussed at the Occupational Safety and Health Committee, and all employees are informed of the conclusions and recommended measures in a timely manner.

Employees are trained in emergency response, including fire protection, evacuation and rescue of people and property. The company has clearly defined instructions and action plans for emergencies, and simulation exercises are conducted at least once a year.

All reported incidents are recorded, analyzed and used to improve preventive measures. The main risks identified include spills of hazardous substances, fire and explosion, for which specific procedures and action plans have been developed to protect employees and the environment.

403-3: Health services

ZMH Horvat d.o.o. provides all employees with health care and occupational medicine services in accordance with the Occupational Safety and Health Act and the Health Protection Act. All employees undergo initial, periodic and emergency medical examinations conducted by an authorized occupational medicine institution, and the costs of examinations and transportation to the health institution are fully borne by the company.

When assigning employees to jobs with special working conditions, the company acts in accordance with regulations and ensures that workers undergo a medical examination to determine their health fitness to perform those jobs. Their fitness is regularly checked according to a set schedule, and the results are used for further health protection measures.

There are no occupations or jobs in the company with a high risk or incidence of serious occupational diseases. The employee health monitoring system includes keeping health records, monitoring injuries and proposing preventive measures.

ZMH Horvat d.o.o. also provides:

- training employees to provide first aid,
- equipped first aid cabinets in all departments,
- timely medical intervention in the event of injury or accident,
- training on hygiene, ergonomics and safe work.

The company actively promotes the prevention of illnesses and injuries through education and systematic cooperation with occupational medicine, thereby maintaining high standards of employee health and safety protection at all levels of the business.

403-4: Worker participation and communication

ZMH Horvat d.o.o. ensures the active participation of employees in matters of occupational health and safety through formal and informal communication mechanisms. The system includes regular consultation, information and involvement of employees in decision-making related to safety and health.

Workers participate through:

- The occupational safety committee, which meets at least twice a year and considers proposals, complaints and the results of risk assessments,
- occupational safety commissioner, who represents the interests of employees and mediates between workers and employers,
- HACCP and IFS Food teams, which include representatives from different departments and regularly analyze safety and hygiene aspects of the work environment.

The company ensures timely and open communication about all hazards, preventive measures and incidents through bulletin boards, e-mail, work meetings and internal reporting systems. In addition, a "Trust Box" has been established that allows employees to anonymously report suggestions, suspicions or concerns related to safety, health and business ethics.

ZMH Horvat d.o.o. has a shallow organizational structure, which allows employees direct and daily communication with top management. This encourages trust, rapid problem solving and shared responsibility for safety at work.

The results of risk assessments, health examinations and incident analyses are regularly presented to employees, and the conclusions are used to continuously improve safety conditions. With this approach, ZMH Horvat d.o.o. develops a culture of open communication, cooperation and accountability at all levels of the organization.

403-5: Safety training

ZMH Horvat d.o.o. conducts systematic and continuous employee training on occupational health and safety, in accordance with the requirements of the Occupational Health and Safety Act, the Fire Protection Act, and the IFS Food standards and the HACCP system.

All employees undergo initial training before starting work, followed by periodic knowledge checks according to the established plan. The training includes topics such as:

- safe handling of machinery, tools and chemicals,
- use of personal protective equipment,
- fire prevention and first aid,
- action in the event of an accident, evacuation or spill of hazardous substances,
- proper maintenance of hygiene of work areas and equipment.

Special training programs are provided to workers in jobs with increased risk (e.g. forklift operators, cold storage workers, drivers and technical staff).

Records of all training and education provided are kept by an occupational safety expert. Employee knowledge and awareness are regularly checked and updated through internal communication, workshops and practical exercises.

The company fosters a culture of safety through ongoing education and employee involvement, ensuring that all employees understand the risks of their workplace and know how to act in accordance with safe work practices.

403-6: Health Promotion

ZMH Horvat d.o.o. actively promotes the health and well-being of employees through preventive, educational and incentive programs that contribute to physical and mental health, safety and satisfaction at work.

The health promotion program includes regular medical examinations and health surveillance in cooperation with the occupational health institution, as well as ensuring safe and hygienically arranged workplaces.

