



MEMBER OF NELT GROUP

SUSTAINABILITY REPORT



2024/2025





Sustainability Report

Baby Food Factory LTD
Fabrika dečje hrane doo
Maršala Tita 206, Dobanovci, Belgrade

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MEMBER OF NELT GROUP

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COMMITTED TO SUSTAINABLE GROWTH

Operating in a modern environment requires a clear understanding of the responsibility that companies have towards society, the environment, and future generations. Guided by the purpose of creating innovative, healthy, and high-quality food for all generations, we develop our business in a way that connects economic growth, social responsibility, and responsible resource management.

During the reporting period 2024/2025, we continued to strengthen the foundations of sustainable business, integrating ESG principles into strategic decision-making and daily operational processes. Special focus was placed on improving product safety and quality, optimizing production processes, responsible supply chain management, and further development of our employees, who represent the key pillar of the company's long-term success.

We operated in an environment marked by significant global and regional challenges, including regulatory changes in the areas of food safety, packaging, and sustainability, instabilities in supply chains, and growing consumer expectations regarding transparency and responsible business. These trends further confirmed the importance of a strategic approach to sustainability as an integral part of risk management, innovation, and long-term business resilience.

In the past period, we made significant progress in improving production processes, developing products with improved nutritional profiles, and strengthening partnerships with suppliers who share our values. At the same time, we are aware that further quantification of environmental impacts, setting measurable ESG goals, and improving performance monitoring systems represent areas that require additional strengthening and systematic development.

As we move forward, our focus will be on further strengthening our sustainability framework, enhancing data collection and analysis systems, and integrating clear performance indicators into all relevant business processes. Our goal is to make sustainability an integral part of the way we make decisions, develop products, and build relationships with all stakeholders.

This report represents an important step toward strengthening the transparency and responsibility of our business. We remain committed to continuous improvement, open dialogue, and cooperation with consumers, employees, business partners, and the community. We believe that only through joint action can we contribute to a healthier society and the preservation of the planet we share.

Marina Bulut
CEO





COMPANY
PROFILE

Baby Food Factory (BFF) is a modern production system specialized in the manufacturing of healthy food for infants, toddlers and adults. The company operates from a modern production complex built as a greenfield investment in 2018, located along the regional road P-267 between Dobanovci and Surčin in Belgrade. The total area of the production and auxiliary facilities is approximately 13,000 m².

Since its establishment, BFF has based its operations on the application of modern and efficient technologies, high standards of quality and food safety, and continuous development and innovation of products tailored to the needs of different generations. Although the company started its business as a manufacturer of infant and toddler food, over time it expanded its portfolio and today develops and markets products intended for a wide range of consumers.

The factory has a production capacity of over 20,000 tons annually, enabling a stable supply to both local and international markets, as well as continued growth aligned with consumer and partner needs. A strong focus is placed on consistent quality, process efficiency, and compliance with the highest domestic and international standards.

Thanks to developed distribution channels and strong partnerships, BFF products are present in more than 30 markets worldwide. International expansion is supported through compliance with regulatory requirements and adaptation to local market specifics.

BFF is part of Nelt Group, one of the leading business systems in Southeast Europe, employing more than 5,500 people across 14 companies operating in 12 markets throughout Europe and Africa. The Group's operations are built on the distribution of products from renowned domestic and international brands, the provision of integrated supply chain services, and the development and manufacturing of its own brands.



BFF IN NUMBERS

13,600 m²
factory and auxiliary facilities

3
brands

175
employees

5
production
lines

33+
million
finished product units annually

€27.2
million
net revenue

Presence in

30+
markets

~€11
million

additional investments in technology, digitalization,
and capacity expansion (2024/2025)

Cooperation with

35+
retail chains

**NUTRINO BRAND IS NUMBER 1
IN SERBIA**

by market share in the children's food
category in 2024/2025*

NUTRINO LAB IS NUMBER 1 IN SERBIA
by market share in the fruit puree for
adults category in 2025**

*(source: Nielsen); **(source: Retail Zoom)



OUR PURPOSE

To pioneer innovative healthy food of great taste for all generations.

OUR VISION

To shape the future of healthy food around the world.

OUR VALUES

Values are what support the fulfillment of the vision and shape the corporate culture. They are the essence of the company's identity. Values define how things are done, how employees treat each other, as well as customers, partners, and the company itself.

In our work, we rely on a winning mentality, care for people and their development, innovation, personal responsibility, and a long-term perspective.



WINNING MENTALITY

We set ambitious goals and achieve results.



CARE AND DEVELOPMENT

We create a productive environment that encourages personal and team growth, promotes the organization's values and supports diversity.



INNOVATION

We react quickly to new opportunities and challenges, we are open to changes in order to preserve our competitive advantage in the market.



PERSONAL RESPONSIBILITY

We treat our company with a full sense of ownership, take responsibility for our own actions and learn from mistakes.



LONG-TERM PERSPECTIVE

We make decisions that achieve a balance between short-term and long-term goals, with clear and transparent communication, taking into account the long-term consequences, sustainability and growth of our organization.

OUR FACTORY

BFF operates from one of the most technologically advanced factories in the region, equipped with modern machinery for the production of food intended for all generations. Care for proper and healthy nutrition represents the central part of our business philosophy and a key priority in our daily work.

The production process takes place in strictly controlled conditions, with a high degree of automation and continuity, ensuring consistent product quality and safety. Production facilities, laboratories, and logistic areas are designed and arranged in accordance with **clean room** standards, such as those applied in the pharmaceutical industry, enabling the highest level of hygiene, control, and traceability in all stages of production.

All products are developed based on expert and carefully formulated recipes, using only carefully selected, tested, and certified raw materials. Throughout the entire production process – from raw material reception, through processing and filling, to final analyses – detailed and multi-level quality and safety controls are carried out.

The internal laboratories are equipped to daily conduct necessary tests of over **400 quality and safety parameters** of raw materials, packaging, process samples, and finished products. This system enables quick response, reliable control, and continuous quality improvement.

Product development and innovation represent an important part of the factory's work. A multidisciplinary team of experts continuously works on improving the existing portfolio and developing new products, relying on scientific knowledge, consumer feedback, and market research, with the aim of offering safe, nutritionally valuable, and functional products. By combining market trend monitoring with its own research and development, the company not only adapts to changes but also shapes them, creating new product categories that direct consumer habits in the food industry.

Key features of the factory

- Designed production capacity: 20,000 tons per year
- Modern and highly-automated technological equipment
- Strictly controlled and traceable production process
- Production areas, development center, and logistics corridors designed in accordance with “clean room” standards
- Application of environmentally responsible production principles
- Innovative and functional packaging solutions
- Use of carefully selected and certified raw materials





INNOVATIONS AND PRODUCT DEVELOPMENT

Innovations represent a systematic and planned process of improving products and production processes. The development of new and improvement of existing recipes is based on the application of current industry standards, modern technologies, and continuous monitoring of regulatory, market, and scientific trends in the field of nutrition.

Product development is particularly focused on understanding the nutritional needs of consumers, including sensitive categories such as infants and young children. This approach enables the development of products that meet high requirements in terms of safety, nutritional value, and quality, with consistent compliance with relevant regulations.

Research and development (R&D) is organized through a multidisciplinary team consisting of technologists, nutritionists, doctors, microbiologists, and engineers. Bearing in mind the importance of proper nutrition of the youngest for their proper growth and development, we have also formed an external advisory board composed of doctors of various specialties. The team continuously works on improving recipes and developing new products, relying on scientifically based approaches and market research results. Our special focus is directed towards the healthy and functional food segment and the optimization of nutritional profiles.

The R&D center's activities are focused on product safety, quality stability, and

adapting the portfolio to market needs. The innovation process is supported by modern production infrastructure. The company has 5 production lines with a high degree of automation, capable of producing 5 product categories in different formats.

As an integral part of the development and quality control system, the company has modern laboratories for physico-chemical and microbiological testing. The internal laboratories enable daily analysis of raw materials, packaging, process samples, and finished products, while additional and specific tests are carried out in external, accredited laboratories.

The production areas, laboratories, and logistics corridors are designed and arranged in accordance with clean room panel standards, ensuring an exceptional level of hygiene and controlled environment, comparable to practices in the pharmaceutical industry. These conditions represent an important basis for the stable implementation of innovations and the preservation of product safety.

Throughout all stages of production – from procurement and receipt of raw materials, through production and filling processes, to final controls – detailed process controls are carried out. This approach ensures consistent product quality and safety, as well as controlled implementation of innovations into production processes.

BFF PORTFOLIO FOR ALL GENERATIONS

Nutrition is much more than a daily necessity. It plays a key role in development, health, and quality of life. That is precisely why the BFF portfolio is designed to follow consumer needs through different life stages, from early childhood to adulthood.

