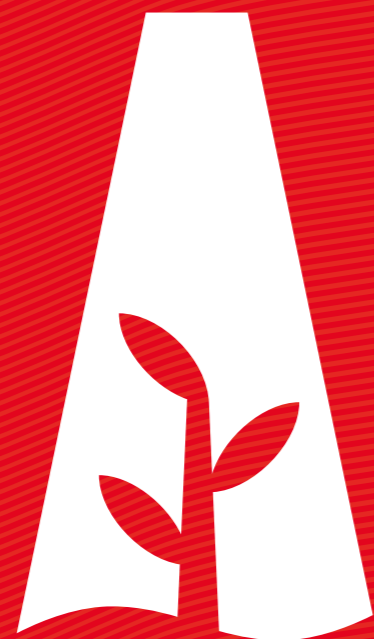


**SUSTAINABILITY
REPORT**
2020





**SUSTAINABILITY REPORT,
ATLANTIC GRUPA 2020**



GRI SUPPLEMENT

About this report

As a company committed to transparency and responsible business operations, in 2013 we decided to improve our reporting practices and to start annual reporting about our economic, social and environmental performance following for the first time GRI sustainability reporting guidelines.

Since then, we have been developing and improving our reporting practices every year, thoroughly following the changes and updates of the GRI guidelines, and of the relevant EU and national regulations.

As all the previous ones, the 2020 report provides a transparent overview of the Group's performance and progress in sustainability, in line with our intention to share our successes and challenges with all stakeholders. This year's report brings data on performance for a wider range of material topics, in line with the sustainability objectives of Atlantic Grupa and new reporting requirements under EU and national regulations.

THIS REPORT IS ALLIGNED WITH THE REQUIREMENTS OF

- ~ The European Union (EU) Non-Financial Reporting (NFR) Directive
- ~ The European Union (EU) Sustainable Finance Disclosure Regulation (SFDR)
- ~ Republic of Croatia Law on Accounting
- ~ UN Global Compact
- ~ Global Reporting Initiative Standards

Towards Integrated Reporting

Our first reports were based on ten principles of the United Nation's Global Compact with respect to human rights, labour, environment and anticorruption. We have supported the UN Global Compact since 2007 and have reported on our progress regularly, except for the year 2010:

- ~ Report on progress 2008-2009
<http://unglobalcompact.undp.hr/show.jsp?page=111580>
- ~ Report on progress 2011-2012
<http://www.atlantic.hr/en/social-responsibility/towards-environment>

Since 2013, we have been publishing annual sustainability reports aligned with Global Reporting Initiative guidelines. In 2018, we made a step further towards integrated reporting on our business and sustainability performance by publishing the sustainability performance data not as a separate publication, but as a supplement of our Annual report, thus providing a comprehensive insight to our stakeholders.

~ Sustainability reports 2013, 2014, 2015, 2016, 2017, 2018, 2019 are available at: <http://www.atlantic.hr/en/media/publications/gri-report>

Sustainability report 2020 is prepared in accordance with the GRI Standards, the latest generation of guidelines from GRI launched in 2016, at a "core" application level. After having reported against 10 performance indicators in the past years, from this year Atlantic Grupa reports against 17 performance indicators for which we believe can help us significantly improve the ability to participate in competitive markets. Unless otherwise stated, all information mentioned in the report is for the year 2020.

With the intention of providing a comprehensive and balanced account of the important non-financial aspects of our operations, this report covers the entire Atlantic Grupa and its strategic business units, referring to all companies falling within the scope of Consolidated audited financial results for FY 2020. Full information about financial results and risk management practices can be found in our Annual report 2020 and Financial report 2020: <http://www.atlantic.hr/en/media/publications/annual-reports>

Atlantic Grupa management is responsible for all aspects of this report. If you have any feedback or questions on this Sustainability report, please contact:

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GRI Content index

GRI Standards GRI 102: General Disclosures	Disclosure	Page number (s) and/or URL, or reference	Omissions
1. Organizational profile			
102 - 1	Name of the organization	Annual Report p. 8	
102 - 2	Activities, brands, products, and services	Annual Report p. 4, 8-10	
102 - 3	Location of headquarters	GRI Supplement p. 6 About this Report	
102 - 4	Location of operations	Annual Report p. 8-11	
102 - 5	Ownership and legal form	Annual Report p. 14-15	
102 - 6	Markets served	Annual Report p. 8-11, 59-91	
102 - 7	Scale of the organization	Annual Report p. 8	
102 - 8	Information on employees and other workers	GRI Supplement p. 60-61 Workforce	
102 - 9	Supply chain	Annual Report p. 48-49, 92	
102 - 10	Significant changes to the organization and its supply chain	Annual Report p. 7, 9-10	
102 - 11	Precautionary Principle or approach	Annual Report p. 50-52	
102 - 12	External initiatives	Annual Report p. 51	
102 - 13	Membership of associations	Annual Report p. 51	
2. Strategy			
102 - 14	Statement from senior decision-maker	Annual Report p. 7, 18-19, 95	
102 - 15	Key impacts, risks, and opportunities	Annual Report p. 50-52, 116-117	
3. Ethics and integrity			
102 - 16	Values, principles, standards, and norms of behavior	Annual Report p. 18-19, 54 GRI Supplement p.13 Organizational profile GRI Supplement p. 38-41 Ethics and Integrity	
102 - 17	Mechanisms for advice and concerns about ethics	Annual Report p.40 GRI Supplement p. 38-39 Ethics and Integrity	

4. Governance		
102 - 18	Governance structure	Annual Report p. 20-31, 34
102 - 19	Delegating authority	Annual Report p. 20-31, 34
102 - 20	Executive-level responsibility for economic, environmental, and social topics	Annual Report p. 20-31, 34
102 - 21	Consulting stakeholders on economic, environmental, and social topics	Annual Report p. 16 GRI Supplement p. 42-43 Stakeholder engagement
102 - 22	Composition of the highest governance body and its committees	Annual Report p. 20-31, 34
102 - 23	Chair of the highest governance body	Annual Report p. 29
102 - 24	Nominating and selecting the highest governance body	Annual Report p. 20-31
102-25	Conflicts of interest	GRI Supplement p.38-39 Ethics and Integrity
102-26	Role of highest governance body in setting purpose, values, and strategy	Annual Report p. 18-19 GRI Supplement p.42 Stakeholder engagement Materiality
102-35	Remuneration policies	Annual Report p. 32
102-36	Process for determining remuneration	Annual Report p. 32
5. Stakeholder engagement		
102 - 40	List of stakeholder groups	GRI Supplement p.43 Stakeholder engagement
102 - 41	Collective bargaining agreements	GRI Supplement p. 28 Workforce
102 - 42	Identifying and selecting stakeholders	GRI Supplement p. 42 Stakeholder engagement
102 - 43	Approach to stakeholder engagement	GRI Supplement p.42-43 Stakeholder engagement
102 - 44	Key topics and concerns raised	GRI Supplement p. 43 Stakeholder engagement

6. Reporting practice		
102- 45	Entities included in the consolidated financial statements	GRI Supplement p.6 About this Report
102 - 46	Defining report content and topic boundaries	GRI Supplement p.44-45 About this Report Materiality
102 - 47	List of material topics	GRI Supplement p. 44 Materiality
102 - 48	Restatements of information	GRI Supplement p. 45, 49
102 - 49	Changes in reporting	GRI Supplement p.5 About this Report
102 - 50	Reporting period	GRI Supplement p.5-6 About this Report
102 - 51	Date of most recent report	GRI Supplement p.6 About this Report
102 -52	Reporting cycle	GRI Supplement p.5 About this Report
102 -53	Contact point for questions regarding the report	GRI Supplement p.6 About this Report
102 - 54	Claims of reporting in accordance with the GRI Standards	GRI Supplement p. 6,9 About this Report
102 -55	GRI content index	GRI Supplement p.7-11
102 - 56	External assurance**	Annual Report p. 127-131

*Disclosures GRI 102-15, 102-17, 102-19 through 102-39 are not mandatory in accordance with "Core". Nevertheless, some information is reported "comprehensively": GRI 102-15; 102-17; 102-19 through 102-26; 102-35; 102-36

**Refers to consolidated financial statements. No external assurance for Other information in the Annual report and the GRI Supplement.

No omissions regarding the reported information.

ABBREVIATIONS:
UNGC - United Nations Global Compact
SDG - Sustainable Development Goals
GRI - Global Reporting Initiative

GRI Standards GRI 102: General Disclosures	Disclosure	Page number (s) and/or URL, or reference	Omissions
Category Economic GRI 200			
	Economic performance GRI 201 Management approach GRI 103	Annual Report p. 5, 94-114	
201-1	Direct economic value generated and distributed	GRI Supplement p.45	
Category Environmental GRI 300			
	Energy GRI 302 Management approach GRI 103	Annual Report p. 42 GRI Supplement p.48	
302-1	Energy consumption within the organization	GRI Supplement p.48-49	
302-3	Energy intensity	GRI Supplement p.49	
	Water and effluents GRI 303 Management approach GRI 103 303-1 Interactions with water as a shared source	Annual Report p. 42-43 GRI Supplement p.50	
303-3	Water withdrawal	GRI Supplement p.50	
	Biodiversity GRI 304 Management approach GRI 103	GRI Supplement p.51	
304-4	Total number of iucn red list species and national conservation list species with habitats in areas affected by operations	GRI Supplement p.51	
	Emissions GRI 305 Management approach GRI 103	Annual Report p. 42 GRI Supplement p.52	
305-1	Direct (Scope 1) GHG emissions	GRI Supplement p.52	
305-2	Energy indirect (Scope 2) GHG emissions	GRI Supplement p.52	
	Waste GRI 306 Management approach GRI 103 306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts	Annual Report p. 43 GRI Supplement p.53-54	
306-3	Waste generated	GRI Supplement p.55	
306-4	Waste diverted from disposal	GRI Supplement p.56	
306-5	Waste directed to disposal	GRI Supplement p.56	

Category	Social GRI 400	
	Employment GRI 401 Management approach GRI 103	Annual Report p. 20-21, 54-55
401-1	total number and rates of new employee hires and employee turnover by age group, gender and region	GRI Supplement p.61-62
	Occupational health and safety GRI 403 Management approach GRI 103	GRI Supplement p.63
403-9	Work related injuries	GRI Supplement p.64-65
	Training and education GRI 404 Management approach GRI 103	Annual Report p. 54-55 GRI Supplement p.66
404-1	Average hours of training per year per employee	GRI Supplement p.66
	Diversity and equal opportunity GRI 405 Management approach GRI 103	Annual Report p. 20-21, 54-55 GRI Supplement p.67
405-1	Diversity of governance bodies and employees	GRI Supplement p.67
405-2	Ratio of basic salary and remuneration of women to men	GRI Supplement p.67
	Customer health and safety GRI 416 Management approach GRI 103	Annual Report p. 44-46, 92-93
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	GRI Supplement p.68
	Marketing and labeling GRI 417 Management approach GRI 103	GRI Supplement p.69
417-1	Requirements for product and service information and labelling	GRI Supplement p.25-27

GRI Standards

GRI 102: GENERAL DISCLOSURES

This section provides information on General Disclosures that is not fully reported in the Annual Report.

ORGANIZATIONAL PROFILE

OUR VISION

Atlantic Grupa is a company that creates: it creates a new value for its shareholders and for the economy, career opportunities for its employees and business opportunities for its partners.

We are the leader in food and beverage industry, and we want to inspire people to add flavour to their everyday moments. Corporate strategy that gives us a clear direction for the years ahead of us also leans on our vision. Corporate strategy will make sure that all of us within the Company have a common goal, i.e., that we are connected by a common vision focused on the future on which we are going to build our unique corporate culture.

Brands from our portfolio have a rich heritage and for many years they have been a part of life of generations of consumers. Because of that, and because of our vision, we want to grow and spread this contentment in the future as well, by introducing flavour and excitement into everyday life of our present and future consumers, with new tastes, experiences and on new markets.

Regardless of where our consumers are – we are still inspired by a desire to find new ways how to surprise and delight them!

VALUES

With continuous care towards all our stakeholders, we are always open to new ideas, growth-oriented and passionate towards work – in Atlantic Grupa we create brands that people love.

Values that we cultivate are:

PASSION: WE CREATE ENTHUSIASM

It is not just about what we do, but also about the way we do it. Just like a special spice, the passion that ameliorates our work makes a difference and helps in achieving better results. Dedication is the secret ingredient that makes our products better and our future brighter.



PASSION

GROWTH: WE CREATE A NEW VALUE

We never lose appetite for continuous and stable growth because we always strive to progress. We leave our comfort zone, always hungry for new challenges, we strive to the growth of our brands, market and profit and development of our employees' potential.



GROWTH

OPENNESS: WE CREATE BETTER WITH AN OPEN MIND

Whatever we do, we never stop being curious, always fearless (one learns from one's mistakes!) and thirsty for fresh ideas and new experiences. We accept diversity of approach and different opinions knowing that they will lead us to better solutions to everyday tasks and challenges.