The company ensures a safe working environment with controlled temperature, ventilation and microclimate, especially in refrigerated areas, and takes care of the psychophysical load of workers through shift schedules and proper rest planning.

ZMH Horvat d.o.o. promotes a culture of health as an integral part of business responsibility and continuously invests in prevention, education and awareness of employees, with the aim of preserving long-term health, productivity and quality of life at work.

403-7: Prevention and mitigation of impacts

ZMH Horvat d.o.o. implements systematic measures to prevent and mitigate risks that may affect the health and safety of employees, in accordance with the requirements of the Occupational Safety and Health Act, the Fire Protection Act, and the IFS Food and HACCP standards.

The risk assessment covers all workplaces, and processes in production, storage, transport and administration are specifically analyzed. The company implements technical, organizational and preventive measures to prevent injuries, accidents and occupational diseases.

Prevention measures include:

- constant maintenance and servicing of machines, cooling systems and electrical installations,
- use of personal protective equipment (safety footwear, gloves, hearing protection, clothing for cold areas),
- control of microclimate, ventilation and temperature in working areas,
- systematic training of employees for safe work, fire protection and handling of crisis situations,
- regular monitoring of environmental parameters (noise, lighting, temperature) and implementation of corrective measures.

The company has developed instructions for emergency situations (fire, spills of hazardous substances, accidents with injuries) and organizes simulation exercises to check employee readiness. In cooperation with an occupational health physician, the health status of employees is monitored and preventive examinations are carried out based on identified risks.

ZMH Horvat d.o.o. has established a system that enables timely identification and elimination of risk causes, thereby reducing the possibility of injuries and negative health impacts. With this approach, the company ensures permanent employee protection, process safety and a high level of operational resilience.

403-9: Occupational injuries

ZMH Horvat d.o.o. systematically monitors, records and analyses all occupational injuries and reports of potentially dangerous situations ("near misses") in accordance with the Occupational Safety and Health Act, policy POL-IMS-03 and integrated IMS procedures. The aim of the system is to prevent injuries, continuously improve safety conditions and promote a culture of prevention and responsibility. All incidents are immediately reported to superiors and the Occupational Safety Commissioner, who, in cooperation with the authorized service, conducts an investigation, prepares a report and proposes corrective measures. Analyses of causes and trends are carried out at meetings of the Occupational Safety and Health Committee and serve to improve procedures, training and planning of preventive activities.

Table. Work-Related Injuries and Lost Workdays (2023–2024)

Indicator	2023	2024	Index 2024/2023
Number of injuries at work	2	2	100
<i>More serious injuries at work</i>	0	0	-
<i>Minor injuries at work</i>	2	2	100
Injured woman	1	1	100
Injured men	1	1	100
Occupational diseases	0	0	0
Deaths	0	0	0
Total lost working days due to work-related injuries	150	101	67
<i>Of which due to injuries in areas under the employer's control</i>	7	12	-
<i>Of which due to injuries outside the premises and beyond the employer's control</i>	143	89	-

The number of injuries remained stable, with no serious injuries, occupational diseases or fatalities. All recorded injuries were minor and related to individual, unpredictable causes. In 2024, the total number

of lost working days decreased by 33% (from 150 to 101). In both periods, the majority of lost working days were related to injuries occurring outside the employer's premises and beyond the employer's control (e.g. traffic situations on the way home from work). When only injuries within the premises under the control of ZMH Horvat are considered, lost working days amounted to 7 in 2023 and 12 in 2024, indicating stable and effective prevention measures.

Table. Occupational Health & Safety Performance Indicators (2023–2024)

Indicator	2023	2024
Percentage of serious injuries	0%	0%
Percentage of minor injuries	100%	100%
Share of injured women	50%	50%
Proportion of injured men	50%	50%
Occupational diseases	0%	0%
Deaths	0%	0%
Share of days lost due to injuries on employer premises	4.7%	11.9%
Share of days lost due to injuries outside the employer's premises	95.3%	88.1%
Lost Day Rate (LDR)	487.8	318.3
Lost Time Injury Rate (LTIFR)	6.50	6.30

ZMH Horvat d.o.o. ensures constant maintenance of equipment, regular medical examinations, use of protective equipment, and systematic training of all employees. The safety culture is strengthened through communication, education, feedback and analysis of the causes of incidents, in accordance with policies **POL-IMS-03** and **POL-IMS-10**. By maintaining a zero rate of serious injuries and transparent reporting, the company confirms a high level of risk control and responsible management of employee health and safety.