Our portfolio combines high nutritional quality products, developed in accordance with strict food safety standards and regulatory requirements, with a special focus on sensitive consumer categories. Our product range is designed for different age groups, and we have also developed specialized product lines that meet consumers' functional and health-related needs (vegan and gluten-free products), as well as their religious dietary requirements (halal and kosher products). All products undergo rigorous quality and safety controls, ensuring consistency, reliability, and consumer trust.

Nutrino

The **Nutrino brand** provides a complete portfolio of products for infants and young children up to three years of age, developed in accordance with strict regulatory requirements for this category.

The portfolio includes:

- Fruit, vegetable, and cereal purees in pouch packaging
- Dry cereal porridges
- Dairy drinks
- Fruit, vegetable, meat, and milk purees in jars
- Juices and soft drinks

Nutrino products enable parents to provide their little ones with minimally processed food that provenly meets high safety and quality standards for infants and young children.



BFF
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Nutrino
organic

Nutrino Organic represents a special line of the Nutrino brand, developed respecting the principles of sustainable procurement and processing. The Nutrino Organic portfolio is made from approved organic raw materials, and each product is certified by an external body. This line combines care for the health of the youngest population with attention to the environment, enabling parents to simultaneously choose quality and support more responsible consumption patterns.

Bebi.
PREMIUM

Bebi Premium is a baby food brand intended for children up to three years of age. The brand is primarily present in the markets of the Commonwealth of Independent States (CIS). The product portfolio includes products developed in cooperation with pediatricians, applying high standards of quality, food safety, and regulatory compliance.



FUNCTIONAL NUTRITION

Nutrino Lab

The Nutrino Lab range includes products for both adults and children, developed as functional and nutritionally valuable snacks. The portfolio includes purees made from 100% fruit, vegetables, and oats, with no added sugar. The products are developed with carefully selected ingredients and packed in practical pouch packaging that helps preserve the freshness, aroma, and nutritional values of the ingredients, while at the same time enabling easy use and consumption “on the go”.

Nutrino Lab Energy

Nutrino Lab Energy is a dedicated sub-range within the Nutrino Lab portfolio, developed to support an active lifestyle. The range consists of fruit-based snacks enriched with natural sources of caffeine, tailored to consumers with increased energy needs.

Nutrino Lab Junior

Nutrino Lab Junior is a special line of the Nutrino Lab portfolio, intended for children over three years of age. The assortment includes children’s snacks in eight fruit flavors, without preservatives and added sugar, whereby the products contain only naturally occurring sugars.



NUTRINO LAB



X NO ADDED SUGAR*



*Contains naturally occurring sugars



PORTFOLIO INNOVATIONS

During 2024 and 2025, we continued to develop products that respond to modern consumer needs, with a focus on health, scientifically based nutrition, and responsibility towards children and adults. In line with ESG principles, portfolio development in the reporting period was directed in three directions: nutritionally optimized products, improvement of packaging solutions in accordance with sustainability principles, and process efficiency in production.

Within the Nutrino brand, the **Nutrino Sleep Well** line was developed, designed as an evening meal for infants and toddlers. A combination of carefully selected ingredients - apple, banana, oats, and milk - was launched in practical pouch packaging. Additionally, the Sleep Well cereal

in doypack packaging, based on corn porridge, is enriched with a prebiotic, 13 vitamins, and 4 minerals, providing a balanced meal adapted to the most sensitive age group. The range of dry cereal porridges for the youngest has been enriched with two new milk porridges – rice porridge with no added sugar and porridge with buckwheat and prunes.

In the active lifestyle segment, the portfolio was expanded with the **Nutrino Lab Energy Boost** line with three new SKUs, developed under the idea “Choose a natural source of energy”. The new products are fruit snacks with the addition of matcha, black tea, or guarana, adapted to the dynamic rhythm of the modern consumer, while maintaining quality standards.



Nutrino
sleep well

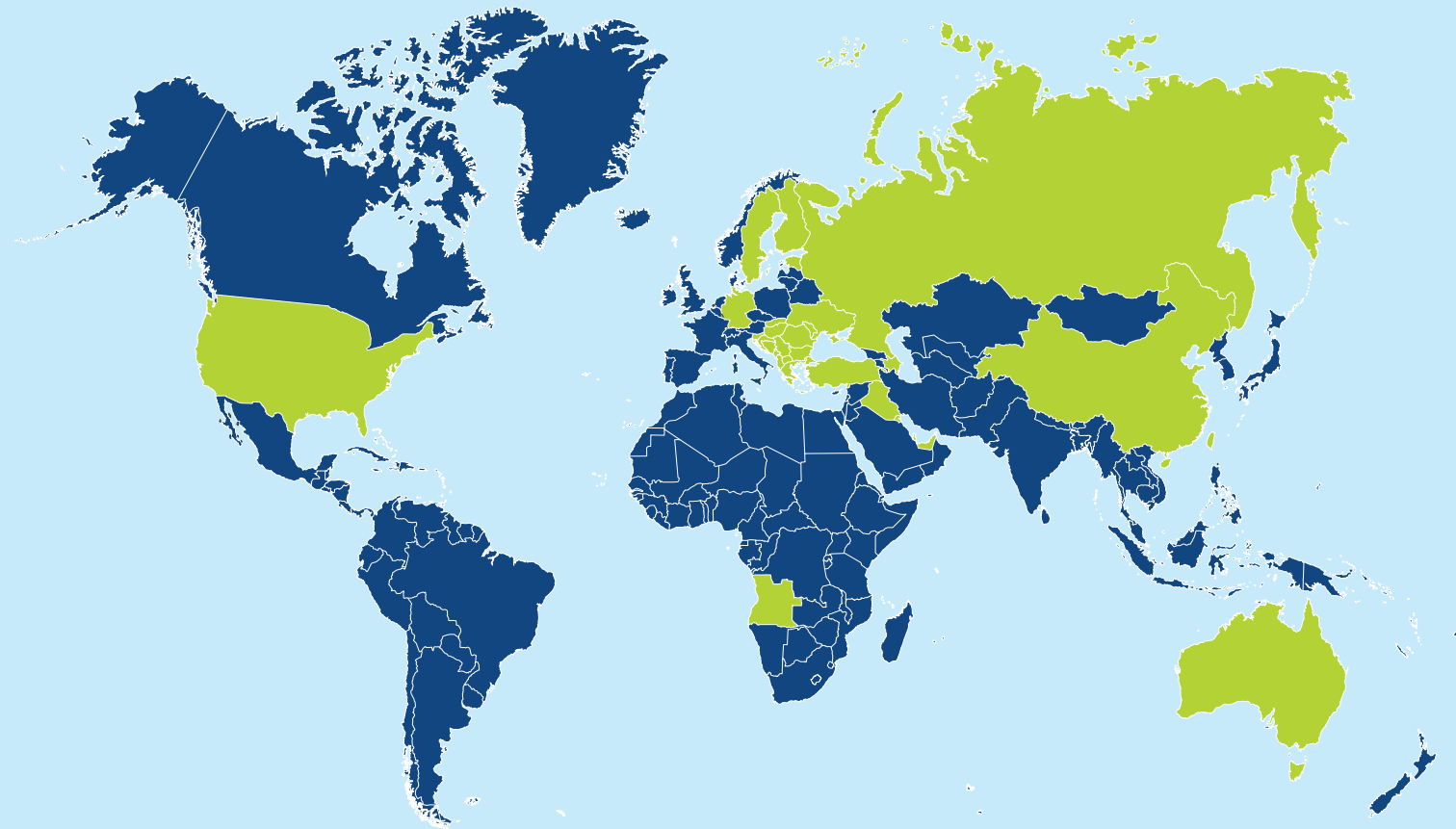


MARKET PRESENCE AND DIRECTIONS FOR FURTHER DEVELOPMENT

Thanks to continuous development and business expansion, BFF is now present in more than 30 markets worldwide. A strong position in the Western Balkans and Russia serves as a solid foundation for further sustainable growth and international expansion.