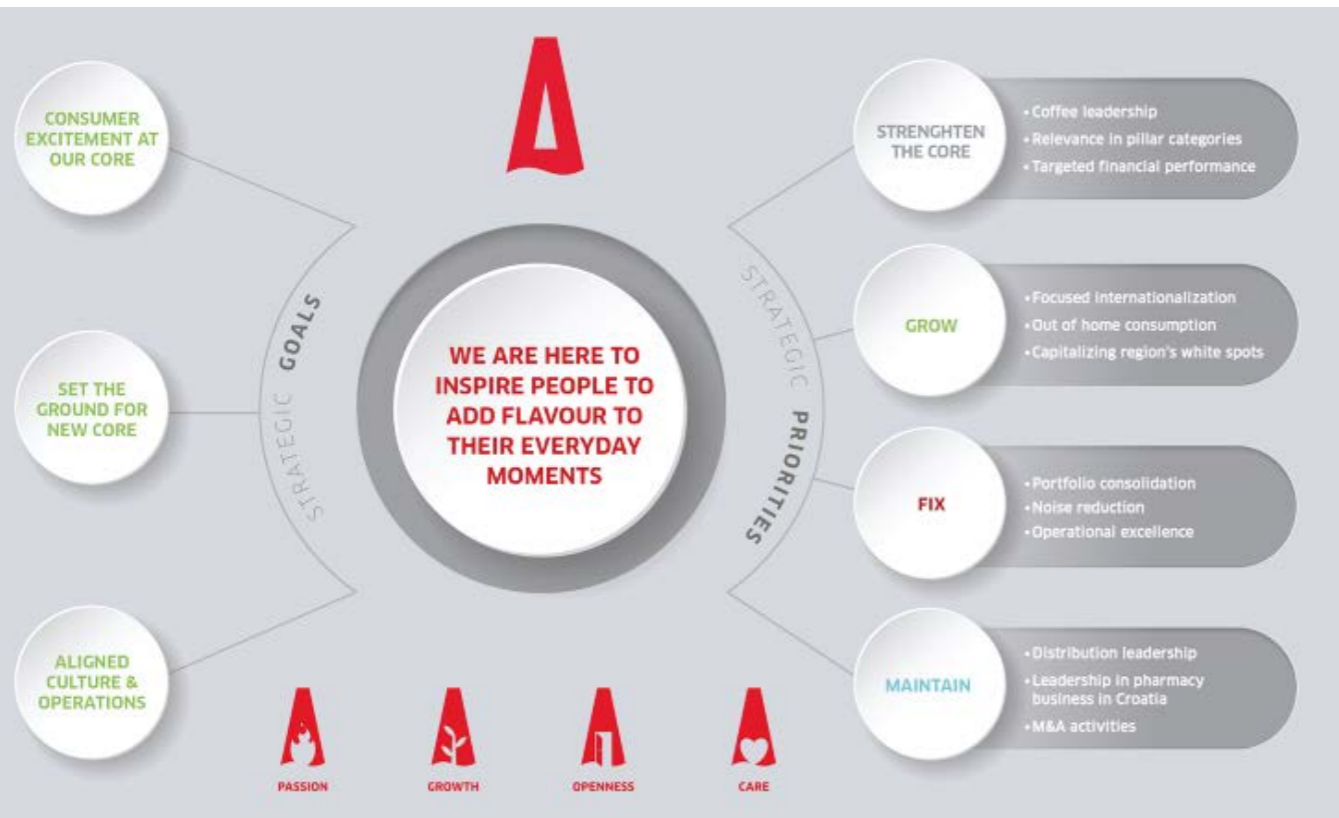
OPENNESS

CARE: WE CREATE A BETTER ENVIRONMENT

We are an organization that cares – we care about each other, we care about the well-being of our colleagues, we cherish business relationships and are careful about what kind of world we are leaving to future generations.



CARE



STRATEGIC GOALS

Strategic goals maintain the direction we have set for ourselves, and they will be of key importance for realizing our vision to keep inspiring millions of people to add flavour to their everyday life.

TRUST AND EXCITEMENT IN KEY CATEGORIES

For generations Atlantic brands have been a part of everyday life of millions of consumers. The key to Company's success depends on consumers and their relationship with our brands, so the first strategic goal of the Company is directed to continuous creation and maintenance of confidence and excitement in our key categories.

NEW SOURCES OF GROWTH

We are aware that consumers' habits and needs change, and we as a company need to be curious in discovering new opportunities and markets. Therefore, we strive to introduce our flavours to consumers outside of our existing markets and outside of the existing categories. Our goal is that new products, brands and selectively chosen markets become new sources of Company growth and foundation of our business in the future.

COHERENCE OF CORPORATE CULTURE AND OPERATIONS

The old ways of working are not going to bring new results. In order to achieve our set goals, it is important that we are harmonized and that we share common values, and all that with modern technological solutions that are going to support organizational endeavours. The key role in achieving this strategic goal will have People and Culture strategy that has in its focus orientation of organization towards the user, building of relationships through development of authentic leaders and growth and wellbeing of employees.

STRATEGIC PRIORITIES

Strategic priorities are areas on which the Company is going to put a special focus in the coming years. They are our guiding stars through the upcoming period and our wish is that all our employees understand their purpose and ways of their operationalization. These priorities are important to each member of Atlantic in their everyday work and they can be divided into four following areas:



STRENGTHENING THE CORE!

It refers to the backbone of our business, i.e., our strongest brands. In the focus of this area is not just keeping the leading position in key categories, but also a desire to further improve them and make them even more important.

Atlantic Grupa is the regional leader in one of the most important categories in consumer goods industry – coffee. We keep strengthening and improving leading positions in the segment of Coffee, mainly by rejuvenating the category of freshly ground coffee and development within the segment of consumption outside the household. We also keep strengthening consumer experience in key categories of coffee, chocolate, salty snacks, fruit-flavored soft drinks, and savoury spreads. In order to provide sustainable growth and expected contribution of brands that are based on a rich tradition, we are going to increase the investment in their competitiveness which will make us respond better to the current consumer's needs. We believe that the success in these areas will lead to the targeted of financial results.

GROWTH!

Within this area there are activities whose goal is to bring new sources of growth, which are:

Focused internationalization – It primarily relies on Argeta and Donat Mg brands that have already had success in international markets, and we believe that their success in the future will be even greater through focused investment in a few selected markets.

On-the-go consumption – is the one whose growth we have continuously been noticing and following, from coffee and beverages to snack category with strengthening of consumption of Atlantic brands outside a household as one of the key opportunities for growth, and hence investment in the future, primarily through support in marketing and sales.

New opportunities – creation of new brands and new sources of income in general have been an important priority on which the founding of the dedicated department is based. Considering we are the leaders in FMCG industry, we want to keep recognizing and using new opportunities on the existing key markets.

IMPROVEMENTS!

We believe that we are going to become an even better and more efficient company through focused improvements, and we are going to achieve this through:

Consolidation of corporate portfolio and focus of total resources on defined priorities.

As an organization we are going to put a special emphasis on **filtering activities** that engage resources with the goal of supporting those that are going to contribute the most to the business and employees.

We are going to focus on **standardization** of processes based on the Company's real needs in order to ensure preconditions and support for digitalization of business that represents one of the main supports of increasing operative efficiency.

MAINTAIN

It refers to those segments in which we continue working well by maintaining the leading position of a regional distributor with the focus on bringing the biggest principals and leadership in pharmacy business by continued investment in expertise and quality of service. Also, we keep being focused on any possible mergers and acquisitions.

PEOPLE AND CULTURE STRATEGY

There is no successful strategy without people being its foundation. An excellent organization and people who make it are a precondition for growth and accomplishment of strategic goals. However, excellence does not happen by itself and it is necessary to invest a lot of work, perseverance, time and focus, as well as enthusiasm and empathy. Therefore, People and Culture strategy defines the values, key goals and guidelines for people and culture in Atlantic.

SIMPLICITY OF A USER-FOCUSED ORGANIZATIONAL DESIGN

Shaping of agile organization begins from organizational design that is based on the needs of the users and coherence between objectives and is characterized by simplicity of the process. Flexible, adapted, and timely performance and remuneration management are some of the examples of design that suits a person's needs.

AUTHENTIC LEADERSHIP AND THE WAY WE BUILD RELATIONSHIPS WILL HAVE THE STRONGEST IMPACT ON THE ORGANIZATION

The main guiding principle of People and Culture strategy is a fact that processes and tools are important, but one thing that makes a difference is everyday management and the way we treat our team and colleagues. Inspirational leaders are being developed by selection and promotion of authentic leaders, the ones that insist on personal accountability.

TO CAPTURE THE HEARTS OF EMPLOYEES

Hearts of employees can be primarily captured by building relationships with them as unique human beings and not just through the prism of their position and role in business. It is important to enable the people to grow through development, project and career moves and through support for personal development and better quality of life. These goals and guidelines are reflected in every step of a life cycle of any member of Atlantic, and this is where you can find out what exactly this experience includes:

<http://opportunities.atlanticgrupa.com/hr/>



COVID-19 RESPONSE:

ATLANTIC GRUPA STRATEGY HAS SHOWN RESILIENCE IN THE CRISIS

The COVID-19 pandemic which impacted our markets beginning in the first quarter of 2020 had a profound impact on all our stakeholders and on the way people around the world live their lives. The Company had to adapt to an uncertain situation that was constantly changing. The Company's COVID-19 pandemic response to date focuses on: our people, customers, partners and communities; business continuity and financial resilience.

The growing danger of COVID-19 virus spread in our environment required us to closely follow institutional measures and be agile in our reactions, but also to anticipate possible development scenarios and adapt the company system to new business circumstances, primarily keeping in mind employee health and sustainability of operations in the longer term with adequate adjustment to the situation we are in.

Timely reactions of our crisis staff and management, good understanding and perception of the situation, and then strategic planning of activities, as well as the strength of our team were crucial to use the crisis to improve all our processes and adopt a new

development strategy. With awareness and responsibility at the highest level, we were also financially stable to face the challenges in the right way, and continue to operate without interruptions.

Since our core business is primarily related to food and beverages, as well as the distribution of our own and the products of our principals (food and hygiene products), production processes in all our plants went on without any interference, with all necessary protection measures. In addition, our pharmaceutical chain Farmacia has been extremely active as an important factor for the health care of the population and the supply chain of medicines and medical equipment.

Atlantic Grupa already implements protocols according to the highest standards of protection and food safety, both in production and in distribution and logistics processes, and in conditions of the epidemic, additional strict measures and special protocols have been introduced to protect the health of all employees and our partners in keeping with recommendations of health organizations and national bodies. In order to ensure that prescribed procedures are followed with maximum understanding for their implementation, we continuously share all current information through a system of company communication channels, which in this situation was most important for employees and their loved ones to be as safe as possible.

In a timely manner, we have provided protective equipment (masks, gloves, suits where necessary) with clearly defined and accessible instructions for use. Also, regular and frequent disinfection of all premises and facilities was conducted. We have separated shift teams in production, with a binding measure of social distancing, in order to reduce contacts to a minimum as much as possible, keeping a smooth running of business processes. During the lockdown, transportation of employees to work was organized by the company, in accordance with all prescribed protection and distancing measures. There has been a slowdown in international transport due to increased security measures, but this has not affected our regular supply. With excellent planning by our Central Procurement, at all times we had sufficient stocks of raw materials and reproduction materials for regular production process and were able to respond to both the usual and the increased demand for our products. Developing relationships with strategic suppliers and risk dispersion were key in overcoming crisis situations.

That the future of business lies in digital technologies has been confirmed by the pandemic crisis, which has convinced us that our strategy is resilient to the challenges we are going through, thanks in part to, among other things, to timely digitization. Modern IT solutions, which the company had already adopted in a previous period, aware that this is the basis for further development, have enabled the smooth functioning of Atlantic Grupa as a complex business system, regardless of the lockdown, work from home and business fragmentation in regional and European markets, which functioned differently in relation to different measures of national crisis bodies.

Digitally connected, and with optimization of business processes and quality strategic management, we managed to maintain business continuity and job security, as well as a stable financial situation and to improve profitability with minimal negative consequences on consolidated revenues and a record low indebtedness. Despite the uncertainty of the development of the epidemiological situation, our priorities remain the same - maintaining a positive health situation in the company, uninterrupted continuation of production and continuous supply of our customers and consumers, as well as social responsibility in the broadest sense.

Atlantic Grupa has been actively involved in the joint fight against the new coronavirus in all regional markets in which we operate. **The Management Board of our company decided to allocate about 3.7 million euros for overall assistance to local crisis bodies and institutions that coordinate the pandemic response.** The majority of this amount pertains to donations for purchasing medical equipment, especially respirators, and materials necessary for efficient operation of health institutions in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Northern Macedonia and Montenegro, and a portion includes donations of products to associations, in coordination with relevant national bodies.

OUR APPROACH TO SUSTAINABILITY

We understand sustainability as a process of creating new opportunities and development possibilities for our business operations, as well as for a better future for new generations. With the aim of improving environmental, social and economic objectives, the way in which we recognise and consequently act in relation to sustainability risks and opportunities is multi directional, covering the development of new products, technological processes, employee development, communication with buyers and consumers, investor relations and supply chain management.

Our quality policy confirms our commitment to the principles of sustainable development, economic efficiency, environmental responsibility and social responsibility. This means that, beyond complying with national laws and international standards, we are developing internal procedures and policies concerning the most material issues for our company as well as for our stakeholders, while taking into account local and global sustainability trends. Having high quality standards as our fundamental commitment, we are operating in ways that generate shared value for the community and help protect the environment for future generations.

QUALITY POLICY: WE CREATE THE QUALITY YOU LOVE

Openness in nourishing loyalty

- ~ We look for creative and innovative solutions in a continuous improvement of processes.
- ~ We encourage the best practices by building partner relationships with stakeholders.



OPENNESS IN NOURISHING LOYALTY

Passion for satisfaction of customers' needs and desires

- ~ Our high goals are focused on the excellence of brands and services.
- ~ We build the food safety culture and high responsibility based on the best global standards.



PASSION FOR SATISFACTION OF CUSTOMERS' NEEDS AND DESIRES

Growth with responsibility

- ~ We grow together by respecting the law, standards and customers' demands.
- ~ We continuously and systematically manage the risks.