GRI 404 Training and Education

ZMH Horvat d.o.o. systematically develops employee competencies according to the documented procedure DP-06 Training Procedure and the Employee Development and Education Policy (POL-IMS-10), with the aim of ensuring that all employees are professionally trained, aware of risks and familiar with the requirements of the quality management system, food safety, health protection and occupational safety.

The initial training of new employees is carried out immediately after employment and includes familiarization with the rules of occupational safety, hygiene and organizational requirements, and a knowledge test within the first month of work.

Employees who come into contact with food attend a hygiene minimum course organized by the Croatian Institute of Public Health with mandatory renewal every five years, while employees who handle chemicals undergo additional training on the safe handling of hazardous substances.

In accordance with the policies of quality (PQA), occupational health and safety (POL-IMS-03), and social responsibility (POL-IMS-04), the company provides annual internal and external training on the topics of IFS Food, HACCP, MSC/ASC, BIO and sanitation, and their effectiveness is monitored through the Training Plan (ZP-13) and Training Report (ZP-14).

Training is conducted through a combination of internal trainers and external experts, and the results and participation of employees are monitored through internal records and annual Management evaluations.

Table. Overview of education by employee status in 2024.

Employee status	Topic	Total hours
New employees	Training to work safely	64
New employees	Basics of fire protection	32
New employees	Introduction to work and basics of food quality and safety assurance	78
Current employees	Education on sustainable fisheries (MSC/ASC)	135
Current employees	Annual training on quality assurance and food safety	306
Current employees	Education on topics of improving the quality assurance system	600
Current employees	Education on environmental protection, food safety, employee development, sustainable procurement and integrated systems	354
Current employees	Education on health protection, social responsibility, rights, ethics and employee development	357
TOTAL NUMBER OF EDUCATION HOURS		1,926

In 2024, a total of 1,926 hours of training were achieved, which reflects a structured approach to developing competencies in accordance with the required criteria for employees to acquire knowledge on the topics of human rights, business ethics, the environment and sustainable procurement.

New employees are included in initial training in the areas of occupational safety, fire protection, and food safety and quality (174 hours), which ensures basic compliance and a safe start to work.

Employees have received additional training in specific and strategically relevant areas, including sustainable fisheries standards (MSC/ASC), quality management systems, environment, ethics, social responsibility and integrated management systems (1,752 hours), which indicates continuity of development and alignment with ESG principles.

A high proportion of hours is dedicated to quality, process improvement and sustainability topics, which is in line with expectations for the systematic strengthening of competencies in the field of sustainable business and risk management.

Table. Average number of hours of training per employee

Total number of hours of training for employees in 2024	1,926
Average number of employees throughout the year	182
Average number of hours of training per employee	10.6

The training provided demonstrates consistent integration of regulatory requirements, industry standards and sustainable practices into employee development, with a clear focus on people protection, business integrity and responsible management. With a systematic approach, ZMH Horvat d.o.o. ensures a high level of competence, continuous improvement of expertise and compliance with legislation and international standards.

GRI 406 Non-discrimination

The company ZMH Horvat d.o.o. consistently applies the principle of equal opportunities and non-discrimination in accordance with the Labor Act of the Republic of Croatia, the Anti-Discrimination Act, and internal documents OL-IMS-04 Social Responsibility and Human Rights Policy and POL-IMS-08 Policy on Preventing Discrimination and Promoting Diversity. The principle of equal treatment encompasses all phases of employment — from recruitment and professional development to promotion, pay, and working conditions.

Employees are guaranteed equal treatment regardless of gender, age, race, nationality, religion, political or other belief, disability, sexual orientation, marital status or any other personal characteristic. The company fosters a working environment based on mutual respect, tolerance and professional integrity, and the responsibility for implementing the policy is shared by the Company Director, department heads and all employees.