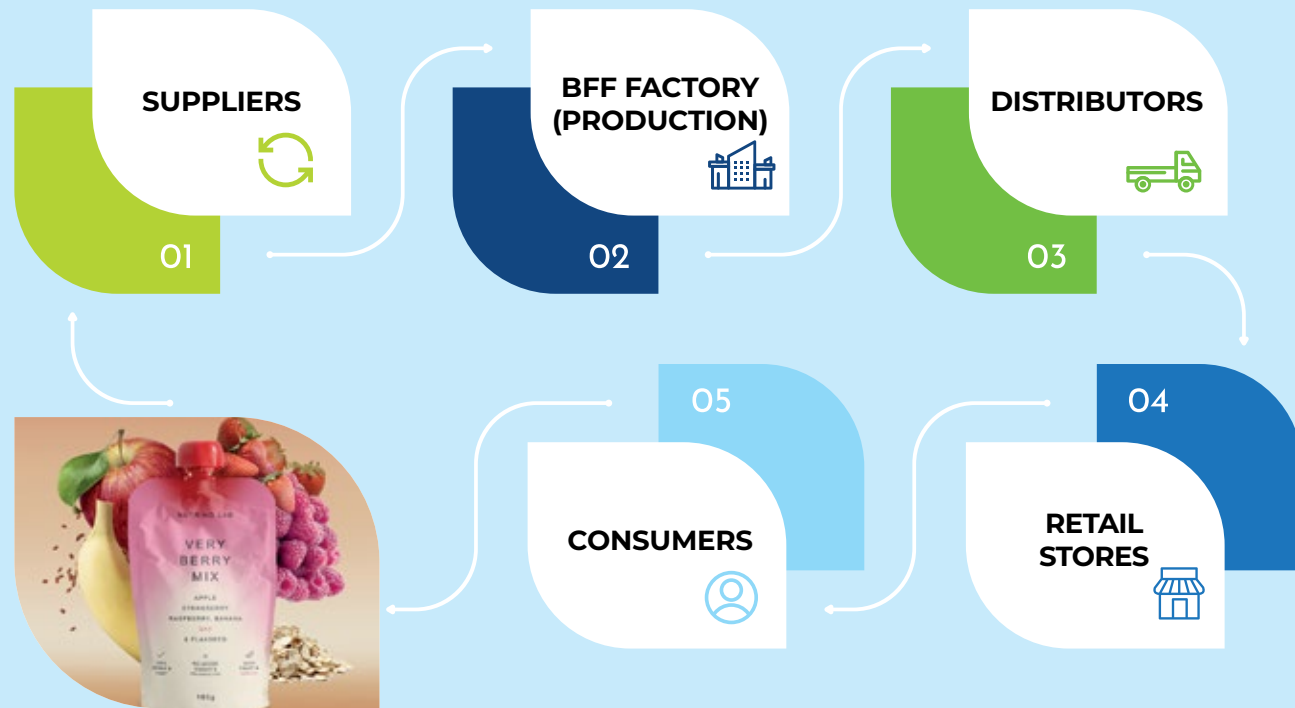
● Our markets

Australia, Albania, Azerbaijan, Angola, Belgium, Bosnia and Herzegovina, Bulgaria, Montenegro, Estonia, Finland, Greece, Croatia, Qatar, China, Iraq, Hungary, Moldova, Germany, Romania, Russia, Slovakia, North Macedonia, Slovenia, Serbia, United States of America, Sweden, Tajikistan, Ukraine, United Arab Emirates.



VALUE CHAIN AND RESPONSIBLE SOURCING PRACTICES

As a company engaged in the production and wholesale of food products and beverages, BFF maintains direct and indirect relationships with numerous partners across both upstream and downstream value chains. Effective value chain management is a key element of overall business strategy, as it directly impacts product quality, food safety, operational resilience, and the achievement of sustainable development goals.



Suppliers

The supply chain is essential for stable and sustainable operations. Procurement activities include both direct sourcing of raw materials and indirect procurement of goods and services that support business processes.

Supplier management is based on careful selection and long-term partnerships, with clearly defined expectations regarding price, deadlines, quality, and compliance with relevant standards and regulations. This ensures continuity of supply and continuous quality improvement.

BFF integrates ESG criteria (environmental, social, and governance) into supplier selection and evaluation processes through structured questionnaires. Contracts with key suppliers include obligations related to sustainability principles, strengthening accountability across the supply chain.

Risk management includes supplier verification, documentation and sample analysis, regular re-evaluations, and audits, along with the implementation of corrective measures when necessary. Supplier diversification is also applied to reduce risk and increase flexibility.

Through partnerships, ESG evaluation, and sustainable procurement practices, BFF continuously improves its supply chain as part of its overall business strategy. The goal is to further develop a transparent and responsible procurement system that supports long-term sustainability objectives.

Whenever possible, priority is given to domestic suppliers, particularly small and medium-sized enterprises, thereby contributing to the development of the local economy.

In the coming period, the company aims to establish a comprehensive sustainable procurement framework in order to further strengthen transparency and accountability across the entire value chain.

SUPPLIER STRUCTURE*

	2024		2025	
	NUMBER	SHARE	NUMBER	SHARE
Domestic suppliers	329	81%	442	87%
Foreign suppliers	76	19%	48	13%

*The presented supplier structure does not include suppliers of production equipment related to the CAPEX project, as this represents a one-time procurement of specialized equipment that is not available on the domestic market.



Distributors

Product distribution is organized through Nelt Group distributors in markets where the Group operates, as well as through international trade and local distribution partners in other regions. This model leverages existing infrastructure, local market expertise, and developed logistics capabilities, ensuring efficient and reliable product placement.

Cooperation with distributors is based on long-term partnerships, clearly defined roles, and compliance with contractual and regulatory requirements. Special attention is given to maintaining product quality and safety throughout storage, transportation, and delivery, ensuring product integrity up to the final point of sale.

The go-to-market approach is based on understanding the specificities of local markets, consumer habits, and regulatory frameworks, which enables the adaptation of the portfolio and market activities to the needs of business partners and end consumers, while consistently respecting responsible business standards.

Customers – Retail Stores

Partnerships with more than 35 international retail chains confirm the quality, innovation, and competitiveness of BFF brands in the global market. Through cooperation with leading retail systems, BFF products are available across more than 30 markets via various sales channels, including traditional and modern retail, pharmaceutical channels, and alternative points of sale such as gas stations and air-travel.

This developed distribution network ensures wide market coverage, consistent application of high standards, and efficient product launches. Special attention is given to proper labeling, declarations, and responsible consumer information at the point of sale. In this way, BFF from Serbia successfully builds its international presence and actively contributes to shaping the future of healthy food.

Through a diverse range of sales channels, product availability is ensured for different consumer groups, while fully respecting local market specifics and consumer expectations.



Responsibility towards consumers

Consumers are the key driver of company's growth and development. The company focuses on delivering high-quality products that meet modern expectations regarding safety, nutritional value, and reliability.

Through continuous portfolio improvement, innovation, and product diversification, we strive to meet existing consumer demands while also anticipating changes in their habits and expectations. Special emphasis is placed on functional products, responsible nutrition, and sustainable business practices.

The company places special emphasis on transparent and responsible communication with consumers, respecting their rights, and ensuring product availability through various sales channels. We continuously monitor market feedback and enhance the customer experience, with the goal of building long-term trust and stable relationships with consumers and the wider community.



MEMBERSHIPS IN ASSOCIATIONS AND INITIATIVES

Through memberships in relevant national and international organizations, BFF further strengthens its efforts in the areas of sustainability, ethical business practices, and improving the business environment. By participating in these initiatives, we actively contribute to knowledge exchange, the advancement of standards, and the application of good practices, while simultaneously strengthening our own capacities for managing ESG topics.

UN Global Compact

BFF is a member of the UN Global Compact, the world's largest initiative for sustainable and responsible business, based on the ten United Nations principles in the areas of human rights, labor standards, environmental protection, and the fight against corruption. By joining this initiative in 2023, the company committed to aligning its operations with these principles and to continuously improving its contribution to achieving the Sustainable Development Goals (SDGs).

As a member of the UN Global Compact, BFF regularly submits a Communication on Progress (COP) and reaffirms its commitment to the principles of the UN Global Compact by presenting activities aimed at integrating them into the business strategy, organizational culture, and value chain management.

As part of the UN Global Compact activities, during 2025, two BFF employees successfully completed the **SDG Ambition Accelerator** program, thereby further strengthening the company's internal capacity for the strategic integration of the Sustainable Development Goals into business processes.

NALED – National Alliance for Local Economic Development

BFF is a member of NALED, an independent business association that brings together the economy, local governments, and the civil sector with the aim of improving the business environment, regulatory reforms, and sustainable development in Serbia. NALED actively promotes the application of ESG principles through projects and initiatives that contribute to strengthening sustainable business practices and preparing domestic companies for alignment with European Union standards.

Chamber of Commerce and Industry of Serbia

As a member of the Serbian Chamber of Commerce, BFF actively participates in initiatives aimed at improving the business environment and promoting responsible and sustainable business practices. The Chamber supports its members in implementing ESG principles through training, guidelines, standards, and initiatives that encourage good corporate governance, social responsibility, and environmental protection.





AWARDS AND RECOGNITIONS

BFF has been awarded the **Silver Medal** by **EcoVadis**, one of the leading global sustainability rating providers. EcoVadis evaluates companies in the areas of environmental protection, labor and human rights, ethics, and sustainable procurement, covering more than 125,000 organizations worldwide.

In the first sustainability assessment through the EcoVadis platform, BFF achieved a score of 70 points, placing the company among the top 15% of the most successful companies globally in the observed period of the previous 12 months.