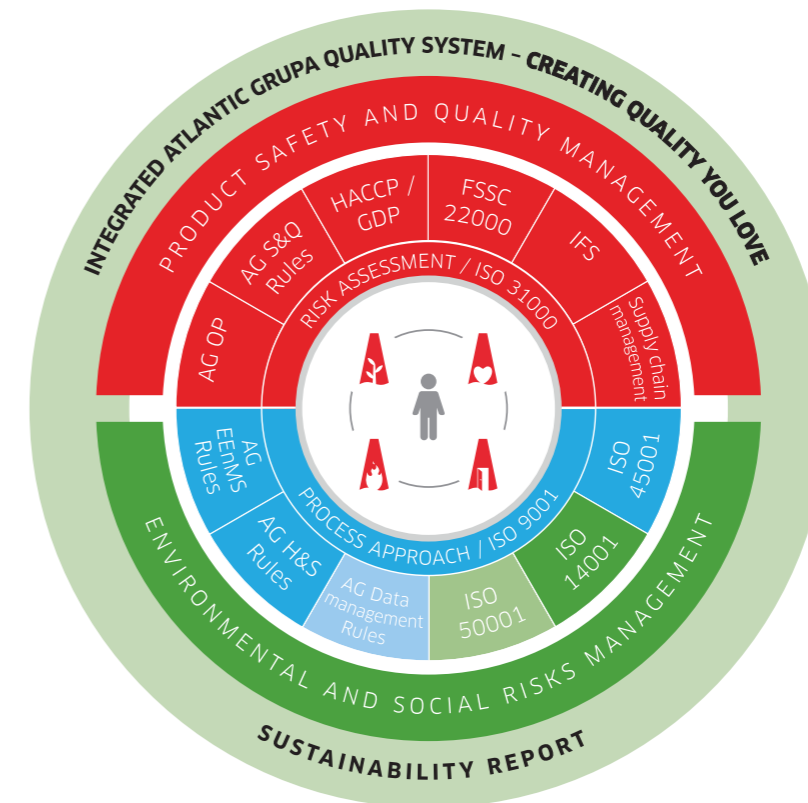
GROWTH WITH RESPONSIBILITY

Care for creating a better environment

- ~ Aware of climate changes and endangered biodiversity, we integrate sustainable goals in our strategies.
- ~ Care for a better environment develops a culture of continuous improvement.



CARE FOR CREATING A BETTER ENVIRONMENT



AG INTEGRATED CERTIFICATION								
LEGAL ENTITY (LOCATION)	MARKET	PROCESS MANAGEMENT STANDARD	FOOD SAFETY SYSTEM CERTIFICATION (FSSC/IFS)	FOOD SAFETY STANDARD	ENVIRONMENTAL MANAGEMENT STANDARD	EnMS	HALAL	BIO
ATLANTIC GRUPA	CRO	ISO 9001			ISO 14001	ISO 50001		
ATLANTIC CEDEVITA (ZAGREB)	CRO	ISO 9001	IFS	HACCP	ISO 14001	ISO 50001		
ATLANTIC CEDEVITA (APATOVAC)	CRO	ISO 9001	FSSC 22000	HACCP	ISO 14001	ISO 50001		
ATLANTIC MONTANA (ZAGREB)	CRO	ISO 9001		HACCP	ISO 14001			
ATLANTIC TRADE (ZAGREB)	CRO	ISO 9001		HACCP	ISO 14001	ISO 50001		BABY FOOD AND TEAS
ATLANTIC GRUPA FARMACIA SPECIALIZIRANA PRODAVAONICA	CRO	ISO 9001						
ATLANTIC GRUPA FARMACIA ZDRAVSTVENA USTANOVA	CRO	ISO 9001						
ATLANTIC DROGA KOLINSKA (LJUBLJANA)	SLO	ISO 9001			ISO 14001			
ATLANTIC DROGA KOLINSKA (NAMAZI IZOLA)	SLO	ISO 9001	FSSC 22000	HACCP	ISO 14001	ISO 50001	ARGETA	
ATLANTIC DROGA KOLINSKA (KAVA IZOLA)	SLO	ISO 9001	IFS	HACCP	ISO 14001			BARCAFFÉ 200 g
ATLANTIC DROGA KOLINSKA (ROGAŠKA)	SLO	ISO 9001	FSSC 22000	HACCP	ISO 14001	ISO 50001		
ATLANTIC TRADE (LJUBLJANA)	SLO							PRE-PACKAGED ORGANIC FOOD
ATLANTIC ARGETA (SARAJEVO)	B&H	ISO 9001	FSSC 22000	HACCP	ISO 14001	ISO 50001	ARGETA	
ATLANTIC GRAND (BIJELJINA)	B&H	ISO 9001		HACCP	ISO 14001			
ATLANTIC ŠTARK (BELGRADE)	SRB	ISO 9001	FSSC 22000	HACCP	ISO 14001	ISO 50001		
ATLANTIC ŠTARK (LJUBOVIJA)	SRB	ISO 9001	IFS	HACCP	ISO 14001	ISO 50001		
ATLANTIC ŠTARK (PALANAČKI KISELJAK)	SRB	ISO 9001		HACCP	ISO 14001	ISO 50001		
ATLANTIC GRAND (BELGRADE)	SRB	ISO 9001	FSSC 22000	HACCP	ISO 14001	ISO 50001		
ATLANTIC ŠTARK (IGROŠ)	SRB	ISO 9001	FSSC 22000	HACCP				
ATLANTIC BRANDS (BELGRADE)	SRB	ISO 9001		HACCP	ISO 14001			
ATLANTIC GRAND (SKOPJE)	MAK	ISO 9001		HACCP	ISO 14001			
ATLANTIC TRADE (SKOPJE)	MAK	ISO 9001		HACCP	ISO 14001			PRE-PACKAGED ORGANIC FOOD
ATLANTIC BRANDS (AUSTRIA)	AUT							BIO MUSLIRIEGELBIO

PRODUCT SUSTAINABILITY

Specific disclosures for each product category are defined by each strategic business unit (SBU). The targets are closely connected to the different product categories.

SBU SPREADS

In Argeta team we are guided by the philosophy of the best. We are constantly raising the bar in high-quality and safe food and we are proving that even a small meal can offer the highest quality. We are known for our selection of only the best ingredients, high-quality pieces of meat or fish and 100-per cent natural seasonings and vegetable oils. Thus, by using natural ingredients, with genuine inspiration, we create spreads of high quality and exceptional flavour.

Argeta products carry the “FREE FROM” stamp, which ensures that they contain no artificial flavour enhancers, preservatives, artificial colours, or gluten. 100% of Argeta products can have this stamp and 90%* of products are without any additives. The only exception are the following products: Argeta Chicken pate with Kulen (antioxidants), Argeta chicken pate with Sudzuk (antioxidants), Argeta Jagdaufstrich (thickeners) and Posna pate (thickeners). In long term, we aim to have 100% of our products without any additive.

We believe that all people are equal regardless of their beliefs, sex, ethnic background, or religion. This is why we are also offering to our consumers Halal, MSC and vegan products. In 2020 we had 15%* vegan products and 2,7% of tuna ingredients were MSC certified. Both factories are halal certified.

Regarding the better nutritional value of our products, we are preparing products with less fat, salt and with more proteins. These products are planned to be launched in 2021. In 2020 10%* of our products have a claim source of omega -3 and 8% of our products had a natural source of calcium claim.

All our tins are made of aluminium, which can be reused or recycled in its entirety. Aluminium provides a longer life for the product and protects the product well against outside factors. By transferring to aluminium packaging, we have greatly reduced the weight of packaging in recent years, which has signalled a major reduction in our carbon footprint. None of the Argeta product packaging used in our production has any coating with added BPA. In terms of secondary packaging - multipack and transport packaging, we have replaced regular cardboard with FSC certified. In 2020 we have replaced all multipack packaging and we are continuing with transport packaging in 2021.

*calculation based on no. of tastes - e.g. 4 taste from 40 represents 10%



**SBU COFFEE**

Use of aluminium-free foil in 2020 for one Barcaffè BIO product, followed in 2021 for Single origin and Selection products. Environmentally friendly foil is based on renewable sources such as sugar cane and oilseed rape (the share of renewable sources in foil production is 70%). The advantage of the new foil is also its recycling potential. Barcaffè also reduces its carbon footprint (CO₂), as it is 63% lower for foil production compared to standard three-layer foil production.

**SBU SWEET AND SAVOURY**

In Štark team we aim to offer a portfolio of products that evolve with consumer needs, offering delicious, convenient products for time-constrained lifestyles. This guides the choices we make today and shapes our portfolio for tomorrow - whether through product evolution, innovation, or partnerships.

Nowadays, consumers are increasingly making informed decisions about the foods and beverages they consume and their impact, benefits, and nutritional value. Taste, however, remains the main deciding factor when people choose what to eat. So, we decided to make a new impact on consumer's choices and offer healthier versions of existing products that still retain the taste consumers expect. Following the latest trends, we introduced new Prima products focusing on healthier ingredients, naturally riched with fibres, without additives and artificial colours, answering on increasing consumers demand for more clean labels and natural products.

Through our products, services, and research we are developing a more personalized approach to our assortment and strive to have more convenient options. This means not only supporting changing consumer preferences, but also improving packaging across our portfolio. That's why our Smoki has new, simple packaging with unique opening mechanism ensuring more convenient user experience. By speeding up the transformation of our products in line with consumer trends and choices, we are focusing to develop unique solutions addressing consumers needs by combining the inventiveness of external partners and expertise of Štark.

**SBU DONAT**

Brand Donat has in its strategy the following goals: To start introducing the bottle made of 100% recycled PET material in March 2021. Used bottles were taken from the environment as a raw material for processing new bottles with recycled PET. Consequently, we reduce CO₂ emissions by as much as 90% in comparison with virgin PET bottles and at the same time we reduce the environmental impact of plastic. Additional goals are the usage of transport foil with 50% recycled LDPE material in March 2021. reduction of weight of OPP label by 12% by April 2021.

**SBU BEVERAGES – VITAMIN INSTANT DRINKS**

Brand Donat has in its strategy the following goals: To start introducing the bottle made of 100% recycled PET material in March 2021. Used bottles were taken from the environment as a raw material for processing new bottles with recycled PET. Consequently, we reduce CO₂ emissions by as much as 90% in comparison with virgin PET bottles and at the same time we reduce the environmental impact of plastic. Additional goals are the usage of transport foil with 50% recycled LDPE material in March 2021. reduction

SBU BEVERAGES – CARBONATED SOFT DRINKS

In the CSD beverage category, the Cockta free product has been expanded to a new can format. This way, we delivered to the market the calorie-free and sugar-free carbonated soft drinks also for all consumers searching for low-calories intake in the "on the go" segment. of weight of OPP label by 12% by April 2021.

How we support UN Global Compact principles

Human rights

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights and

Principle 2 - Businesses should make sure that they are not complicit in human rights abuses.

Labor

Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4 - Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5 - Businesses should uphold the effective abolition of child labor.

The company's policies and procedures concerning human rights, equal opportunities, safe and healthy working conditions.

Ethical code of the purchasing organization applying, among others, the criteria of sustainable purchasing: when making sourcing and purchasing decisions, Atlantic Grupa's purchasing organization is committed to consider both environmental and social factors aiming at minimizing the environmental and social impact that the items we purchase have. Purchasing business must be conducted in such a way to respect social, ethnic, cultural, sexual and racial diversity, and business decisions must not be directed in a way that favours any of the categories of ethnic, sexual or racial criteria. A number of **humanitarian actions supporting vulnerable social groups**: blind and visually impaired persons, children without parental care, children with special needs and others.

Atlantic Grupa strongly supports the **right of association of its employees** and the work of its Union alliance. In 2020, 59% of our employees were covered with collective agreements.

The **company's policies and procedures** concerning human rights, equal opportunities, safe and healthy working conditions are available on the company's intranet and on all of our bulletin boards.

Atlantic Grupa works in a way that **respects all positive regulations** which forbid child labour, forced or obligatory work that protects the employees' dignity in a way that the employee is protected from mobbing or sexual harassment from their employers, superiors, associates and others with whom they may work. Our corporate culture respects any type of individual diversity and fosters cooperation.

Principle 6 - Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7 - Businesses should support a precautionary approach to environmental challenges.

Atlantic Grupa is one of the signatories of the Diversity Charter - the initiative started by 16 EU Member States, which was developed in Croatia within the project of the Croatian Business Council for Sustainable Development. By signing the Charter, Atlantic Grupa committed to promote the policy of diversity and non-discrimination in the work and business environment, which is implemented accordingly, while also regularly reporting on activities in this area.

Atlantic Grupa is one of the members of The Alliance for Gender Equality in the Workplace, network of companies launched in 2019, committed to increasing the number of women in managerial and other positions, equal pay for equal work for women and men, as well as equal opportunities for promotion and employment.

Each tender stresses gender equality when hiring. 51.2% of our employees are women. All of our employees, regardless of the contract they have, are guaranteed equal rights and opportunities to develop and grow.

Purchasing Guidelines require from all suppliers to protect their employees' rights (prohibition of child work as well as bonded labour, prohibition of workers abuse, discrimination or harassment) and ensure health protection and safety at work.

Fully Integrated Environmental Management System (EMS) and Energy Management System (EnMS) based on well-considered and economical use of natural sources, using environmental friendly technologies in our production, reduction of waste and lower consumption of energy and water.

Principle 8 – Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.

The environmental aspect and the sustainable development aspect also have to be taken into account when **designing new products**. Through the careful selection of raw materials and packaging materials we can reduce environmental impacts throughout the entire life cycle of the product – from raw materials to final disposal of the waste packaging after the use of the product. The principle of maintaining biodiversity also has to be considered in this process.

Purchasing Guidelines requiring from all suppliers to obey applicable environmental laws, rules and regulations and demonstrate commitment to preserving the environment.

Since its foundation and listing on the Zagreb Stock Exchange (ZSE), Atlantic Grupa bases its business activities on its own **Code of Corporate Governance of Atlantic Grupa** whereby the standards of business transparency are aligned with Croatian and EU legislation. The Code defines the procedures for the functioning of the Supervisory Board, Management Board and other bodies and structures responsible for decision-making, ensuring the avoidance of conflicts of interest, efficient internal control and an effective responsibility system.