Mechanisms for reporting irregularities include an anonymous "Trust Box", direct contact with the immediate manager, the person authorized to receive and resolve complaints related to the protection of employee dignity (Maja Horvat), or the company's Management. All reports are received and processed according to internal procedures with full protection of the identity of the reporter and zero tolerance for retaliation.

In 2024, no cases of discrimination, harassment or violation of employee rights were received, which confirms the effectiveness of the existing system and the high level of employee awareness of ethical standards.

As part of the Employee Education and Development Plan (POL-IMS-10), in 2025 it is planned to hold education on diversity, equality and inclusion (D&I) for all managers and employees, with the aim of strengthening the understanding and application of the principle of equal opportunities in everyday work.

With this approach, ZMH Horvat d.o.o. confirms compliance with the requirements of GRI 406 and maintains a culture of respect, cooperation and equality as a fundamental value of its business.

GRI 407 Freedom of association and collective bargaining

ZMH Horvat d.o.o. respects the right of all employees to freedom of association and collective bargaining in accordance with the Constitution of the Republic of Croatia, the Labor Act and the conventions of the International Labor Organization (ILO). Employees are allowed to freely join a union, participate in its work and elect their own representatives without any restrictions or consequences for their employment.

The company ensures all legal prerequisites for the establishment of a works council and cooperation with employee representatives, and dialogue between the Management and employees is carried out through regular meetings, notifications and consultations. The policy of open communication and social dialogue contributes to respect for workers' rights, stable employment relations and a partnership approach in decision-making.

These principles are defined in the Social Responsibility and Human Rights Policy (POL-IMS-04), which obliges the company to constantly strengthen mutual trust and respect for employee rights.

GRI 408–409 Child - Forced and Compulsory Labor

ZMH Horvat d.o.o. applies the principle of zero tolerance towards all forms of child, forced or compulsory labor and fully complies with ILO Conventions No. 138 and 182 on child labor and No. 29 and 105 on forced labor. The company does not employ persons under the age of 18, and all employees have signed employment contracts in accordance with the legislation of the Republic of Croatia and international labor standards.

All forms of work are based on the free will of the employee, with clearly defined conditions, rights and obligations. Employees are allowed to freely terminate the contract without pressure, threats or retention of personal documents.

In accordance with the Social Responsibility Policy (POL-IMS-04) and Sustainable Procurement Policy (POL-IMS-06), the company regularly conducts risk assessments and supplier screening to prevent the involvement of entities that use child, forced or undeclared labor.

In 2024, no cases of child or forced labor were recorded within the organization or in the supply chain, confirming the effectiveness of existing oversight and ethical business mechanisms.

GRI 412 Respect for human rights

Respect for human rights is integrated into all business processes of ZMH Horvat d.o.o., in accordance with the Constitution of the Republic of Croatia, national laws, the International Bill of Human Rights and ILO conventions. These principles form the basis of the Social Responsibility and Human Rights Policy (POL-IMS-04) and the Sustainable Procurement Policy (POL-IMS-06), which define the responsibility of the organization and its partners in respecting labor and human rights.

The company prohibits all forms of human rights violations, including discrimination, harassment, forced or child labor, and restrictions on freedom of expression and association, in its policies, procedures, and business relationships. All employees have the right to safe, fair, and dignified working conditions, freedom of expression, and respect for privacy.

Respect for human rights is integrated into all business processes through:

- code of ethics and business conduct,
- employment system based on equal opportunities,
- mechanisms for reporting irregularities through confidential communication and *the Trust Box*,
- risk assessment in the value chain through the Supplier Code of Conduct, which requires all suppliers to respect human and labor rights,

All new employees are introduced to the rules on the protection of human rights through introductory training and periodic education.

During 2024, no cases of human rights violations were recorded, which confirms the effectiveness of the ethics and social responsibility management system.

ZMH Horvat d.o.o. continues to actively promote a culture of respect, equality and responsibility within the organization and towards all stakeholders with whom it does business.