This recognition confirms that the company has established systems and practices in line with high international standards of sustainability and responsible business conduct. The EcoVadis assessment result serves as a strong incentive for further improvement of ESG performance and the setting of more ambitious goals in the coming period.

**TOP 15%
OF COMPANIES
GLOBALLY**

SILVER | Top 15%
ecovadis
Sustainability Rating
JUL 2025

COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) represent a global framework for addressing key social, economic, and environmental challenges. BFF recognizes the importance of these goals and integrates them into its business activities, sustainability strategy, and value chain management, in accordance with the nature of its operations and the real scope of its impact.

The Sustainable Development Goals (SDGs) to which BFF contributes through its business practices are presented below.



Goal 1 – No Poverty

BFF contributes to poverty reduction through job creation, support for the local community, and collaboration with domestic suppliers, thereby encouraging economic activity and social inclusion.



Goal 2 – Zero Hunger

By producing nutritionally valuable food for all age groups, BFF contributes to ensuring access to quality nutrition. Additionally, the company supports the community through donations of food products to vulnerable groups.



Goal 3 – Good Health and Well-being

Through the development of safe, high-quality, and nutritionally optimized products, BFF contributes to improving the health and well-being of children and adults, promoting healthier lifestyle habits.



Goal 4 – Quality Education

The company invests in the continuous education and development of employees through training, knowledge enhancement programs, and professional development, thereby strengthening internal capacities and long-term business sustainability.



Goal 5 – Gender Equality

BFF fosters an inclusive work environment and ensures equal opportunities for women and men in employment, career development, and access to leadership positions.



Goal 6 – Clean Water and Sanitation

The company is committed to the responsible use of water in production processes, implementing systems for water resource conservation, regular monitoring, and laboratory testing of wastewater, with the aim of protecting local natural receptors.



Goal 7 – Affordable and Clean Energy

BFF continuously works on improving energy efficiency and increasing the share of renewable energy sources in its energy mix, contributing to the reduction of its environmental impact.



Goal 8 – Decent Work and Economic Growth

Through improving working conditions, competitive wages, additional benefits, training programs, and opportunities for professional development, BFF creates a motivating and safe work environment that contributes to economic growth.



Goal 9 – Industry, Innovation and Infrastructure

Through investments in modern technologies, innovative processes, and projects such as solar power plants, BFF improves production efficiency and supports sustainable industrial development.



Goal 10 – Reduced Inequalities

Through its internal policies and practices, the company ensures equal opportunities for all employees, with a non-discriminatory approach to recruitment, development, and remuneration.



Goal 11 – Sustainable Cities and Communities

BFF contributes to the development of local communities through responsible business operations, support for social initiatives, and the promotion of sustainable and environmentally responsible practices.



Goal 12 – Responsible Consumption and Production

The company continuously works on optimizing production processes, efficient resource use, waste reduction, and improving the sustainability of the value chain.



Goal 13 – Climate Action

BFF actively works to reduce greenhouse gas emissions through energy efficiency, investments in renewable energy sources, digitalization, and the application of green technologies.



Goal 14 – Life Below Water

Through responsible water resource management and wastewater control, the company contributes to the protection of aquatic ecosystems and the preservation of biodiversity.



Goal 15 – Life on Land

BFF contributes to the protection of terrestrial ecosystems through reforestation and nature conservation initiatives, with the goal of establishing a balance between business activities and the environment.



Goal 16 – Peace, Justice and Strong Institutions

Through transparent operations, respect for the law, ethical standards, and good corporate practice, BFF contributes to building trust and strengthening the institutional framework.



Goal 17 – Partnerships for the Goals

Through collaboration with employees, suppliers, customers, institutions, and other stakeholders, BFF strengthens partnerships that enable the exchange of knowledge, resources, and joint work on sustainable solutions.

**CORPORATE GOVERNANCE
AND BUSINESS ETHICS**



CORPORATE GOVERNANCE – MODEL AND RESPONSIBILITIES

BFF operates as a limited liability company with an established **one-tier management** system, in accordance with the applicable legal framework. The Company's Assembly represents the highest governing body and has the authority to appoint the Director and make key decisions regarding the company's operations.

Operational management of the company is entrusted to the CEO, who is responsible for implementing the business strategy and plans, as well as making day-to-day management decisions. The Director has no ownership stake in the company nor any other functions that could lead to a conflict of interest, and is appointed based on professional qualifications, experience, and competencies.

This governance model ensures a clear division of responsibilities, transparency in decision-making, and efficient business management.

Management and Decision-Making Structure

The CEO leads the management team and key business functions, with the support of department heads. Department heads who report directly to the CEO form **the Senior Leadership Team (SLT)**, which plays a significant role in strategic planning, performance monitoring, and risk management.

The management team participates in making decisions related to the creation, monitoring, and implementation of annual business plans.

BFF operates as part of the Nelt Group, with the owner, Nelt Co. d.o.o., providing strategic support, logistical infrastructure,

and a developed distribution network in key markets. This relationship enables BFF to leverage synergy within the group, while retaining operational responsibility and clearly defined management lines.

Within the Nelt Group, oversight has been established over the operations of manufacturing companies, including BFF, thereby ensuring alignment with group strategies, corporate governance standards, and sustainable business principles.

Sustainability Governance

Sustainability management is integrated into the corporate governance system. The management team, led by the CEO, is responsible for defining and implementing strategies, policies, and goals in the areas of economic, environmental, and social aspects of business.

BFF's sustainable business strategy is aligned with the Nelt Group's strategic framework "**Ascend 2030**" and has been approved by the relevant bodies within the group.

Operational management of ESG topics is delegated to the **ESG Committee**, which functions as a cross-sectoral body. The ESG Committee brings together representatives of key functions (legal affairs, HSE, management systems, human resources, quality, procurement, development, marketing, and other relevant areas), depending on the topic and needs. Each member has a clearly defined scope of responsibility.

Decisions regarding sustainability are made through collaboration between various internal functions and, if necessary, with the involvement of external stakeholders, under management supervision and with the support of Nelt Group representatives responsible for corporate sustainability.

MEET OUR TOP MANAGEMENT TEAM



Marina Bulut
CEO



Dragan Šašić
OPERATIONS
DIRECTOR



Olivera Verac
R&D
DIRECTOR



Ivana Stevanović
COMMERCIAL
DIRECTOR



Nikola Šućur
MARKETING
DIRECTOR



Dragana Lečić
FINANCE
DIRECTOR



Ivan Janjić
HR & GENERAL AFFAIRS
MANAGER



Marija Ilić
LEGAL
MANAGER



Emir Hrković
DIRECTOR
OF REPRESENTATIVE
OFFICE

MARKET TRENDS, SUSTAINABILITY AND SUPPLY CHAIN RESILIENCE

In the reporting period, the business environment was characterized by pronounced inflationary pressures, primarily through the rise in costs of raw materials, energy, and labor, which had a direct impact on the cost structure and product pricing. In response to these challenges, the company adjusted its pricing policies and focused on enhancing the value proposition for consumers, while maintaining competitiveness and product affordability.

At the same time, sustainability and the climate agenda are becoming an integral part of the business strategy. The company is integrating environmental impact assessment systems, defining emission reduction targets, and improving transparency regarding environmental performance, in line with growing consumer and stakeholder expectations for more responsible and “greener” products.

Digitalization and technological innovations play a key role in improving operational efficiency, monitoring the supply chain, and reducing waste. By introducing digital tools and technological solutions, business resilience to disruptions is strengthened, while simultaneously contributing to cost optimization and reducing negative environmental impacts.

In the long term, the company is moving towards the development of more resilient and sustainable supply chains, as well as towards innovations that enable a balance between environmental responsibility, cost efficiency, and adaptability to changing demand in an increasingly volatile global environment.

RISK MANAGEMENT AND COMPLIANCE PROCESS

BFF proactively manages risks, opportunities, and business continuity through the preventive analysis of key impacts, including those related to the environment, social aspects, and the economy. In this way, the company strengthens its resilience and ability to adapt to changes and challenges in the business environment.

The risk management process at BFF is coordinated by the legal sector, with the involvement of all company sectors in the risk identification and assessment phases. The results are consolidated and, within the group methodology, go through a calibration phase at the Nelt Group level, before being reported to management bodies.

Within BFF, a process for managing both negative and positive risks (opportunities) has been established, which includes the following steps:

- **Identification** of risks the company faces or may face;
- **Description** of risks and opportunities and specification of potential impacts on operations;
- **Risk assessment** in relation to reputational and financial impact, as well as likelihood of occurrence;



- **Determination of response method** (acceptance, optimization, transfer, or avoidance), along with defining mitigation measures, cost assessment, and implementation deadlines;
- **Monitoring and review** of risks and the effectiveness of measures;
- **Risk management reporting.**

Risk management is conducted as a continuous process, integrated into daily activities, while a structured, formalized cycle of assessing key risks and opportunities is carried out once a year, which includes the following phases:

1. Development of a risk identification questionnaire
2. Completion of the questionnaire by all company departments
3. Review and validation of responses by Nelt Group Executive Directors
4. Analysis of the questionnaire results and preparation of the final report for the governing bodies of Nelt Group

Despite preventive and proactive measures, crisis situations and incidents are possible. BFF has adopted a **Crisis Management Manual**, which defines: the crisis team, the communication channels for initiating the procedure and further steps, as well as examples of typical crisis situations relevant to the company’s activities.