Moreover, considering the fact that Atlantic Grupa is company publicly listed on the Zagreb Stock Exchange, the Company also applies the **Code of Corporate Governance issued by the Croatian Financial Services Supervisory Agency (HANFA) and the ZSE**. Based on the principles set therein, the Company announces the Statement of its application for each business year, confirming its actions and development in accordance with the good corporate governance practice in all business segments. The Statement can be found on the Company's website (www.atlanticgrupa.com) as well as on the official website of the ZSE (www.zse.hr).

Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery. (continued)

In addition to the above, Atlantic Grupa acceded to the **Code of Ethics in Business issued by the Croatian Chamber of Economy**. The Code lays down guidelines for ethical behaviour of business subjects in the Croatian economy, contributing to more transparent and efficient business operations and high quality relations between economic operators in Croatia and the business environment in which they operate. By adjoining the Code, parties are obliged to responsible and ethical behavior towards the other companies on the market as well as the development of high quality relations and loyal competition.

Supporting the application of the principles of the good corporate governance practice, Atlantic Grupa adopted its own **Whistleblowing Procedure Rules**, prescribing the reporting procedure, rights as well as duties of each and all employees of Atlantic Grupa who in his/her work observes or becomes aware of either an actual or a potentially illegal action or potential violation of the accepted rules of business conduct in the Company carried out by another employee(s).




By application of the **Ethical code of the purchasing organization** the Company supports conduct of a fair market competition among potential suppliers, prohibiting any conflict of interest (personal interest in the process of selection, receiving gifts and money from the potential suppliers etc.).





Also, implementing the provisions of the **Purchasing Guidelines** the Company requires from all suppliers to act with integrity, to comply with all applicable laws of their countries including the prohibition of giving or receiving bribe or personal payment

How we support UN Sustainable development goals		
SDG	Actions	GRI Disclosure
	<ul style="list-style-type: none"> Taking steps to identify and disclose potential human rights risks across value chain Paying fair share of taxes to the states in which we operate, supporting key state-funded poverty focused services such as education, health and infrastructure Creating employment opportunities and promoting job security, including the provision of decent work, respecting labour rights, improving skills and paying a living wage Community investments 	201-1 Direct economic value generated and distributed
	<ul style="list-style-type: none"> Improving production, conservation and distribution of food by making full use of (existing and new) technical and scientific knowledge Improving the availability of nutritious food through product development, relative pricing and providing responsible communications, such as nutritional information, storage and safe use Community investments 	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services 417-1 Requirements for product and service information and labeling
	<ul style="list-style-type: none"> Disclosing industrial accidents and cases of occupational disease Supporting the precautionary approach to foreseeable environmental, health and safety-related impacts of operations and the life-cycle of products and services; conducting environmental assessments when significant environmental, health or safety impacts are detected. Adhering to relevant water quality laws and standards through business operations, and monitoring and making more efficient water discharge and usage, including water quality and destination. 	403-9 Work related injuries 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 303-3 Water withdrawal 303-5 Water consumption

SDG	Actions	GRI Disclosure
	<ul style="list-style-type: none"> Providing access to relevant trainings to employees Supporting development of employability skills of young people in the community 	404-1 Average hours of training per year per employee
	<ul style="list-style-type: none"> Membership in The Alliance for Gender Equality in the Workplace Commitment to the Diversity Charter 	401-1 Total number and rates of new employee hires and employee turnover by age group, gender and region 404-1 Average hours of training per year per employee 405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men
	<ul style="list-style-type: none"> Minimizing negative impact on water quality through water usage, treatment and discharge 	303-1 Interactions with water as a shared source 303-3 Water withdrawal
	<ul style="list-style-type: none"> Monitoring and reporting on the amount of energy produced, purchased and consumed, according to source Tracking and reporting energy usage, reduction and intensity over time Investing in initiatives on renewable energy and integrating these into business strategy 	302-1 Energy consumption within the organization 302-3 Energy intensity

SDG	Actions	GRI Disclosure
	<ul style="list-style-type: none"> Generating added value in the domestic economy through enhancing own productive capacity (e.g. through skills development of workers). Paying fair share of tax timely and responsibly Establishing fair policies for selection of suppliers, including human rights and environmental requirements Protecting basic labour rights including freedom of association and collective bargaining Embedding the principle of equality in policies and processes for both employees and governing bodies Strengthening the links between business and education, supporting youth employability Providing safe, secure and healthy working environments for all employees 	<p>201-1 Direct economic value generated and distributed</p> <p>102 - 8 Information on employees and other workers</p> <p>102 - 41 Collective bargaining agreements</p> <p>401-1 Total number and rates of new employee hires and employee turnover by age group, gender and region</p> <p>404-1 Average hours of training per year per employee</p> <p>403-9 Work related injuries</p>
	<ul style="list-style-type: none"> Ensuring resource efficiency, resilience and sustainability in transport, buildings, information and communication technology Creating decent jobs, integrating environmental and social issues within core business operations, generating tax revenues and providing innovative solutions to tackle development challenges Investing in technology innovation R&D Innovating and/or investing in energy efficiency of facilities 	<p>201-1 Direct economic value generated and distributed</p>

SDG	Actions	GRI Disclosure
	<ul style="list-style-type: none"> Embedding policies which promote diversity and inclusion throughout own operations, and encouraging suppliers to do the same Community investments 	<p>201-1 Direct economic value generated and distributed</p> <p>102-8 Information on employees and other workers</p> <p>401-1 Total number and rates of new employee hires and employee turnover by age group, gender and region</p> <p>405-1 Diversity of governance bodies and employees</p> <p>405-2 Ratio of basic salary and remuneration of women to men</p>
	<ul style="list-style-type: none"> Supporting post-disaster reconstruction efforts of local and national authorities - support to victims of earthquakes in Zagreb and Banovina 	-
	<ul style="list-style-type: none"> Incorporating sustainable development into business vision, policies and strategies and developing sustainability targets and indicators across products and services Investing in improvement of environmental performance and establishing measurable targets Tracking and reporting waste generated by type, treatment and disposal destination Reporting economic, social and environmental sustainability using a common international reporting standard/framework 	<p>302-1 Energy consumption within the organization</p> <p>302-3 Energy intensity</p> <p>306-1 Waste generation and significant waste-related impacts</p> <p>306-2 Management of significant waste-related impacts</p> <p>306 - 3 Waste generated</p>

SDG	Actions	GRI Disclosure
	<ul style="list-style-type: none"> Identifying risks and opportunities caused by climate change Investing in environmental protection and improving the resilience to environmental hazards 	<p>302-1 Energy consumption within the organization</p> <p>302-3 Energy intensity</p> <p>305-1 Direct (Scope 1) GHG emissions</p> <p>305-2 Energy indirect (Scope 2) GHG emissions</p>
	<ul style="list-style-type: none"> Eliminating own practices and/or helping eliminate practices in the supply chain that put marine species and resources at further risk of harm, exploitation or depletion 	<p>304-4 Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations</p>
	-	-
	<ul style="list-style-type: none"> Committing to own responsibility to respect human rights through a statement of policy and communicating their human rights expectations to employees and business partners Establishing effective, accountable and transparent governance structures Embedding policies and raising awareness on business ethics and anti-corruption among employees, suppliers and business partners 	<p>102 - 16 Values, principles, standards, and norms of behaviour</p> <p>102-23 Chair of the highest governance body</p> <p>102-24 Nominating and selecting the highest governance body</p> <p>102-25 Conflicts of interest</p> <p>102- 17 Mechanisms for advice and concerns about ethics</p> <p>102-26 Role of highest governance body in setting purpose, values, and strategy</p> <p>102-35 Remuneration policies</p>

SDG	Actions	GRI Disclosure
	<ul style="list-style-type: none"> Membership in collaborative multi-sector platforms: UN Global Compact, Responsible Business Forum, The Croatian Business Council for Sustainable Development 	-



AWARD FOR CONTRIBUTION TO ACHIEVING SUSTAINABLE DEVELOPMENT GOALS

In the annual CSR conference of the Responsible Business Forum, Atlantic Grupa was awarded for continuous donation of food for the most vulnerable population and significant contribution to the fight against poverty, as a contribution to achieving the Sustainable Development Goals.

The CSR Forum, held in March 2020, was an opportunity to tackle various topics related to the role of business in advancing gender equality, youth inclusion, intersectoral/cross-sectoral cooperation, circular economy and other areas of importance in the context of Sustainable Development Goals.

Ethics and Integrity

WHISTLEBLOWING PROCEDURE

Given that the Company wishes to provide its employees the right to an honest, responsible, transparent and ethical work i.e. working environment in which the main principles of business conduct are respected, Atlantic Grupa adopted the Whistleblowing Procedure Rules which prescribes the reporting procedure, rights as well as duties of each and all employees of Atlantic Grupa who in his/her work observes or becomes aware of either an actual or a potential illegal action or potential violation of the accepted rules of business conduct in the Company carried out by another employee(s). By such Rules, illegal action or violation of the accepted business conduct (Misconduct) are defined as any conduct including (but not limited to):

- ~ committing a criminal act pursuant to positive legal regulations
- ~ violation of the Company's internal acts
- ~ conduct that represents a serious risk to human health and property

An employee who in his/her work observes or becomes aware of Misconduct has the right as well as the duty to report it immediately in writing to the Head of Corporate Security of Atlantic Grupa and the member of the Management Board of Atlantic Grupa competent for Corporate Affairs. Immediately after receiving the report, they issue a certificate indicating the date of receipt of the report to the employee and, without delay, notify the following, as applicable:

- ~ Head of Department in which the employee who committed the potential Misconduct is working, except in a case where the potential Misconduct relates to the Head of Department, or
- ~ The President of the Management Board - in a case where the potential Misconduct relates to actions of a member of the Management Board, or
- ~ The President of the Supervisory Board of Atlantic Grupa - in a case where the potential Misconduct relates to actions of the President of the Management Board.

In a case where the potential Misconduct relates to joint actions of the Head of Corporate Security of Atlantic Grupa and the member of the Management Board competent for Corporate Affairs, an employee who in his/her work observes or becomes aware of Misconduct of the persons listed has the right as well as the duty to immediately report it in writing to the President of the Management Board of Atlantic Grupa. In

~ ETHICS AND INTEGRITY

such a case, the President of the Management Board is obliged to issue a certificate indicating the date of receipt of the report to the employee and carry out further procedure in accordance with the provisions of the Rules.

Within the period of 4 weeks after receiving a report on the potential Misconduct, the Head of Corporate Security of Atlantic Grupa is obliged to inform the employee who submitted the report on the outcome of the process. By way of derogation, if the process requires a period of time longer than the one prescribed, the Head of Corporate Security of Atlantic Grupa is obliged, within the given period, to inform him/her of the actions taken in the process and, immediately after the conclusion of the process, on its outcome.

In case that it has been identified that the employee has undoubtedly committed the Misconduct, with respect to all the circumstances of the case, the Company is obliged to take all reasonable measures against that employee pursuant to the provisions of the Labour Act, the Company's internal acts, as well as submit necessary notifications to the competent state authorities.

The employee who submitted a report on the potential Misconduct in accordance with the Rules is guaranteed with full confidentiality of any information regarding his/her identity and the content of the report with which he/she reported the potential Misconduct.

Besides, any employee who in his/her work observes or becomes aware of Misconduct shall have the right, at his/her own discretion, to submit an anonymous report on the potential Misconduct, without providing information on his/her identity.

An action of an employee who knowingly reports a potential Misconduct of another employee without any grounds and with a motive to cause any harm to him/her or to gain any benefit for oneself or for other person is considered a violation of the Company's internal acts.

ETHICAL CODE OF PURCHASING ORGANIZATION

Ethical code of the purchasing organization is a set of values, standards, principles and rules, which all the staff of the Atlantic Grupa's purchasing organization, responsible for procurement in the company, has to respect in performing their business activities. The Ethical Code covers the following areas:

- ~ Legal compliance - The purchasers are obliged to inform themselves on any law and regulation change pertaining to purchasing and apply them in their business. In addition to various national and international laws and regulations of a general character, the purchasers have to follow and apply all other laws and regulations that are related to trade, industry, protection of patents and copyrights, environmental protection, work safety, labour law etc.
- ~ Applying the criteria of sustainable purchasing - When making sourcing and purchasing decisions, Atlantic Grupa's purchasing organization is committed to consider both environmental and social factors aiming at minimizing the environmental and social impact that the items we purchase have. Purchasing business must be conducted in such a way to respect social, ethnic, cultural, sexual and racial diversity, and business decisions must not be directed in a way that favours any of the categories of ethnic, sexual or racial criteria.
- ~ Fair treatment of suppliers - The purchasing organization and the purchasing staff have to enable and support fair market competition among potential suppliers who are interested in entering into a business relationship with Atlantic Grupa. This means that the supplier selection process has to be always defined and conducted in such a way to prioritize the suppliers that are capable to provide quality products or services at competitive prices, or that have visible and proven advantages to the business of Atlantic Grupa, compared to other suppliers. While selecting the suppliers or later when the cooperation with the suppliers is already established, any influence which is not of a business nature, or which is affected by a personal interest of the purchasing staff is not allowed. In this regards, the purchasers have no right to ask or to receive money, favours or gifts from suppliers or potential suppliers. Exceptionally, only business gifts that are of symbolic value could be accepted as an expression of common business practice or business partner's courtesy, but their giving or accepting in no way should influence the decision making process, supplier's selection, negotiations or agreements with suppliers. The manners of dealing with suppliers, regardless of their negotiating position and power of the purchasing department, must be civilized and fair, and the purchasing staff is bound to respect all agreed terms with suppliers, providing that the other side respects its obligations too. The purchasing staff also commits to keeping secrets and professional data, and their selective use, which also applies to all confidential information that is obtained from suppliers during the competition for goods and services supply, as well as offers or business reports. This information may not, without the consent of the party that placed this information at the disposal, be made available to third parties.