GRI 413 Local communities

The company ZMH Horvat d.o.o. operates in accordance with the principles of social responsibility defined in the Social Responsibility and Human Rights Policy (POL-IMS-04), with an emphasis on employing local workers, cooperating with regional partners and investing in community development. The headquarters and main production facilities are located in Konjščina, and more than 80% of employees come from the Krapina-Zagorje County, which directly contributes to employment and economic stability in the local community.

In business, local suppliers and service providers are given priority, which strengthens the regional supply network and reduces the environmental footprint associated with transportation. In cooperation with educational institutions, the company regularly provides professional internships and mentoring for pupils and students, contributing to the development of new professional staff in the food industry.

In 2024, ZMH Horvat d.o.o. allocated a total of 10,063.02 euros through 16 donation initiatives for local associations, sports clubs, cultural organizations and social institutions, including: LD Fazan Konjščina, NK Sloga Konjščina, KUD Konjščina, Centar Zajezda, DND Zlatar Bistrica, SRD Štuka Konjščina, KK Konjščina, Grof Konjski Association, OŠ Budinščina, KGK Zabok, TZ Marija Bistrica and the Municipality of Konjščina. This directly supports the social, cultural, sports and educational activities of the community.

On the occasion of its 30th anniversary in business, in December 2023, the company donated medical devices to the Zabok General Hospital for the Unified Emergency Department, confirming its long-term focus on improving healthcare and developing local infrastructure.

By 2025, ZMH Horvat d.o.o. plans to further systematically monitor the impact of donations and partnership projects through social impact indicators (number of beneficiaries, achieved results) and

continue investing in education, healthcare and sports, in line with sustainable development goals and the strategy of corporate social responsibility.

GRI 415 Political Contributions

ZMH Horvat d.o.o. does not participate in political activities or directly or indirectly finance political parties, campaigns, candidates or organizations related to political activities. The company fully respects the principle of political neutrality and is focused exclusively on legal, transparent and ethical business operations. There were no political donations or related activities in 2024.

GRI 416 Customer Health and Safety

ZMH Horvat d.o.o. directs its operations towards high standards of quality, safety and sustainability of products, ensuring that all processes – from the procurement of raw materials to the delivery of finished products – meet the requirements of the HACCP and IFS Food systems and applicable legal regulations. Systematic quality management and continuous employee education guarantee food safety, traceability and control of all stages of production, thus ensuring the trust of consumers and business partners. Special emphasis is placed on sustainable resource management, waste reduction and responsible procurement in accordance with the sustainable production policy.

The quality, safety and sustainability of products are managed by responsible persons appointed to the HACCP team, IFS representative, persons responsible for external communication and representation towards inspections, product withdrawal and recall team, on-site control and maintenance team and food defense and food fraud risk reduction teams, appointed in accordance with document *OD-05 Appointment of responsible persons*. These teams coordinate the implementation of the control system, food safety and certification requirements and, together with other responsible persons, participate in the preparation of annual system assessments and process reviews according to the documented procedure *DP-05 Management System Assessment*.

The Food Defense system, defined in the *DP-15 Food Defense procedure*, ensures protection against intentional contamination through a video surveillance system, access control, entry records and regular employee training. Risk analyses are conducted at least once a year, and preventive measures and responsible persons are defined for each production phase. During 2024, no unauthorized entry into the production facility, intentional contamination of raw materials, products or production premises was recorded.

The Food Fraud system, according to the *DP-18 Food Fraud Risk Reduction Plan*, was established to prevent economic fraud. The risk management team assesses suppliers, raw materials and packaging according to the level of risk and carries out enhanced controls and laboratory analyses for risk categories. The system ensures full authenticity and traceability of all products, thus preventing substitutions, cross-contamination and incorrect declaration. During 2024, no case of food fraud was recorded, either in the form of adulterated raw materials received at the company's warehouse or in the form of subsequent complaints about fraud with a product produced in our facility. Supplier monitoring was assessed as satisfactory.

The culture of food safety is developed through the daily engagement of employees, education and emphasis on personal responsibility in processes, with the strong involvement of management and the application of HACCP principles. The company ensures the production of safe, authentic and quality products by controlling every step – from the procurement of raw materials and packaging to the distribution of finished products. The food safety policy includes a plan and an annual verification of the safety culture, and progress is measured through indicators of communication, commitment, risk management and leadership. Special attention is paid to the continuous education of employees, setting and monitoring of quality goals, and constant investments in modernization and development of technologies that ensure the sustainability and competitiveness of business.