In the 2024/2025 reporting period, there were no recorded crisis situations that resulted in harm to the community or the environment.

IMPACT OF TRENDS, RISKS AND OPPORTUNITIES ON LONG-TERM PERSPECTIVE AND FINANCIAL PERFORMANCE

BFF identifies risks that may affect business stability and financial performance, including:

- Price volatility and availability of raw materials, particularly limited sources of raw materials for baby food production and organic quality products
- Currency risks and inflationary pressures affecting prices, planning, and profit margins
- Market consolidation and changes in the bargaining power of participants
- Regulatory changes, including growing sustainability requirements, which may require additional investments
- Labor market disruptions affecting the availability and retention of skilled labor and labor costs



Key Opportunities

The company recognizes opportunities arising from sustainability trends and changing consumer expectations, including:

- Growing demand for healthy, sustainable, and environmentally responsible products
- Development of innovative and functional products with added value and building “green” brands
- Expansion of operations to new markets and strengthening brands through trust and long-term relationships
- Digitalization and technological solutions for greater operational efficiency and more agile planning



Priorities and Management Mechanisms – How risks and opportunities are addressed

Risks and opportunities are identified, assessed, and managed through mitigation plans monitored via relevant KPIs. Management activities are guided by the company’s five-year business and sustainability strategies, which are translated into annual business plans. Key priorities include:

- Expansion of presence and revenue growth in existing markets and opening new markets
- Development of innovations and building sustainable (“green”) brands
- Investment in process and technology improvements, including digitalization
- Development and retention of skilled labor
- Strengthening supply chain resilience through partnerships and diversification
- Strengthening compliance and readiness for new regulatory requirements, particularly in the areas of food safety and sustainability
- Increasing transparency and accountability regarding sustainable practices and reporting

COMPLIANCE, BUSINESS ETHICS AND WHISTLEBLOWING CHANNELS

Within its operations, BFF pays special attention to compliance with applicable regulations, ethical principles, and internal rules, as the foundations of responsible and sustainable business. This approach enables consistent application of legal requirements, strengthens the integrity of the company, and maintains the trust of all stakeholders.

In this context, BFF continuously ensures compliance with:

- National and international regulations;
- Ethical principles and rules, in accordance with social and company standards;
- Internal company policies, procedures, rulebooks, instructions, and other internal acts;
- International quality standards for which the company is certified;
- Contractual requirements of business partners.

The commitment to compliance and ethical business is formalized through the **BFF Code of Ethics and Code of Conduct**. All employees are introduced to this document upon commencing employment, while appropriate labor law sanctions are prescribed for its violation.

In order to ensure timely alignment with regulatory changes, the company continuously monitors regulatory changes through specialized software – from the draft stage and public hearings to their official publication and entry into legal force.

Monitoring of general legal regulations falls under the responsibility of the legal sector, while sectors responsible for specific areas and processes monitor relevant special regulations. In the case of new regulations or amendments to existing regulations that impact operations, a responsible person is appointed to coordinate the process of alignment and implementation of all provisions affecting BFF’s operations.

Recognizing the importance of compliance and business ethics, the Nelt Group, to which BFF belongs, established the **Legal Compliance & Ethics (LCE) team** in 2019, with the aim of further strengthening regulatory compliance across the entire group.

The LCE team consists of company legal counsel, as well as representatives from other relevant sectors, whose scope of work includes continuous monitoring of regulations and regulatory requirements. The primary purpose of the team is preventive action – through legal protection of the group, reducing the risk of sanctions on any grounds, and ensuring the legal stability necessary for uninterrupted operations.

The LCE team provides legal advice and answers to specific inquiries from all sectors, seeking solutions that simultaneously support the needs of modern business and ensure full compliance with applicable regulations. In addition, the team monitors legislative changes in a systematic and comprehensive manner and periodically informs relevant stakeholders about key developments of significance for the company’s operations.



COMPLIANCE WITH DOMESTIC AND INTERNATIONAL REGULATIONS

BFF continuously monitors and complies with all domestic and international regulations that impact our operations. As an export-oriented company, we successfully ensure compliance with the regulatory requirements of foreign markets in which we operate, in accordance with the information and requests received from our foreign trade partners. This approach simultaneously enables us to anticipate future regulatory changes in the local market in a timely manner, particularly those arising from European Union regulations, with a special focus on the area of sustainability. Within the monitoring and compliance process, regulations are systematically reviewed through ESG areas:

E Environment

- environmental protection and ecosystems (water, air, and soil)
- climate change
- waste management and circular economy

S Social

- labor relations
- protection against harassment and bullying
- occupational health and safety
- diversity and inclusion, including gender equality, prohibition of discrimination, employment and rights of persons with disabilities
- food quality and safety
- food labeling and declaration
- advertising and consumer protection

G Governance

- corporate governance and reporting
- business ethics
- corruption prevention
- whistleblowing
- e-commerce, use of artificial intelligence, and information security
- competition law
- personal data protection



WHISTLEBLOWING AND REPORTING IRREGULARITIES

Upon employment or engagement with BFF, all employees and contracted workers are informed about the whistleblowing procedure and their right to report violations of regulations, human rights abuses, as well as threats to life, safety, and the environment.

In order to regulate the internal whistleblowing procedure, BFF has adopted the **Internal Whistleblowing Procedure Rulebook** and appointed a responsible person for receiving information and conducting the procedure, to whom employees can turn to file a report or obtain support.

In addition to the internal mechanism, employees can report suspicions of fraud, regulatory violations, discrimination, or other behaviors that could lead to significant damage through the external channel Voice, i.e., via the email address voice@nelt.com.

COMPLIANCE TRAINING

Proceeding from the belief that knowledge is a key prerequisite for compliant and responsible business, BFF continuously organizes internal and external compliance training, which is delivered through the MetaCompliance platform, as well as through live or online training sessions.

Internal compliance training conducted at BFF during 2024 and 2025 covered the following topics:

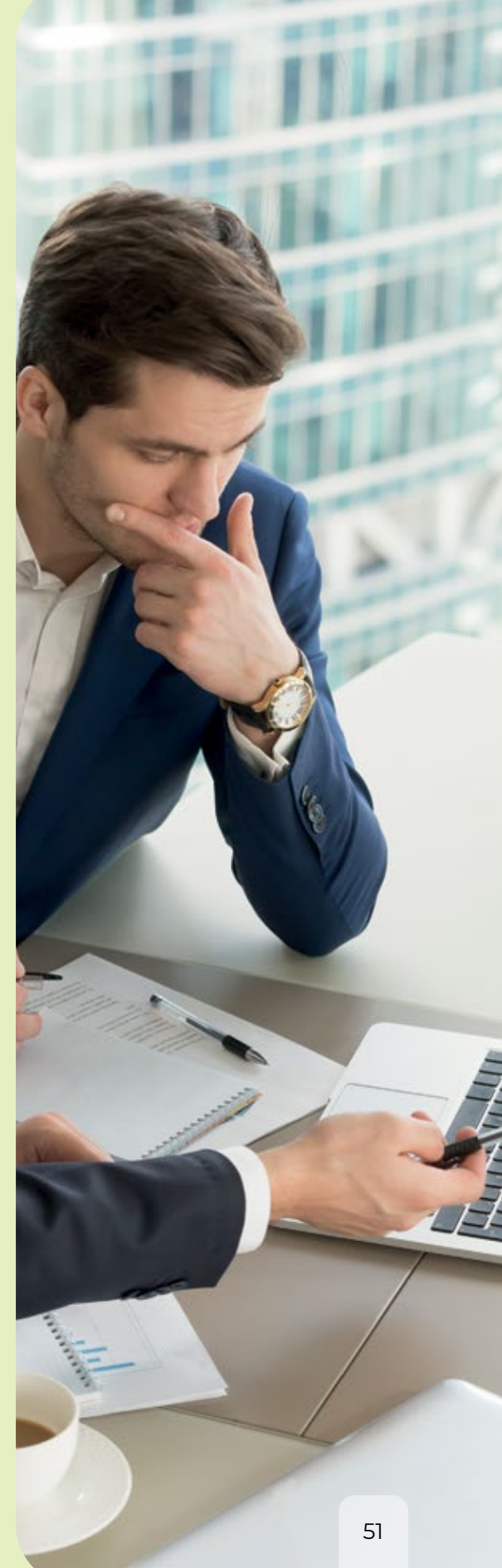
- Competition Protection (Anti-trust) – MetaCompliance
- Personal Data Protection (GDPR) – MetaCompliance
- Cyber Security – MetaCompliance
- Prevention of Bribery and Corruption (Anti-bribery) – MetaCompliance
- Artificial Intelligence (AI) – MetaCompliance
- Law on Archival Materials and accompanying bylaws
- Law on Personal Data Protection & GDPR

SPECIAL FOCUS: COMPETITION LAW

Given the strength of both BFF's brands and Nelt as their distributor, we pay special attention to the topic of competition protection.