- ~ Respect to the purchasing profession - The purchasing staff has to develop and maintain their professional competences, which means that they are obliged to continuously develop and improve their professional value both in terms of specific skills and knowledge in the purchasing area (technical knowledge, knowledge of commerce, trade, laws and regulations), and in terms of communication and other „soft” skills. For achieving this, the purchasers should be open to communicate with other purchasing professionals outside the company and with purchasing associations and institutions, in order to exchange and share experiences and opinions. As the representatives of the purchasing profession, the purchasers of Atlantic Grupa have to act in such a way to maintain dignity of the purchasing profession, and at the same time to ensure that the others who are in contact with the purchasers also recognize the dignity of the purchasing profession.
- ~ Loyalty towards the employer - The purchasing staff has to show loyalty towards the employer, in whose interest they work. This loyalty is expressed through acting in accordance with the general policy and the strategy of Atlantic Grupa, with the directives and instructions received from the company's management, and in accordance with the authorization of the purchasing department and the purchasers, given by the company's management.

Stakeholder engagement

Our responsibility with regard to all stakeholders has been an integral part of the company's development strategy. Our business growth and expansion have at the same time extended the range of responsibility towards our internal and external surroundings. This has also raised the awareness about the possibilities and the need to have own influence on improving the general conditions around us, and to enhance our contribution to sustainable development.

Our ability to generate value through business choices also depends on listening and recognizing the needs and expectations of those stakeholders who, directly or indirectly, affect the activities of Atlantic Grupa or are influenced by them. As a multinational company, we have an impact on the decisions of a large number of stakeholder categories, both internal and external, as our results and activities depend in a certain degree on the fulfilment of stakeholder needs.

According to the Atlantic Grupa Code of Corporate Governance, stakeholders are considered to be the persons who take over certain direct or indirect risks in relation to our company. Aside from shareholders, the stakeholders, among others, are: employees, customers and users of the company services, suppliers, creditors, local community and public authority bodies.

We know that we create value through our relationships. Building and maintaining our stakeholder relationships is therefore fully embedded in the way we do business. Everywhere we operate, we actively participate in forums, industry platforms and collaborative programmes. We create value for our stakeholders which, in turn, build value for our business over time.

The Management Board is responsible for the transparent and quality relationships of Atlantic Grupa and its stakeholders, being bound to take care that the company respects all rights of stakeholders based on the law and good business customs. Furthermore, going beyond legal requirements, acting responsibly for us means engaging in an on-going dialogue, both locally and internationally, with the main stakeholders, in order to understand their different motives and concerns, as well as global trends that are important to them. Stakeholder consultations are carried out regularly through many channels. Topics of interest for our stakeholders are addressed in various sections of this report.

~ STAKEHOLDER ENGAGEMENT

Key stakeholders	Communication channels	Areas of interest	Mutual benefits
Employees	Regular employee engagement survey Corporate interactive intranet Annual U3 process (setting personal goals) Organization & People panel Internal workshops	Occupational health and safety Equal opportunities Talent development Community engagement career opportunities Embedding sustainability issues into business processes and objectives	Skilled and motivated workforce, ensured through providing equal opportunities, training, development and rewarding schemes, talent retention
Consumers, shoppers	Regional contact centre Brand websites Brands' Social Media Channels Product labels Marketing campaigns Education of consumer/shopper on points of sales Other consumer events (fairs, public events, ...)	Production information & product innovations Products' health and safety Accessible nutritional information Healthy diets Packaging Waste management Convenience Animal wellbeing Preserving biodiversity	Consumer loyalty Products with low environmental impact
Customers and users of company services	Sales agreements Meetings and B2B events	Economic impacts Supply chain with low environment impacts	Meeting consumer needs by offering them choice and quality
Suppliers	Supplier portal Purchasing agreements Quality agreements	Economic impacts Sustainable procurement Business ethics Supply chain with low environment impacts	Achieving highest responsible and sustainable procurement standards, with support in developing innovative and efficient products and services
Shareholders	General Assembly Corporate web page Meetings and conferences	Economic impacts Transparent governance Sustainable procurement Development strategies	Delivering strong sustainable earnings and dividends, thus establishing supportive shareholder base
Creditors	Corporate web page Meetings and conferences	Economic impacts Transparent governance Sustainable procurement Development strategies Environmental impacts Business ethics	Ensuring fruitful long-term partnership, by excelling in all areas of business
Communities and environment	Regional contact center Donations and sponsorships procedure Direct cooperation with local community representatives Meetings and consultations Open calls for donations Brands' Facebook pages Atlantic Grupa LinkedIn profile Offline and online newsletter	Community engagement Environmental impacts	Establishing trust and long-term relationship by improving quality of lives and preserving the environment
Public authority bodies	Meetings and consultations	Economic impacts Transparent governance Independent and objective information about safety, quality and environmental impacts of products Environmental impacts Development strategies	Collaboration on contributing to public good

Reporting Practice

MATERIALITY

To determine the content of the report, we have followed a systematic and rigorous materiality assessment process, guided by the criteria defined by the Global Reporting Initiative (GRI Standards 2016). The sustainability issues have been analyzed on the basis of an initial broad list of topics that may affect our business or be of concern to our stakeholders. Sources for this list include relevant issues addressed by media, industry and sector benchmarks, matters raised by regulators and other stakeholders in public debate, internal documents and business strategy. Considering the significance of our economic, environmental and social impacts helped us focus on topics that deliver the greatest value to our business and stakeholders, within four major areas: economic performance, product responsibility, workplace responsibility and environment responsibility. After careful review of the new strategy and goals, and taking into consideration newly introduced EU and national non-financial reporting requirements, this year's list of topics includes three new topic that have not been reported on in the previous years: Water and effluents, Emissions, and Diversity and equal opportunity.

The company's senior decision-makers are actively involved in this process, as the results of the analysis were reviewed and approved by the Social Responsibility Committee.

LIST OF PRIMARY TOPICS:

ECONOMIC IMPACTS

~ TOPIC: ECONOMIC PERFORMANCE

ENVIRONMENT RESPONSIBILITY

~ TOPIC: ENERGY

~ TOPIC: WATER AND EFFLUENTS

~ TOPIC: BIODIVERSITY

~ TOPIC: EMISSIONS

~ TOPIC: WASTE

WORKPLACE RESPONSIBILITY

~ TOPIC: EMPLOYMENT

~ TOPIC: OCCUPATIONAL HEALTH AND SAFETY

~ TOPIC: DIVERSITY AND EQUAL OPPORTUNITY

~ TOPIC: TRAINING AND EDUCATION

PRODUCT RESPONSIBILITY

~ TOPIC: CUSTOMER HEALTH AND SAFETY

~ TOPIC: PRODUCT AND SERVICE LABELING

~ TOPIC-SPECIFIC DISCLOSURES

In this Report, only material topics identified by internal and external stakeholders as significantly important will be reported on. In terms of the extent of the impact, all aspects that the analysis showed to be material have impacts within the organization as a whole. Furthermore, the aspects analyzed have impacts outside the company in geographical areas where Atlantic Grupa conducts its operations and for all the stakeholder categories identified.

GRI STANDARDS

Topic-specific disclosures

Economic GRI 200

GRI 201: ECONOMIC PERFORMANCE

Disclosure 201-1

Direct economic value generated and distributed

Atlantic Grupa Consolidated '000 HRK	2018	2019	2020	Change 2019/2018	Change 2020/2019
DIRECT ECONOMIC VALUE GENERATED	5,270,674	5,449,678	5,275,606	3.4%	-3.3%
REVENUES	5,270,674	5,449,678	5,275,606	3.4%	-3.3%
ECONOMIC VALUE DISTRIBUTED¹	5,093,212	5,104,302	4,996,689	0.2%	-2.1%
<i>Operating cost -incl. Education & Freelancers</i>	3,887,042	3,796,141	3,684,028	-2.3%	-3.0%
<i>Employee wages and benefits -excl. Education, freelancers²</i>	781,995	824,223	827,110	5.4%	0.4%
<i>Payments to providers of capital³</i>	123,833	141,816	108,895	14.5%	-23.2%
<i>Payments to Government⁴</i>	100,939	105,129	100,934	4.2%	-4.0%
<i>Community investments⁵</i>	44,787	37,974	41,615	-15.2%	9.6%
CAPEX	154,616	199,018	234,107	28.7%	17.6%
ECONOMIC VALUE RETAINED	177,461	345,376	278,917	94.6%	-19.2%

¹ Excluding provisions (bad debts, inventories, employee future commitments as per IAS 19)

² Including taxes and contributions on salaries

³ Interest expense (P&L item) and dividend paid

⁴ Refer to P&L items (corporate income tax, other taxes and contributions not related to result)

⁵ Include sponsorship and donation as per audited consolidated FS and COVID 19 donations stated as separate line item with Other operating expenses

*IFRS 16 not applied prior 2019

** recalculated values taking in account new MSFI for leases

In 2020, Atlantic Grupa recorded sales of HRK 5.3 billion, which is a 3.3% decline compared to the previous year. If we exclude the effect of the divested business revenues, sales of the Strategic Business Unit Sports and Functional Food, sales of Dietpharm and Multivita brands and the distribution of bottled water for dispensers, the comparable sales revenue is almost at the last-year's levels, despite the crisis caused by the pandemic. The best results were recorded by Savoury Spreads, Donat and the pharmacy chain Farmacia.

The debt measured as the net debt to normalized EBITDA ratio dropped from 1.3 at the end of 2019 to 1.0 at the end of 2020.

Revenues - Our financial results in 2020 were affected by measures by local authorities to prevent the spread of the pandemic. Negative consequences of pandemic prevention measures were primarily reflected in a significant decline in sales in the HoReCa channel (primarily Beverages and Coffee), but also a decline in sales of Out of Home (OOH) products (primarily Beverages), and impulse goods (primarily Snacks and external principals). Overall, our brands that are primarily consumed at home have managed to almost completely annul the aforementioned negative consequences of the pandemic. Argeta recorded excellent sales results in almost all regional markets, the increase in sales in Western European markets (Germany, Austria, Switzerland, France and Italy) and in the market of Russia, while Donat recorded double-digit growth in the market of Russia. Pharmacy chain Farmacia recorded growth which is partly caused by higher demand for drugs, food supplements, disinfectants and protective equipment due to the pandemic.

Operating costs - incl. Education & Freelancers - in 2020 costs are lower than in 2019 which is a result of decrease in cost of goods sold as a consequence of lower sales of principal brands, decrease in costs of production materials due to lower sales of own products and lower average prices of production materials, primarily coffee, decrease in energy costs due to lower production of own products, decrease in costs of services primarily due to lower costs of transport and logistics services and lower marketing expenses due to divested business and the reallocation of activities due to extraordinary circumstances caused by the pandemic.

Employee wages and benefits - excl. Education, freelancers - Employee wages and benefits slightly increased in 2020 as a result of incentive compensations in the amount of 15% of the salary for all employees that were unable to work from home during the beginning of the pandemic (from March to May) because of the nature of their jobs.

Payments to providers of capital - As a consequence of continuous deleveraging of the company, payments to providers of capital, i.e. interest payments, were lower than in 2019. The dividend payment in 2020 was HRK 83 million (HRK 25.0 per share) which represents decrease in comparison to 2019 (107 million or HRK 32.0 per share).

Payments to Government - Corporate income tax expense and payments are lower in 2020 in comparison to the previous year.

Community investments - Community investments are higher than in 2019 mainly due to donations related to COVID-19 pandemic. Atlantic Grupa has been since the beginning actively involved in the joint fight against the coronavirus in all regional markets in which it operates and the Company Management Board decided to redirect almost all donations for 2020 to local crisis headquarters and institutions coordinating the measures for containing the spread of the virus and protecting the population. The largest part of HRK 28 million in total was related to donations intended for procurement of medical equipment, especially respirators, and materials necessary for efficient operation of health institutions in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, North Macedonia and Montenegro, while a part also included products donated to associations within the coordination of national headquarters. Further to its activities in 2019, Atlantic Grupa continued to support the first pan-regional basketball project Cedevita Olimpija. In the culture and knowledge segment, Atlantic Grupa has again in 2020 supported Sarajevo Film Festival as a central cultural manifestation in the region. Atlantic Grupa has continued its traditional cooperation with different educational institution and the existing projects were upgraded in different segments with several internship programmes for young professionals.

Capex - In 2020 the amount of the company's capital expenditure increased compared to the previous year, despite the changed circumstances in the manner of implementation, caused by the pandemic situation. The capital expenditure relates to the investments in the production equipment of business units for the purpose of increasing the efficiency of production processes, in the development of new products and the development of IT infrastructure, digital technologies and implementation of business applications.

ENVIRONMENTAL GRI 300

GRI 302: ENERGY

Under the integrated quality management policy in the field of energy, we have defined that, by selecting environmentally acceptable technologies and services, managing energy-related risks and stimulating energy efficiency improvement activities, we will continuously protect and positively impact the environment. The Energy Management System (EnMS), which was introduced in 2015, represents the framework for optimising the AG's energy efficiency. EnMS is integrated into the quality management systems of all production and distribution facilities. The system takes account of guidelines and requirements of the international standard ISO 50001. In 2020 two more locations of Atlantic Grupa gained the ISO 50001 energy management system certificate, expanding the number of certified sites to 10.

Disclosure 302-1

Energy consumption within the organization (MWh)

Total energy consumption by type in MWh		2018	2019	2020
Non - renewable	Purchased electricity*	45,113	46,430	45,333
	natural gas	37,646	37,296	38,326
	LPG	19,965	22,162	21,984
	heating oil	6,553	5,596	3,589
	Steam	8,274	7,791	7,677
	Fuel for vehicles	18,806	21,126	18,084
	Total non-renewable energy	136,357	140,401	134,993
Total energy consumption by type in MWh		2018	2019	2019
Renewable	Electrical energy (solar)	242	241	249
	Thermal	45	33	37
	Total non-renewable energy	287	274	286
Total energy consumption		136,644	140,675	135,279

*Electricity is purchased from local distributors and in most countries, it is already partly produced from renewable sources. Considering the lack of clear data and unique objective definitions that divide non-renewable and renewable electrical energy production, we included all the purchased electricity as non-renewable.