During December 2024, an anonymous survey was conducted on the food safety culture in the production, warehouse and distribution departments, covering 95 employees. The results indicated

the need to strengthen communication, teamwork and repeated training on hygiene, sanitation and food safety. Based on the survey, a Plan of Measures for 2025 was developed, which includes regular annual and semi-annual training, process improvement meetings and internal satisfaction surveys. The activities carried out contribute to the development of a food safety culture and the continuous improvement of employee competences, in accordance with the principles and criteria on labor, human rights and ethics.

Employee training is conducted according to *the DP-06 Training Procedure*, internally and externally, with an emphasis on hygiene minimum, sanitation programs, self-control system, laboratory practice and sustainable procurement. New employees undergo initial training before starting work, and all employees are required to renew their knowledge of the system requirements annually.

Product health safety analyses are carried out in internal and accredited external laboratories. During 2024, a total of 636 analyses were carried out, of which 634 were compliant, and two non-conformities were successfully resolved with corrective measures. 12 official control analyses were carried out and no non-conformities were identified. In addition, 125 microbiological swabs and 8 cleaning verifications were carried out, with all results showing a satisfactory level of hygiene safety of the facility. 20 drinking water samplings were carried out and all were found to be compliant with the requirements of the regulation.

During 2024, 1 internal and 4 external audits were conducted, as well as 2 additional internal audits conducted by external collaborators, without any major non-conformities identified. During the year, 9 inspections (veterinary, sanitary, metrological and fishery) were carried out, and all findings were compliant. Two withdrawals and one product recall were recorded, which were carried out in a timely and successful manner.

The monitoring system includes regular internal audits (DP-12) and inspections by competent authorities, with corrective measures being taken immediately for any identified non-compliance. This ensures ongoing compliance with regulations and a high level of consumer health protection.

ZMH Horvat continuously invests in the development of new and improved products through the procedures described in *DP-17 New Product Development*. New products are created in accordance with trends in sustainable and functional nutrition, thereby contributing to public health and sustainable development.

Quality and safety management systems are confirmed by international certificates IFS Food and HACCP, sustainable certificates such as MSC and ASC, BIO further confirm the commitment to ethical and responsible business. The company pays attention to the production of original products and has been recertified according to the requirements of the Protected Geographical Indication for "Zagorski Štrukli". The certificates form the basis of customer trust and prove the company's long-term orientation towards product quality, safety and sustainability.

GRI 417 Requirements for product and service information and labeling

ZMH Horvat d.o.o. implements a strictly defined procedure for the preparation of specifications and declarations in accordance with the documented procedure DP-19 Preparation of specifications and declarations (rev. 05/2024), which ensures full compliance with the requirements of EU Regulations 1169/2011, 853/2004, 2073/2005 and valid national regulations on informing consumers about food.

For each raw material, raw material and finished product, corresponding specifications and declarations are prepared by the Quality Control Department independently or in cooperation with the customer. The contents of the declarations include all legally prescribed elements: product name, ingredients, allergens, country of origin, nutritional values, storage conditions, expiration date, LOT number and veterinary number of the facility, and for certified products, MSC/ASC, BIO/EKO labels.

Declarations are made using specialized software and certified by the Quality Management Representative. Declarations for the own brand *Frozy* are approved by ZMH Horvat, while declarations

for customer brands are confirmed by both parties. Any change in raw material or product specification automatically triggers a declaration revision and customer notification system.

As part of the implementation of the DP-19 procedure, declarations and specifications are regularly checked, archived and revised. Variable data such as freezing date, LOT number and country of origin are entered during production for each batch, ensuring full traceability and transparency.

During 2024, no cases of incorrect or misleading labeling were recorded, and all results of internal and external audits confirmed full compliance of the product labeling system with regulations and certification requirements.

With this approach, ZMH Horvat d.o.o. provides accurate, complete and reliable information for consumers and maintains a high level of trust and security regarding its products and brands.