The Nelt Group's Antitrust Team continuously organizes workshops on competition law. The goal of the workshops is to develop discussions alongside presentations, enabling two-way communication, constructive questions, and dialogue. Consultants and other teams within our organization are often included when presenting new practices in this area.

Raising employee awareness of competition rules is of key importance for legally compliant operations. Therefore, we invest additional effort to ensure that Nelt Group employees are well-informed, that easily accessible and understandable educational materials are available internally, providing essential information on competition law with a focus on practical examples and specific real-life situations.



ETHICAL BUSINESS AND ANTI-CORRUPTION

The **Code of Ethics and the Code of Conduct** also cover business ethics and organizational culture, including topics such as: diversity and inclusion, prohibition of harassment and discrimination, equal opportunities, open communication, transparency, environmental protection, occupational health and safety, competition protection, conflict of interest, gifts and hospitality, prohibition of bribery and corruption, human and labor rights.

Employees are also familiar with the **Nelt Group's Gift and Hospitality Reporting Rulebook**.

The **Ask Ethics** channel (askethics@nelt.com) is also available for questions and reports regarding gifts, confidential information, conflicts of interest, and other ethical dilemmas.

Special emphasis is placed on anti-corruption rules, with zero tolerance for prohibited activities. **Mandatory annual e-training on anti-bribery** is conducted, covering definitions, risks, reporting procedures, and relevant sanctions. Anti-corruption risks are also identified within the risk management process, and mitigation measures include procedures and digital controls (e.g., multi-level approvals through electronic document approval systems, in accordance with predefined approval matrices).

During the company's operations, including the reporting period, no cases of corrupt behavior have been recorded.

PERSONAL DATA PROTECTION

BFF treats personal data protection as both a legal and an ethical matter. The company maps and records the processing of personal data of various categories of individuals, processes data on the basis of an appropriate legal ground, and informs data subjects of all circumstances regarding the processing and of their legal rights. A Data Protection Officer has been appointed, and the competent authority has been notified thereof. Technical, organizational, and personnel protection measures are implemented, and written agreements governing the subject, purpose, and conditions of processing are concluded with processors and joint controllers.

STANDARDS AND PARTNER CONTRACTUAL REQUIREMENTS

BFF operates in accordance with international standards: **ISO 9001, FSSC 22000, HACCP, ISO 14001, ISO 45001, Halal, Organic, Vegan and AOECs, IFS Food & Kosher**, with clearly defined processes, roles, and responsibilities.

In addition to standards, the company also complies with additional contractual requirements of business partners, which often go beyond the regulatory framework.

In the **2024/2025** reporting period, **no internal proceedings** were initiated against BFF regarding non-compliance or regulatory violations (including discrimination, harassment, bribery and corruption, conflict of interest, gifts, confidential information, privacy, etc.). Furthermore, **no criminal or civil proceedings have been initiated against BFF**, on any grounds.

INFORMATION SECURITY AND RESPONSIBLE USE OF ARTIFICIAL INTELLIGENCE

BFF, as part of the Nelt Group, has adopted the **Information Security Policy and the Artificial Intelligence Policy**, thereby strengthening the digital risk management system. The Information Security Policy defines employee and external partner responsibilities, electronic communication and internet usage, data classification, access management, software usage, encryption, mobile device standards, physical protection of server rooms, and the sanctioning of prohibited behaviors. The Nelt Group has appointed a person responsible for information system security and established an ITC Security Team.

The Artificial Intelligence Policy has established an **AI management team**, classified corporately approved tools, and defined rules for responsible and ethical use, with an emphasis on compliance and data protection.

Mandatory training and video lessons on information security and the safe use of the internet and email are regularly conducted through the MetaCompliance platform, and the IT team conducts malicious attack simulations. Simultaneously, the physical and technical protection of individuals, assets, and information is continuously being improved.



**STRATEGIC
APPROACH**



BUSINESS STRATEGIC FRAMEWORK

During 2025, the new five-year business strategy “**Ascend 2030**” was presented at the level of the Nelt Group, representing a continuation and upgrade of the previous strategic cycle “Accelerate 2025”. The strategy defines long-term directions for the Group’s growth and development, with a focus on strengthening organizational capacities, improving operational efficiency, digital transformation, applying advanced technological solutions including artificial intelligence, and more strongly integrating ESG principles into operations.

In line with the Nelt Group’s strategic directions, **BFF has developed its own business strategy and business plan for the coming period**, tailored to the specificities of its production portfolio, markets, and regulatory framework in which it operates. BFF’s strategy is based on the following four key business directions:

- **Accelerating growth in existing markets** through further development and optimization of the current portfolio
- **Innovation and product development for new markets**, in line with identified needs and trends
- **Development of new Nelt markets** using existing and future portfolios
- **Export and development of new export markets outside the Nelt Group**

Within these directions, a set of priority initiatives has been defined, which are elaborated through annual business plans and whose implementation is monitored through clearly defined goals and performance indicators.

INTEGRATION OF SUSTAINABILITY INTO THE BUSINESS STRATEGY

BFF’s sustainable business strategy is an integral part of the overall business strategy and reflects the company’s long-term commitment to achieving growth and development in a responsible manner. Sustainability is viewed as a key element of risk management, strengthening business resilience, and creating long-term value for all stakeholders.

The integration of ESG factors is carried out through:

- strategic planning and decision-making,
- management of key business processes,
- product development and innovation,
- value chain management,
- reporting and performance monitoring system.

This approach ensures that environmental, social responsibility, and corporate governance issues are not treated as separate initiatives, but as an integral part of daily operations.

MATERIALITY AND STAKEHOLDER ENGAGEMENT

Stakeholder Engagement Approach

BFF recognizes that long-term business sustainability depends on the company’s ability to understand and respond to the needs and expectations of its stakeholders. The company conducts continuous, two-way communication with key stakeholders through formal and informal mechanisms, along the entire value chain.

Key stakeholder groups:

- employees,
- consumers,
- customers and distributors,
- suppliers and business partners,
- local community,
- regulatory and competent authorities,
- capital owners and financial institutions.

Their feedback, expectations, and requirements are considered when defining strategic priorities, improving processes, developing products, as well as identifying risks and opportunities related to sustainable business.



MATERIAL TOPIC IDENTIFICATION AND ASSESSMENT PROCESS

In the reporting period, BFF conducted an initial materiality identification process, in accordance with GRI* guidelines. The process included the following steps:

- Analysis of the company's business model and strategic goals
- Consideration of key risks and opportunities, including ESG aspects
- Analysis of current and announced regulatory requirements
- Monitoring of industry and market ESG trends
- Consideration of topics identified through stakeholder communication
- Insight into internal management systems for quality, food safety, environmental protection, and supply chain.

Material topics are defined as those that have a significant actual or potential impact on:

- Business success, reputation, and resilience
- Health, safety, and rights of consumers and employees
- The environment and local community
- Decision-making of key stakeholders

The results of the process were reviewed by management and form the basis for defining ESG goals, activities, and performance indicators.

*GRI (Global Reporting Initiative) – international standards for sustainability reporting.