Energy consumption by source MWh		2018	2019	2020
Direct energy consumption	Non-renewable sources	82,970	86,180	81,983
	Renewable sources	0	0	0
Indirect energy consumption	Non-renewable sources	53,387	54,221	53,010
	Renewable sources	287	274	286
Total energy consumption		136,644	140,675	135,279

The consumption is calculated based on invoicing and meters. National standard conversions factors were used for conversion in MWh. Premises rented are not included in the calculation (Farmacia farmacies). Sold energy is not relevant for Atlantic Grupa. Indirect energy consumption from renewable sources includes electricity produced with solar panels on the production site of Izola and the thermal energy on the site in Smederevska Palanka.

Previous years data has been restated due to more accurate data becoming available. In 2020 we have started to record fuel consumption for own transport vehicles in all production and distribution sites. Fuel data have been added to energy consumption for 2018 and 2019 making the data of total energy consumption from previous reports differ by appr. 4%.

The energy consumption has decreased for over 3.8% in the last year. On 50% of the sites the energy efficiency has improved. The main activities to improve energy efficiency are listed in the Annual Report on page 42.

Energy intensity	2020
AG Energy intensity, MWh/Net sales in HRK Million	25.82
AG Energy intensity, MWh/t	0.35
Energy efficiency (production sites) MWh/t	0.86
Energy efficiency (distribution sites)* MWh/t	0.03

*In distribution 1 output pallet = 0,5 t

Energy intensity is calculated by dividing the MWh of the total energy consumption in the production and/or distribution businesses by the group revenues in HRK Million or by quantity units of product.

In 2020 the fuel for all own transport vehicles for Atlantic Grupa was included in the total energy consumption, what makes energy intensity results incomparable with the previous years.

GRI 303: WATER AND EFFLUENTS

Disclosure 303-1

Interactions with water as a shared source

Water management is a part of the certified environmental and energy management system. The focus has been on improving water efficiency in production processes and ensuring compliance with parameters for water emissions. Water efficiency improvements in the last four years were substantial.

All production and distribution sites are positioned on non- water stress areas.

Water storage has not been identified as having a significant water-related impact. Groundwater is used on four sites which are located on water-rich areas. Three of the sites that use groundwater are beverage bottling plants. In the production of water and beverages, we use protected groundwater sources, for which national concession agreements are in place. These water withdrawals were not included in the water management system until now, and thus these quantities are not a part of 2020 AG GRI reporting. We plan to expand the scope of the water management system in 2021. Disregarding the groundwater quantities bottled in the products, more than two thirds of water withdrawals are obtained from the third-party distribution. Seven sites out of sixteen are withdrawing 91% of total water withdrawal in Atlantic Grupa. Five of them have reduced water withdrawal in the last year for 16% of the sum of their withdrawal quantities. The other two sites have increased the water withdrawal for 7% due to the increased production quantities, however the water efficiency on those two locations has improved. The groundwater is used for technological purposes (washing and rinsing pipelines and machines, to supplement the heating system, cooling the product etc.), only in one location groundwater is used also for sanitary purposes.

Water withdrawal by source	2018		2019		2020	
	ML	%	ML	%	ML	%
Groundwater	123.91	25.6	132.79	27.7	120.59	27.3
Third - party water	360.56	74.4	347.15	72.3	320.42	72.7
Total water withdrawal	484.47	100	479.94	100	441.01	100

The reported data represents the water withdrawal quantities as directly measured on sites.

The groundwater withdrawals for bottling and beverage production are not reported. Subsequently, the total water withdrawal quantities are close to the quantities of water discharged. Measurement of water discharged quantities is not established on all locations yet.

GRI 304: BIODIVERSITY

Within the process of risk control in designing and developing a new or existing product, biodiversity is defined as an environmental aspect with respect to the selection of raw materials that may have or have bad effects on human health. During the phase of selecting the raw materials for a new product, the principle of maintaining biodiversity has to be taken into account. The development technologist selects possible raw materials that meet the requirements of ecological and sustainable aspects. Particular attention has to be paid to threatened plant and animal species (ref. document: IUCN Red List). Number of IUCN Red list species and national conservation list species with habitats in areas affected by operations by level of extinction list is also one of the informative KPI's of the Central Procurement monitored on a monthly, quarterly or annual basis.

Disclosure 304-4

IUCN red list species and national conservation list species with habitats in areas affected by operations

Number of raw materials used from the category	2018	2019	2020
Critically endangered	0	0	0
Endangered	0	0	0
Vulnerable	0	0	0
Near threatened	1	1	1
Least concern	1	1	1

Among our five Strategic Business Units which produce food and food supplements: Beverages, Coffee, Snacks, Savoury spreads, Pharma, only SBU Savoury spreads operations are using raw materials from IUCN Red List (Thunnus albacares / Yellowfin Tuna; Status: Near Threatened ver.3.1).

For the production of Argeta Tuna pate, we use not endangered species, and these are Yellowfin tuna -Thunnus albacares (Near Threatened ver.3.1.) and Skipjack tuna - Katsuwonus pelamis (Least concern). We have stopped to use Bigeye tuna in our production already in 2016. The Katsuwonus pelamis species is widespread and is important in commercial fisheries throughout its range. Although it is heavily fished, it is considered relatively abundant and is fastgrowing, shortlived, and very fecund.

GRI 305: EMISSIONS

We started to measure our carbon footprint (Scope 1 and Scope 2) in 2020. We consolidate data from all production and distribution sites, and we analyse them centrally. For the Scope 1, we use standardized emissions' factors by source, and for the scope 2, the emissions' factors provided or suggested from our suppliers.

Metric tons of CO2 equivalent by country in 2020	Scope 1	Scope2	Total
Bosnia and Herzegovina	2,470	2,972	5,442
Croatia	2,723	2,439	5,162
North Macedonia	769	388	1,157
Serbia	9,246	25,986	35,232
Slovenia	5,207	5,257	10,464
Total per countries reported	20,415	37,042	57,457

Notes on sources of data and calculation methodologies:

Within Scope 1 we calculated the carbon footprint of natural gas, liquefied petroleum gas, heating oil and gasoil, which we consume for our businesses. For calculating carbon footprint for scope 1 we used standardized emission factors for each energy source, regardless the country of origin, since the difference between national factors do not significantly affect the calculation of the carbon footprint.

Scope 2 includes purchased electricity and steam consumed. For the purchased electricity we used national emission factors, as suppliers suggested (Slovenia 0.558940, Croatia 0.121, Bosnia and Hercegovina 0.69, Serbia 1.099 kg CO2/kWh). Since the national emission factor for North Macedonia is not available, we use an average factor of all other countries where Atlantic Grupa has the operational sites (0.594735 kg CO2/kWh). We consume steam in Slovenia and Croatia. For calculating the carbon footprint for the steam consumed, we used data obtained from steam producers.

~ TOPIC-SPECIFIC DISCLOSURES

GRI 306: WASTE

Disclosure 306-2
Management of significant waste-related impacts

Within the Atlantic Grupa Environmental management system, we manage waste in order to minimize the negative impact on the environment. We work with authorised waste contractors in each country of operations. We strive to minimise the landfilled waste and we actively search for solutions for reusing or recycling of each type of waste we generate in our direct operations.

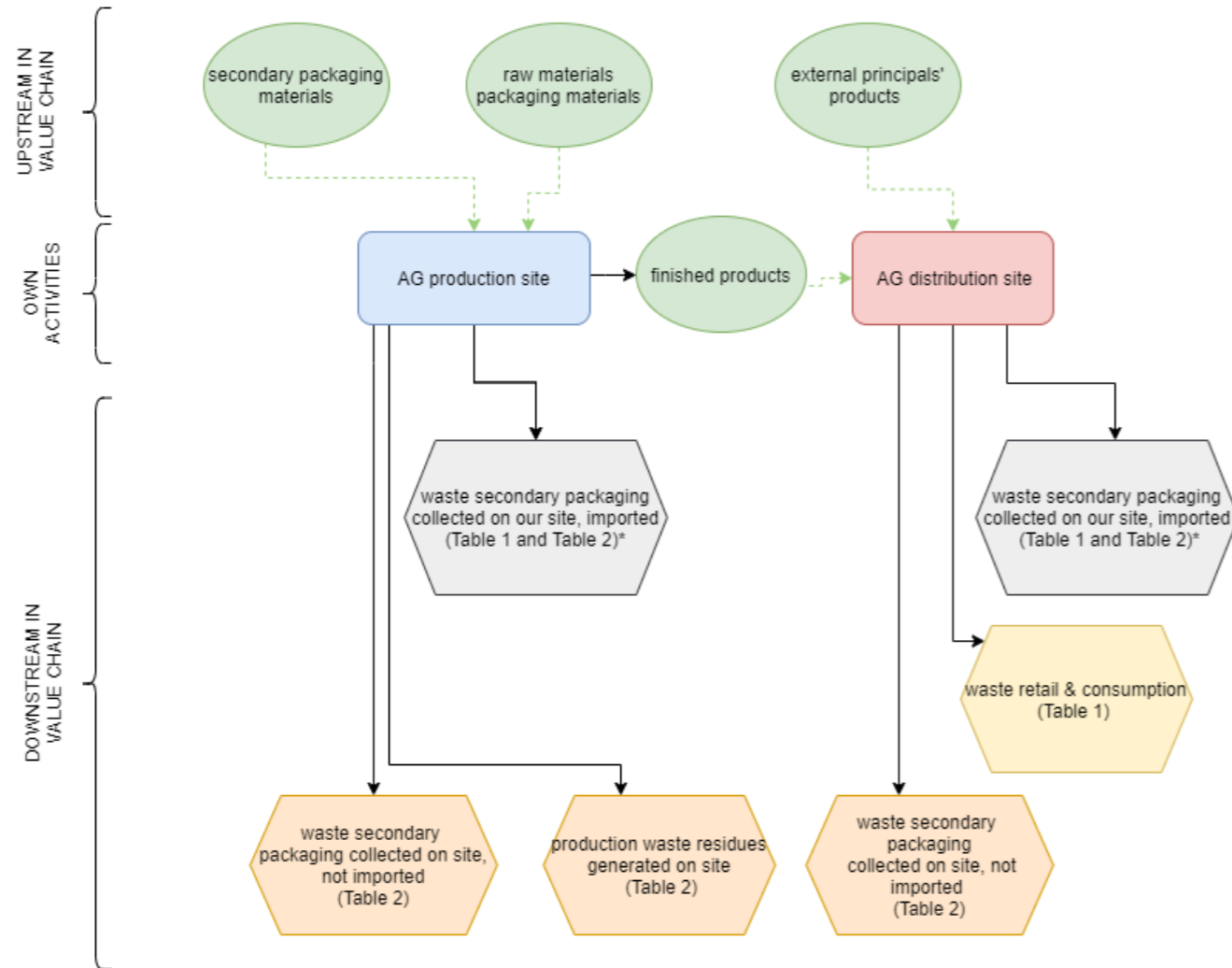
The total waste has decreased by 3.4 % in the last year.
The non - hazardous non disposed waste has decreased for 20%.

The hazardous waste represents 0.53 % of total waste and it is disposed in accordance with the best practices available on the market.

The landfill waste is divided to municipal waste and waste that was separately collected but ended on the landfill due to lack of solutions for further processing of waste on some markets.

The municipal waste represents 47% of total landfill waste and has decreased for 6.4% comparing to the previous year. The remaining 53% of other waste that ends on the landfill represents one of the opportunities for improving the waste management system. It is necessary to mention some implemented activities to improve the Waste Management System such as the installation of a wastewater dehydrator on the location of Cedevida Apatovec which reduces the amount of waste sludge. The installed dehydrator is resulting in a change of the structure of waste for further processing. In the strategic business unit Coffee, we started to buy raw materials in big bags instead of jute bags what contributed to the reduction of waste. In the strategic business unit Spreads we reuse the fat that is extracted in the production process.

Disclosure 306-1
Waste generation and significant waste-related impacts



*A part of the secondary packaging of imported materials becomes waste on the production/distribution sites and is reported under the disclosure 306-3 in the section "Generated waste by type - packaging" and in the section "Waste generated on the production and distribution sites" as well (double reporting of same quantities).

Disclosure 306-3
Waste generated

Table 1 (the reference to 306-1 scheme)

Generated waste by type - packaging in tons (2020)	SER	CRO	BIH	SLO	MAC	Sum of the packaging waste on reported countries (2020)
plastic	1,497	1,684	231	1,351	296	5,060
glass	416	107		922	512	1,957
other metal	4	12		107	8	132
aluminium	246	352	309	237	128	1,272
paper, cardboard	2,455	684	480	1,850	733	6,203
wood	267	23		18	14	321
textile	27			71	29	127
composite material		230		328		558
other nonrecyclable material				6		6

The data in Table 1 include the secondary packaging of imported materials which is separately collected on the production/distribution sites before further treatment, as well as the packaging generated in the retail and after the consumer use of products sold on specific markets.

Table 2 (the reference to 306-1 scheme)

Waste generated on the production and distribution sites	Waste diverted from disposal in tons			Waste directed to disposal in tons		
	2018	2019	2020	2018	2019	2020
Non - hazardous Waste	4,275	4,899	3,908	3,039	2,791	3,565
Hazardous Waste	18	57	18	30	32	22
Total	4,293	4,956	3,926	3,069	2,823	3,587

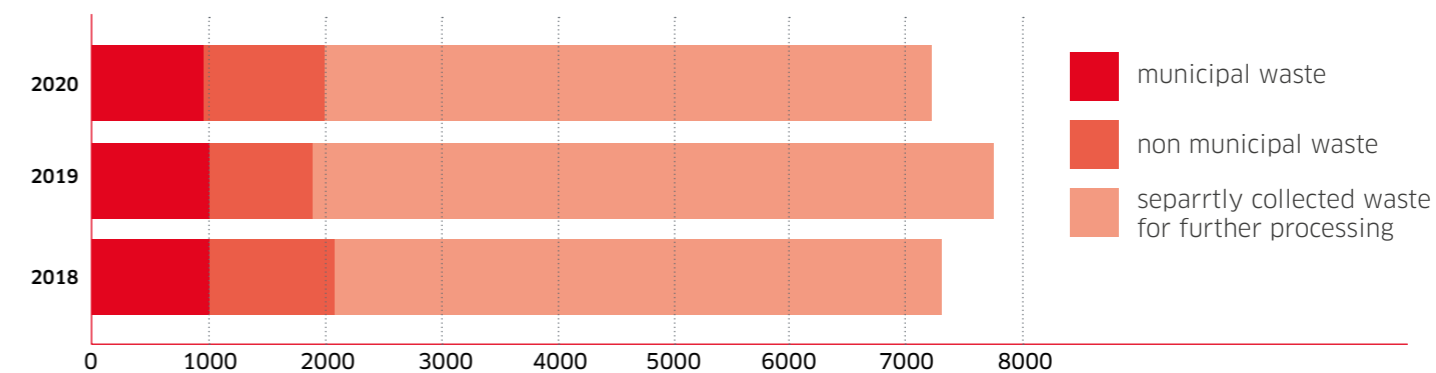
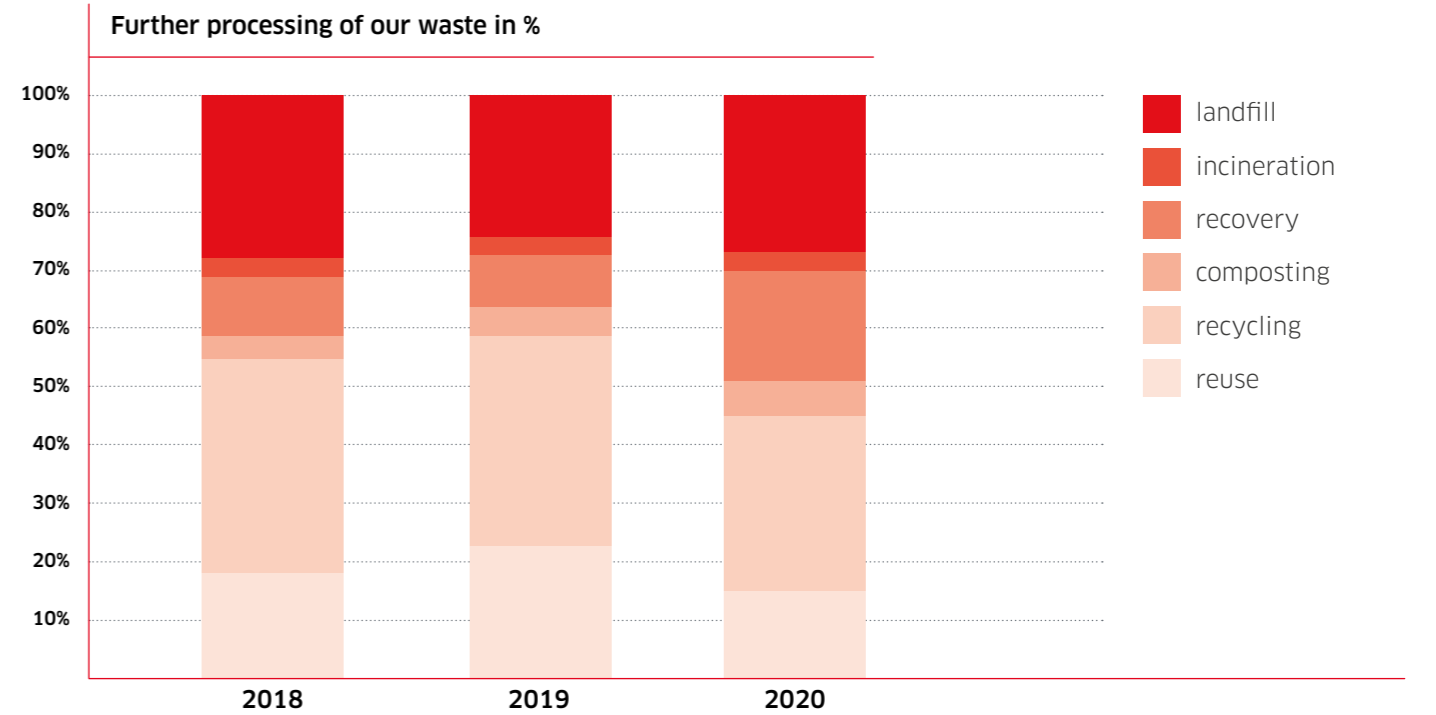
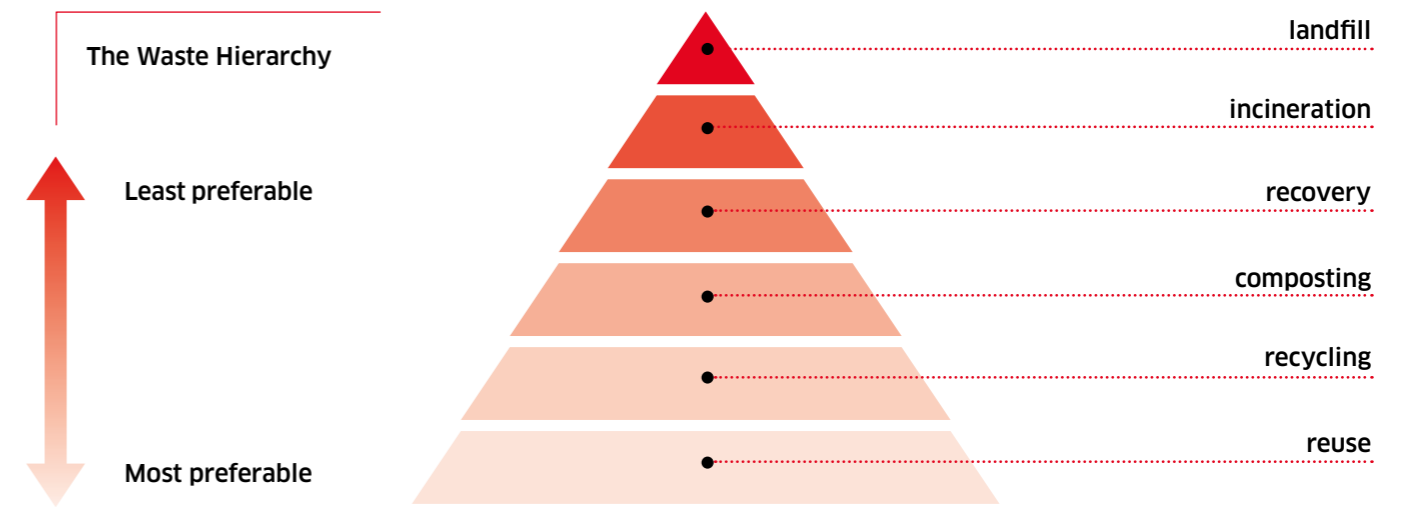
The data in Table 2 include all different waste types generated on the production and distribution sites. The disposal method has been determined based on information provided by the waste disposal contractors.

Disclosure 306-4
Waste diverted from disposal

Waste diverted from disposal by type		2018		2019		2020	
Non-hazardous Waste	tons	% of total non-hazardous waste	tons	% of total non-hazardous waste	tons	% of total non-hazardous waste	
Reuse	1,305	18	1,809	24	1,112	15	
Recycling	2,731	37	2,726	35	2,445	33	
Composting	239	3	364	5	351	5	
TOTAL non-hazardous	4,275	58	4,899	64	3,908	53	
Hazardous Waste	tons	% of total non-hazardous waste	tons	% of total non-hazardous waste	tons	% of total non-hazardous waste	
Reuse	-	-	-	-	-	-	
Recycling	18	37	57	64	18	46	
Composting	-	-	-	-	-	-	
TOTAL hazardous	18	37	57	64	18	46	

Disclosure 306-5
Waste directed to disposal

Waste directed to disposal		2018		2019		2020	
Non-hazardous Waste	tons	% of total non-hazardous waste	tons	% of total non-hazardous waste	tons	% of total non-hazardous waste	
Incineration with energy recovery	753	11	661	9	1,295	17	
Incineration	224	3	241	3	160	2	
Landfill	2,062	28	1,890	24	2,110	28	
TOTAL	3,039	42	2,791	36	3,565	47	
Hazardous Waste	tons	% of total non-hazardous waste	tons	% of total non-hazardous waste	tons	% of total non-hazardous waste	
Incineration with energy recovery	0	0	0	0	-	0	
Incineration	13	26	10	11	9	23	
Landfill	17	37	22	25	12	31	
TOTAL	30	63	32	36	21	54	



GRI 401: EMPLOYMENT

The People Strategy in Atlantic Grupa has three main directions currently employed by the People and Culture function: simplicity of organisational design and processes with the consumer at its heart, selection and promotion of authentic leaders who insist on personal accountability, and building relationships with employees as individuals who are provided with opportunities for growth and development. The key people strategy implementation principles are simplicity, impact and humanity.

The challenging 2020 has shown how much **our values** guide our decisions and behaviours, so the driving force that guided us through the year was caring for each other, our employees, business relationships and the community in which we operate. Health protection measures within the company were introduced preventively and much earlier than prescribed by national regulations. Office employees were allowed to work from home, and employees who are parents received paid leave for looking after children under the age of 12. Moreover, these employees were able to purchase furniture and electronic equipment to furnish their home offices on favourable terms from external partners. Special attention was given to our colleagues whose nature of work requires their physical presence in Atlantic's locations. All employees in production, warehouses, field activities and pharmacy units were provided with protective equipment, personal hygiene and immunity boosting products, while their effort and labour during the intensive months of the pandemic was rewarded with higher salary. In parts of the organisation where, due to and during the coronavirus pandemic, the scope of work was reduced or the need for it was completely absent, we enabled their redeployment, so they can contribute to the parts of business operations where activity was increased.

During 2020, two elements of caring for people have gained particular importance. Through the **Solidarity programme**, we provided financial aid to all colleagues whose property was damaged during the earthquakes in Zagreb, Petrinja and Banovina. Aware of the fact that earthquakes, long-term isolation and the pandemic can, in general, have a negative impact on the people's mental health, in addition to providing an opportunity to follow lectures and panels of top experts on the subject of mental health, employees were also provided with a free **psychological support** phone line with renowned national mental health institutions, as well as with anonymous psychological assistance for individuals.



Among the awards received in 2020, we highlight the ones through which the wider community recognised our special care that was focused on our employees in this challenging year. With the score of 99% in the CEP certification, we are still the leading Employer Partner in the region, in addition to which we received a special acknowledgement "Excellence in Challenges" for measures and activities for the protection and welfare of employees that were carried out during 2020. Our projects "**Flavour of Togetherness**" and "**Value Day Every Day**" were awarded as best practices at the Best Employer Branding Awards.

THE MOST DESIRABLE EMPLOYER FOR YOUTH IN SERBIA

Atlantic Grupa is the most desirable employer in Serbia for young people aged 18 to 30, according to the results of a survey conducted by the Belgrade Youth Fair in cooperation with The Employer Branding Agency. The aim of the research was to determine the most desirable employers from all categories of industry in order to reward the best and motivate others to improve. The research was conducted online, with the participation of about 3,000 young people.

WORKFORCE
IN 2020

Region (market)	No. of employee	%	M	F	M%	F%	Age group			Age group%		
							< 30	30-50	>50	< 30	30-50	>50
AT	20	0.39	10	10	50.0	50.0	5	14	1	25.0	70.0	5.0
BA	191	3.68	140	51	73.3	26.7	22	117	52	11.5	61.3	27.2
DE	1	0.02	-	1	0.0	100.0	-	1	-	0.0	100.0	0.0
HR	1,955	37.67	807	1,148	41.3	58.7	394	1,181	380	20.2	60.4	19.4
ME	3	0.06	2	1	66.7	33.3	-	2	1	0.0	66.7	33.3
MK	264	5.09	165	99	62.5	37.5	42	187	35	15.9	70.8	13.3
RS	2,057	39.63	1,080	977	52.5	47.5	332	1,186	539	16.1	57.7	26.2
RU	20	0.39	10	10	50.0	50.0	2	16	2	10.0	80.0	10.0
PL	1	0.02	1	-	100.0	0.0	-	1	-	0.0	100.0	0.0
SI	678	13.06	319	359	47.1	52.9	53	437	188	7.8	64.5	27.7
Total	5,190	100	2,534	2,656	48.8	51.2	850	3,142	1,198	16.4	60.5	23.1

The majority of our employees work in Croatia (37.67%), Serbia (39.63%) and Slovenia (13.06%).

Disclosure 401-1

New employee hires and employee turnover

All ads for open positions are done by job systematization, job description, specific knowledge and desired skills and competencies. A required criterion is clearly listed without any sign of discrimination and it clearly stands that both sexes can apply. All managers go through HR for non-HR selection interview training where they are informed about interview form and warned about any possible signs of discrimination. In external advertising, employees are used as employer brand ambassadors. Authentic external representation is maintained and it is always aimed to have an equal representation of all groups of employees on these job visuals. A required criterion is clearly listed without any sign of discrimination and it is clearly stated in each job ad that all genders may apply, and it is clearly stated that we support equal rights for employment.