KEY MATERIAL TOPICS

Based on the conducted analysis, the following areas have been identified as **key material topics**:

Environment

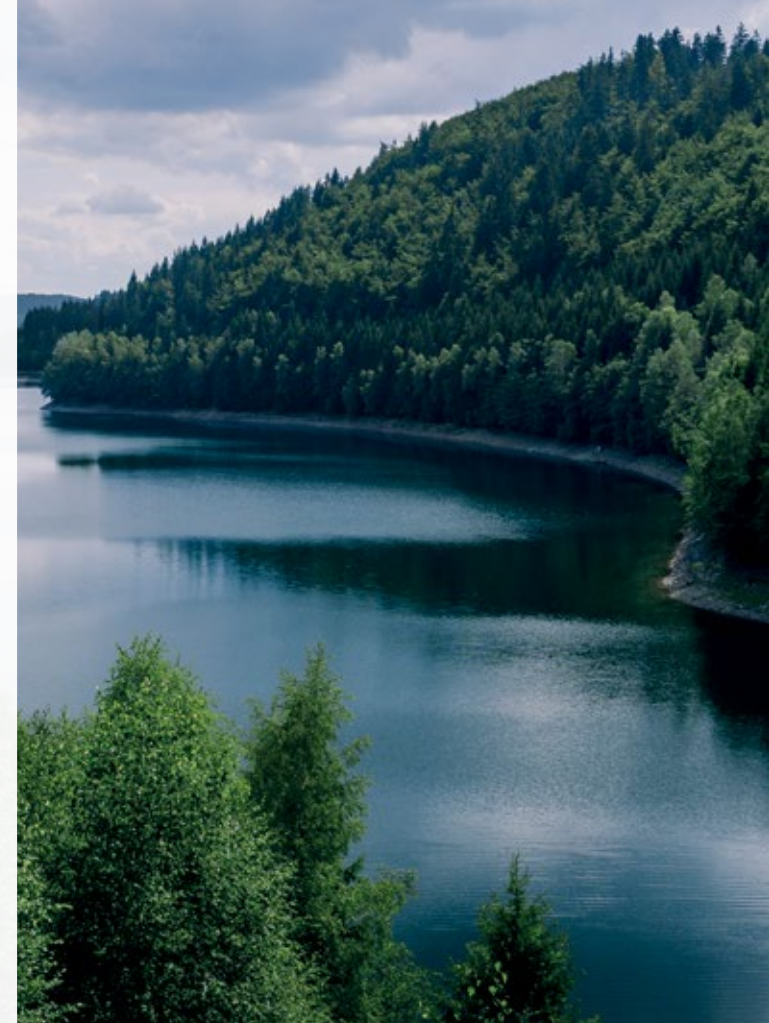
- Energy and process efficiency
- Greenhouse gas emissions and climate impacts
- Waste management, including food waste and packaging
- Responsible use of natural resources (energy, water)

Social

- Product safety and quality
- Consumer health and well-being
- Employee health, safety, development, and satisfaction
- Responsible information and communication with consumers
- Contribution to the local community

Corporate Governance

- Business ethics and integrity
- Anti-corruption and regulatory compliance
- Responsible supply chain management
- Risk management and business continuity



STRATEGIC ESG GOALS AND PERFORMANCE INDICATORS

In line with the identified material topics and strategic commitments, clear **goals for 2030** and performance indicators have been defined across the ESG pillars.

Environment

The company is committed to improving energy and process efficiency, increasing the use of renewable energy sources, and reducing greenhouse gas emissions. Special attention is paid to the responsible use of natural resources and the implementation of efficient waste management systems, with the aim of reducing the overall environmental footprint.

Key goals by 2030:

- Reduction of absolute CO₂ emissions (Scope 1 and 2) by **40%***
- Reduction of emission intensity to **below 0.2 t CO₂ per ton of product**
- Increase the share of energy from renewable sources to **at least 45%**
- Reduce production waste to **≤ 0.05 kg per kg of product**
- Reduce food waste to **≤ 0.005 kg per kg of product**
- Achieve **the goal of zero environmental incidents** in the areas of water, air, and soil

*2022 – base year.



Social

As a manufacturing company in the food sector, BFF places special focus on product quality and safety management, with the aim of avoiding withdrawals and recalls from the market and minimizing the number of complaints.

In both business segments – infant and young child food and conventional food – the company focuses on minimally processed, certified products with natural ingredients and high quality standards.

At the same time, BFF fosters the values of respect for human and labor rights, diversity, inclusion, and equality, with a strong focus on occupational health and safety. Continuous investment in employee development through internal and external training represents an important pillar of long-term business sustainability.

Key goals by 2030:

- **zero product recalls**
- increase the share of **LOHAS* products to 75% of the total portfolio**
- reduce the Injury Frequency Rate (IFR) **from 13 to 8**
- reduce the Lost Time Injury Severity Rate (LTISR) **from 15 to 6**
- involve **at least 90% of employees** in ESG education and initiatives
- planned and monitored food donations and social initiatives.

Within its social responsibility, BFF has launched the long-term CSR platform “**Healthy Nutrition from an Early Age**”, dedicated to the prevention of childhood obesity and the promotion of healthy eating habits. The initiative brings together experts, institutions, and partners with the aim of raising awareness and strengthening responsibility for the health of future generations.



Governance

Governance at BFF is based on the principles of accountability, transparency, and compliance with applicable regulations and internal acts. ESG topics are integrated into key business processes and the decision-making system, through internal policies, procedures, and operational flows.

Key goals by 2030:

- integration of ESG criteria into relevant business processes,
- conducting ESG assessments for at least **50% of key suppliers**,
- continuous improvement of ESG and CSRD reporting,
- **zero tolerance** for corruption, unethical behavior, and cyber incidents.

*LOHAS (Lifestyles of Health and Sustainability) denotes products intended for consumers who choose a healthy lifestyle and sustainable consumption, including environmentally friendly, socially responsible, and health-oriented items.

**ECONOMIC
IMPACTS**



ECONOMIC PERFORMANCE

BFF represents one of the significant investments in modern production capacities in the food industry sector on the the Serbian market. Through continuous investments in technology, equipment, and product development, the company contributes to strengthening the manufacturing sector and improving the competitiveness of the healthy food industry, both locally and internationally.

BFF continues to achieve stable growth, with a recorded **revenue increase of 3%** compared to 2024, driven primarily by innovations in the segments of baby food and functional, healthy snacks. The portfolio development under the brands **Nutrino, Nutrino Lab, and Bebi Premium** is based on high standards of quality, safety, and nutritional value of products, thereby creating recognizable brands with long-term market potential.

To date, **approximately 50 million euros have been invested in the factory** ensuring a modern, technologically advanced production infrastructure. During 2024 and 2025, **additional investments of 11 million euros** were realized, aimed at further capacity improvement, process efficiency, and support for planned growth. Such an investment policy contributes to the company's long-term financial stability, strengthening export potential, and business resilience to market and macroeconomic changes.

BFF's economic resilience is based on a flexible business model, the ability to adapt in a timely manner to changes in consumer habits, the regulatory environment, and global market trends, as well as efficient resource management. Team synchronization, clearly defined processes, and agile decision-making enable business continuity and the achievement of strategic goals even in conditions of increased uncertainty.

The company is currently present in **more than 30 markets**, with clearly defined plans for further expansion.

BFF achieves significant direct and indirect economic impact on the local communities in which it operates. The direct contribution is reflected through employment, payment of wages and fiscal contributions, as well as continuous investment in employee development. Indirect effects are achieved through cooperation with domestic suppliers, distributors, and service providers, thereby stimulating the development of the local economy and strengthening the value chain.

Additionally, investments in production equipment, digitalization, and projects aimed at improving energy efficiency and renewable energy sources have a multiplier effect – they contribute to reducing operating costs, increasing long-term competitiveness, and strengthening the company's resilience to future economic and regulatory challenges.

Through this approach, BFF contributes to sustainable economic development, the creation of stable jobs, and the long-term improvement of the quality of life of employees and their families, while simultaneously building a responsible and financially sustainable business model.

Generated and distributed economic value in '000 euros

INDICATOR (€)	2024	2025
Total revenue	26,437	26,887
EBITDA	3,750	3,678
Share of export revenue (%)	58%	56%
Cooperation with local suppliers	17,205	20,597
Liabilities to the state	2,379	4,345
Salaries, contributions and employee development	5,080	5,434
Investments in the local community / donations	34	64
Total capital investments in the period	3,001	8,199

Data on generated and distributed value provide a more detailed economic profile of the organization and show how value is created for stakeholders through core financial activities.

**RESPONSIBILITY
TOWARDS THE MARKET**

QUALITY MANAGEMENT AND STANDARDS

The high standards we initially established for the extremely demanding infant and young child food industry are now applied to our expanded portfolio, which includes products and meals for a healthier lifestyle for all generations. Our number one priority is product safety and quality, which we approach through the consistent application of a complex food safety management system.

Our **Integrated Management Systems Policy** clearly expresses the commitment to continuous improvement of the integrated management systems, and is implemented through:

- setting and achieving goals that involve all employees,
- ensuring necessary resources,
- developing good partnerships with customers and suppliers,
- meeting the requirements of the community.

Production in the factory is carried out in accordance with international quality management system standards, respecting numerous national and international regulations governing food production, as well as the contractual requirements of our partners.

Quality control is implemented at all stages of the process – from the procurement and receipt of raw materials, through the production and filling process, to the final analysis of finished products, and then during storage and transport. Given the diverse portfolio, we pay special attention to the selection and continuous control of high-quality and health-safe raw materials. The emphasis is on a higher proportion of raw materials of domestic origin, while raw materials are also sourced from other markets when necessary.

Raw materials and packaging are first inspected by the supplier, both in their internal and accredited laboratories. After receipt at our factory, additional checks are carried out in accordance with detailed testing plans. Only raw materials and packaging—especially primary packaging—approved in this way can be used in our production.