Region (market)	No. of employee	%	Age group in NUMBER			Age group in %			Gender in number	
			< 30	30-50	>50	< 30	30-50	>50	M	F
AT	6	0.86	5	1	0	83.3	16.7	0.0	2	4
BA	17	2.43	8	9	0	47.1	52.9	0.0	15	2
DE	0	0.00	0	0	0	0	0	0	0	0
HR	268	38.23	124	125	19	46.3	46.6	7.1	96	172
ME	0	0.00	0	0	0	0	0	0	0	0
MK	29	4.14	10	19	0	34.5	65.5	0.0	18	11
RS	334	47.65	173	151	10	51.8	45.2	3.0	207	127
RU	2	0.29	1	1	0	50.0	50.0	0.0	1	1
PL	1	0.14	0	1	0	0.0	100.0	0.0	1	0
SI	44	6.28	13	31	0	29.5	70.5	0.0	22	22
Total	701	100.00	334	338	29	47.6	48.2	4.1	362	339

	2018	2019	2020
Number of new employee	770	850	701
% of new employee out of total headcount	15.90%	16.61%	13.51%

In 2020, we employed a total of 701 people, representing an increase in total headcount number of 1.41% comparing to 2019.

Region (market)	Employees left (No.)	% turnover	% Fluctuation rate	Vol. turnover in num.	Involunt. turnover in number	Regretted in total leaves	Age in number			AGE IN %			Gender in num.		Gender in %	
							< 30	30-50	>50	< 30	30-50	>50				
AT	3	0.5	16.59	2	1	0	3	0	0	100	0	0	1	2	33.3	66.7
BA	13	2.3	6.97	10	3	0	0	11	2	0	85	15	7	6	53.8	46.2
DE	1	0.2	80	0	1	0	0	0	1	0	0	100	0	1	0	100
HR	243	42.9	12.76	111	132	14.4	57	130	56	23	53	23	100	143	41.2	58.8
ME	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MK	18	3.2	6.77	11	7	0	7	9	2	39	50	11	13	5	72.2	27.8
RS	215	37.9	10.42	153	62	2.79	71	98	46	33	46	21	134	81	62.3	37.7
RU	18	3.2	83.4	3	15	16.67	1	14	3	6	78	17	8	10	44.4	55.6
PL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SI	56	9.9	8.19	39	17	12.5	8	32	16	14	57	29	35	21	62.5	37.5
Total	567	100	11.02	329	238	8.99	147	294	126	26	52	22	298	269	52.6	47.4

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

Occupation health and safety is managed through the AG's corporate security and protection process, which covers all employees, external contractors or employees of external contractors who perform their work at our locations in all markets in which it operates. The established process is based on the full application of all legal requirements of individual markets, but also on the best practice of applicable international standards.

The 2020 was a year of global crisis, due to the COVID-19 pandemic, and in the Republic of Croatia due to the earthquakes. Special attention is put on taking appropriate and rapid measures in response to the spread of the COVID - 19 Pandemic, such as :

- ~ daily verification of coronavirus infections at Atlantic Grupa sites and markets,
- ~ continuous observing instructions from competent authorities,
- ~ providing adequate protection means,
- ~ adjustment of internal rules and providing information and guidance related to COVID-19
- ~ organizing and conducting testing on COVID - 19 at work sites
- ~ monitoring the implementation of defined measures and their improvement

We especially emphasize the quick response and organization of assistance and providing a safe environment for work and stay in earthquake-prone areas.

Compared to 2019 and 2018, in 2020, we achieved better results, especially in the number of lost working hours, and achieved all defined process KPIs.

A special focus was on ensuring a safe working environment for all our workers, contract partners and external contractors. The focus was on key parameters such as the total number of all injuries, the number of lost working hours due to injuries in the work process, the number of lost working hours due to all injuries.

Despite travel restriction rules, all planned education, training, internal and external process performance monitoring have been implemented.

In the Security and Safety process, we performed more than 100 trainings / reeducations involving more than 3,000 people (our employees, external contractors, and service providers).

Disclosure 403-9
Work-related injuries

Work related injuries by type and by gender (in numbers)	2018		2019		2020	
	F	M	F	M	F	M
Minor injuries	28	33	23	25	39	13
Major injuries	6	2	2	2	5	5
Fatalities	0	0	0	0	0	0
Total	34	35	25	27	44	18

Number of Injuries by county and by gender (in numbers)	2018		2019		2020	
	F	M	F	M	F	M
BA	1	5	2	1	1	2
HR	11	10	4	6	6	4
DE	0	0	0	0	0	0
MK	0	3	0	0	0	0
RU	0	0	0	0	0	0
RS	21	14	16	14	37	12
SI	1	3	3	6	0	0

Injury rate (IR) by country	2018	2019	2020
BA	3.55	1.63	1.88
HR	1.13	0.50	0.52
DE	0.00	0	0
MK	1.68	0	0
RU	0.00	0	0
RS	1.89	1.53	2.34
SI	0.60	1.31	0

Minor (first-aid level) injuries are included in the injury rate (IR)

Lost day rate (LDR) by country	2018	2019	2020
BA	50.99	10.33	75.74
HR	65.21	8.07	10.11
DE	0.00	0.00	0
MK	26.88	0.00	0
RU	0.00	0.00	0
RS	61.29	37.34	41.54
SI	18.70	33.27	0

Lost days are scheduled work days. The lost days count begins on the same day of the accident.

Absentee rate (AR) by country	2018	2019	2020
BA	0.24	0.05	0.30
HR	0.25	0.03	0.04
DE	0.00	0.00	0.00
MK	0.10	0.00	0.00
RU	0.00	0.00	0.00
RS	0.16	0.15	0.13
SI	0.08	0.13	0.00

The aggregate workplace monitoring report for Injury Rate (IR), Lost Day Rate (LDR) and Absentee Rate (AR) is prepared on the base of the GRI methodology:

LDR formula = total # of lost days / total hours worked * 200,000 the factor 200,000 is derived from 50 working weeks per 40 hours per 100 employees.

IR formula = total # of injuries / total hours worked * 200,000 the factor 200,000 is derived from 50 working weeks per 40 hours per 100 employees.

AR formula shows percentage of = total # of missed (absentee) days over the period /total # of workforce days worked for same period * 100

In the 2020, all process's goals on KPIs were achieved. There were 0 injuries with fatal outcome or significant consequences for the health of injured workers, 0 injuries or incidents of external contractors and / or services. The number of injuries in the work process was reduced, and we didn't have any fire accidents.

According to our action plan for 2021, we will continue re-education in production / distribution with emphasis on the importance of safe work in accordance with the procedures. We expect, that the improved level of employees' education and awareness of will contribute to the improved process performance.

GRI 404:
TRAINING AND EDUCATION

Remote working accelerated the further digitalisation of trainings organised by the company, so last year they were all held online, and employees who in their regular work do not use a computer (production and distribution) were able to participate via tablets installed in their work locations. Over 2,000 Atlantic employees participated in this form of learning. Also some obligatory education courses, for example the Good hygiene practices course, were prepared in the form of e-learning courses, this way we ensured better control on the execution and avoided gathering the staff in small classrooms.

All of hiring managers are trained in the do's and don'ts while performing interviewing and in the semi-structured competency based interviews they are advised on the questions they are allowed to ask and the questions they should clearly avoid in order to prevent any type of discrimination based on any criteria. For seasoned managers that were educated in the past, a comprehensive handbook is available on Intranet that covers the topics "Questions to ask", "How to behave" etc. HR Business Partner support is provided for all managers for every new selection process.

Disclosure 404-1
Average hours of training per year per employee

Employees by organizational level	Average hours of training per year per employee		
	2018	2019	2020
Senior Management	85	90	41
Middle Management	57	70	37
Other (First line managers, Professional and Para-professional career stream)	10	12	11
Total	11	13	12
Employees by gender	2018	2019	2020
FEMALE	13	14	13
MALE	9	11	11
Total Training hours	53735	67351	61350

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

Annual employee analysis of employee structure based on diversity criteria is conducted and we perform our annual personnel planning in accordance to the ratios we define as targets for a given year. The KPIs and targets are stored in our HRIS (HRnet) and on our Recruitment Portal (SAP SuccessFactors), as well as in the excel spreadsheets reporting system.

Our P&C Business Partners report on different P&C KPIs as a part of their periodic reporting schedule and channels towards their businesses. SAP and HRnet are also integrated with our Management reporting tool (Power BI) and a subset of P&C KPIs are tracked and assessed by the Board.

Disclosure 405-1
Diversity of governance bodies and employees

Employee category by level	No. of employee	%	M	F	M%	F%	Age group			Age group%		
							< 30	30-50	>50	< 30	30-50	>50
Board	6	0.1	5	1	83.3	16.7	0	2	4	0.0	33.3	66.7
SMC wo Board	18	0.4	12	6	66.7	33.3	0	11	7	0.0	61.1	38.9
Manage Others	593	11.4	275	318	46.4	53.6	21	407	165	3.5	68.6	27.8
Para-Professional	3,639	70.1	1,899	1,740	52.2	47.8	689	2,113	837	18.9	58.1	23.0
Professional	934	18.0	343	591	36.7	63.3	140	609	185	15.0	65.2	19.8
Total	5,190	100	2,534	2,656	48.8	51.1	850	3,142	1,198	16.4	60.5	23.1

Disclosure 405-1
Diversity of governance bodies and employees

Employee category by level	Ratio of the basic salary of women to men by Market (%)										TOTAL
	AT	BA	DE	HR	ME	MK	RS	RU	PL	SI	
Board	n/a	n/a	n/a	84.6	n/a	n/a	n/a	n/a	n/a	n/a	90.9
SMC wo Board	n/a	n/a	n/a	87.1	n/a	n/a	n/a	n/a	n/a	n/a	77.2
Manage Others	143.9	115.9	n/a	79.8	n/a	111.5	82.5	74.4	n/a	114.2	94.9
Para-Professional	125.0	114.9	n/a	109.4	n/a	96.0	94.7	n/a	n/a	103.1	106.6
Professional	56.4	110.3	n/a	97.1	55.7	102.2	97.2	99.2	n/a	94.1	98.9
Total	91.6	130.0	n/a	95.4	55.7	106.5	92.9	59.8	n/a	109.1	105.4

GRI 416: CUSTOMER HEALTH SAFETY

AG's product safety management system is comprehensive and includes all hazards and all hazard aspects, as food safety, food defence, food fraud, traceability. All production sites are certified based on FSSC22000, IFS or Codex HACCP standards, depending on customer demands and priority target markets.

The results prove that the system is efficient in all strategic business programs, the risk of product non-compliance on the markets is reduced to the lowest possible level. The most important novelties that were introduced during 2020 in all our production facilities are as follows:

- ~ the entire system has been upgraded to the requirements of FSSC 22000 v.5 and IFS Food v.6.1.
- ~ implementation of additional preventive measures and education to ensure safe working conditions in epidemic situation,
- ~ developing digital forms of education (e-learning) to train employees working in contact with food

The managing of suppliers of service providers that can have an impact on food safety has been redefined, with the aim of achieving better cooperation with suppliers of services.

Many other improvements that are constantly introduced in line with suggestions of our food safety experts show their efficiency through excellent results of all key performance indicators.

Disclosure 416-2

Incidents of non-compliance concerning the health and safety impacts of products and services

	2018	2019	2020
Incidents of non-compliance resulting in a fine	0	0	0
Incidents of non-compliance resulting in a warning	0	0	0
Incidents of non-compliance with voluntary codes	0	0	0

GRI 417: MARKETING AND LABELING

For all products, we include in the labels signs for the safe disposal and proper recycling practice for packaging. All product categories with the energy value have nutrition and calorie facts label, with accurate and honest information - data are analytically assessed for compliance on the annual basis. We include additional information about micronutrients, such as minerals in bottled waters and vitamins in vitamin rich products - also these data are regularly analytically assessed for compliance. All health claims on labels (e.g. functional water Donat Mg) are clinically proven. For, all products, we include in the safety risk assessments the likelihood of incorrect or unintended use of products and, based on the findings, we include in the labels additional safety warnings to consumers for safe consumption. We constantly strive to improve recipes towards the better nutrition value of the products and to design new products for healthy diet, each brand/food category sets its own sustainable goals. Additionally, we constantly strive to minimize the negative environmental and social impacts of the products, and we include on the labels accurate and traceable information for products, when the potential negative impacts are minimized using the well established practices (e.g. ecologic agriculture, rainforest protection, responsible fishery...). Last but not least, we respect the special requirements for the nutrition of certain ethic and religious communities and enable the consumer to identify and choose product for a proper diet, e.g. Vegan, Halal, Kosher.

Annex

Annex 1: Relevant ESG matters for reporting on sustainability impacts, according to Sustainable Finance Disclosure Regulation (SFDR), based on the draft Regulatory Technical Standard (RTS) published on February 2nd, 2021

Sustainability impact (SFDR)	Content	GRI cross-reference	
Climate and other environmental indicators			
Greenhouse Gas Emissions	GHG emission	Scope 1 GHG emissions	GRI 305
		Scope 2 GHG emissions	GRI 305
		Scope 3 GHG emissions (mandatory starting from January 1st, 2023)	GRI 305
		Total GHG emissions	GRI 305
	2. Carbon Footprint	Carbon Footprint	GRI 305
	3. GHG intensity of investee companies	GHG intensity	GRI 305
Greenhouse Gas Emissions	4. Exposure to companies active in the fossil fuel sector	General disclosures and management approach	GRI 102, GRI 201, GRI 300
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and production, compared to renewable sources, expressed in %	GRI 301, GRI 302
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR income, per high impact climate sector	GRI 302
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Operations located in or near biodiversity vulnerable areas, with negative impact on those areas	GRI 304
Water	8. Emissions to water	Emissions to water generated, expressed in tons per million EUR investment, pondered average	GRI 303
Waste	9. Hazardous waste ratio	Hazardous waste ratio generated, expressed in tons per million EUR investment, pondered average	GRI 306

Sustainability impact (SFDR)	Content	GRI cross-reference	
Social and employee matters, including human rights and anti-corruption			
Social and employee matters	10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Was the reporter involved in Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises ?	GRI 419
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Internal processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises?	GRI 103, GRI 419
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap	GRI 102, GRI 202, GRI 405
	13. Board gender diversity	Average ratio of women and men in Boards	GRI 102, GRI 202, GRI 405
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	General disclosures and management approach	GRI 102, GRI 412