In addition to the analysis of input materials, our in-house factory laboratories conduct daily **microbiological, sensory, and physico-chemical tests** of process samples and finished products. All components that are part of the product or come into contact with it are also tested externally, in accredited laboratories. **Over 400 parameters are checked on a daily basis.** The control includes verification of each process step, from product preparation to filling, sealing, and packaging, as well as final testing including sensory evaluation through tastings, for the purpose of final confirmation of quality and safety compliance in accordance with regulations.

The integrated management systems are further confirmed through clearly defined procedures for handling identified non-conformities of raw materials and packaging that could negatively affect product quality, health safety, or appearance. The goal is to prevent production using identified non-conforming materials and to ensure that such products do not reach the market. Non-conforming materials and products are marked, stored in a separate, clearly labeled area, and blocked until the situation is resolved through a complaint or write-off process. Records are kept on the volume and nature of non-conformities, based on which corrective actions are taken to continuously improve the production process.

Certified standards

- **HACCP** – Hazard Analysis and Critical Control Points system
- **ISO 9001** – Quality management systems
- **ISO 14001** – Environmental management systems
- **ISO 45001** – Occupational health and safety management systems
- **IFS Food** - International Featured Standards – Food
- **FSSC 22000** – Food safety system certification
- **Halal** – Certification of product and process compliance with Halal requirements
- **Košer** – certification of product and process compliance with kosher dietary regulations
- **Organic standard (Serbia and EU)** – Certification of organic production in accordance with national and EU regulations
- **Vegan standard (V-Label license)** – Certification of products suitable for a vegan diet
- **Gluten Free** – Certification of gluten-free products (AOECS scheme)

In the reporting period, there were no product withdrawals or recalls from the market due to risks to consumer health.





MARKETING AND PRODUCT LABELING

BFF places on the market products that have been previously aligned with domestic and foreign regulations defining the rules for labeling, marking, and advertising food products. Given the diversity of the product portfolio, labeling is carried out in accordance with relevant rulebooks, as well as the regulations of target foreign markets where product distribution is contracted with a distributor/importer.

On labels, we provide transparent information about the name, composition, and quantity of the product, the presence of ingredients that may cause allergies or intolerances, storage and usage conditions, shelf life, the entity placing the product on the market, and the country of origin when required. If necessary, we also include other data required for specific product categories or for greater transparency towards consumers. It is crucial that all information on packaging is accurate, clear, understandable, visible, legible, and resistant to erasure or being covered by other text or images, so that consumers can make informed decisions.

The quality sector is responsible for product labeling, in close cooperation with the organizational units in charge of development, marketing, and legal affairs. To avoid errors, all declared data are verified through double-checking.

In addition to mandatory information, products may contain health and nutrition claims, while certified products carry “vegan”, “halal”, and “gluten-free” labels, in accordance with the requirements defined by applicable standards, with the aim of providing an adequate offer to consumers with special dietary or health needs or beliefs.

When it comes to advertising, BFF respects the ban on advertising food for children up to six months of age, as well as special rules and restrictions for advertising aimed at children and minors. When advertising, we especially consider the provisions of the **World Health Organization Code** on the banning of advertising of breast milk substitutes.

THE PROCESS OF REGISTERING DIETARY PRODUCTS

In Serbia and some foreign markets (Bosnia and Herzegovina, North Macedonia, Russian Federation, Ukraine), the registration process for infant and young child food is mandatory, and in some foreign markets, conventional products, i.e., the **Nutrino Lab** brand, are also subject to registration. In such cases, registration (or a similar procedure) is a prerequisite for placing the product on the market, as it confirms the product’s compliance with prescribed requirements.

By way of illustration, the process of entering into the database of the Ministry of Health of the Republic of Serbia involves testing and verification of the product from several aspects:

1. External approval of the declaration text in accordance with regulations for infant and young child food (BFF engages the Faculty of Pharmacy)
2. External analysis in an accredited laboratory (verification of composition, quality, and safety according to regulations)
3. Entry into the database of the Ministry of Health of the Republic of Serbia

PROCEDURES FOR ADDRESSING COMPLAINTS

We receive all complaints that imply customer or consumer dissatisfaction with product quality and safety, including labeling, with attention and professionalism. The marketing sector receives complaints and forwards them to the competent sectors.

Customers can submit complaints via email, social networks, or telephone. After recording, complaints are processed within the quality control sector or customer service, depending on the type of complaint.

The complaint handling process includes securing a sample of the complained product for detailed analysis. Samples, in their original packaging, are delivered to the quality control department, and if necessary, external laboratories are also involved in the testing for additional verification. After the analysis, a complaint record is formed with the expert opinion of the involved sectors, based on which a response is provided to the submitter, with the aim of acting transparently and in a timely manner.

A similar process is applied to service complaints, where customer service examines the justification of complaints, creates a record and expert opinion for an adequate response to the customer. The goal is to have every complaint handled carefully and efficiently, while maintaining customer and consumer trust.



PARTNER SATISFACTION – DISTRIBUTORS AND CUSTOMERS

As part of its operations, BFF carefully monitors market needs, trends, and specific consumer preferences in order to best support its customers. The business strategy, business and marketing plans are continuously adapted to local markets, with regular meetings organized with customers and market visits to monitor product range launches and improve sales performance. BFF builds stable, reliable, and long-term relationships with distributors and customers through transparent communication, joint planning, and continuous support. By using digital tools and advanced analytics, BFF collects and processes data in real time, enabling precise and fast decision-making, process optimization, and increased efficiency, thereby strengthening the company's competitive advantage on a global level.

ASSESSING CONSUMER SATISFACTION

In order to better understand consumer needs and perceptions, we conduct agency research using a CAWI (Computer Assisted Web Interviewing) questionnaire, which includes measuring satisfaction, purchase intention, as well as perceptions and attitudes about products.

Surveys and research conducted during 2024 and 2025 indicate a high level of consumer satisfaction with **Nutrino** and **Nutrino Lab** products. Quality, affordable price, and innovation stand out as factors contributing to satisfaction.

Available data indicates that Nutrino is recognized as a reliable brand among consumers. A large number of respondents state that they use or plan to use Nutrino products, while the quality of the brand is rated as exceptional, accompanied by positive comments regarding its affordable price. Research for Nutrino Lab has shown that a significant portion of consumers give the highest ratings in terms of overall opinion, with a positive first impression of the brand. Consumer perception is that these are healthy, modern, and innovative products.

All data collected through communication and consumer satisfaction research is processed in accordance with applicable personal data protection regulations.

Additionally, we organize professional and educational events for pediatricians and pharmacists, where we survey participants to gather information on opinions regarding the brand, packaging, price, and user satisfaction

A reliable brand that consumers trust.

High quality at an affordable price.

An innovative approach for contemporary habits.

**RESPONSIBILITY
TOWARD THE WORK
ENVIRONMENT**



FOCUS ON EMPLOYEES

Employees are the key drivers of a company's development and long-term success. Their satisfaction, competencies, and efficiency form the foundation for achieving business objectives, sustainable growth, and successful operations in a demanding and dynamic market. At BFF, we are building a standard that encompasses a safe, stimulating, and motivating work environment, one that fosters innovation, a winning mindset, personal accountability, a long-term perspective, as well as care for people and their professional development.

All employees at BFF have **equal employment rights**, including the right to appropriate compensation, occupational safety and health, healthcare, protection of personal integrity and dignity, as well as other rights in cases of illness, reduction or loss of work capacity, and old age, in accordance with the law, general acts, and employment contracts. Additional entitlements are provided to female employees during pregnancy and childbirth, as well as to employed parents for the purpose of childcare, in accordance with applicable regulations.

BFF takes all necessary measures to prevent direct and indirect discrimination in the areas of recruitment, the exercise of employment rights, professional development, career advancement, and termination of employment. Every employee has the right to dignity and equal treatment, free from discrimination on the basis of any personal characteristic. The company actively promotes an inclusive work environment and a culture of diversity, and in accordance with its internal policies, takes disciplinary action against any breach of established principles.

Any form of harassment or other inappropriate conduct in the workplace, including physical, emotional, or verbal abuse, is strictly prohibited. Employees are formally informed about the **prohibition of harassment and mobbing** prior to entering into employment, and BFF has appointed a designated person whom employees may contact to report mobbing or suspicion of mobbing. A violation of these principles may result in disciplinary proceedings, including termination of employment. At the same time, any misuse of the right to protection against harassment is also prohibited and subject to sanctions.

BFF respects the privacy of candidates, employees, and other engaged individuals, and ensures transparent and timely communication on all relevant matters concerning the processing of personal data, as well as the legal rights of data subjects, in accordance with personal data protection regulations and all applicable principles. The company has appointed a data protection officer, a role performed by the Legal affairs manager, who can be contacted at dpo@bff.rs.

The rights and obligations of employees are governed by internal policies and regulations, in particular by employment agreements, the Work Regulations, as well as BFF's Code of Ethics and Code of Conduct.

EMPLOYEE ENGAGEMENT

The majority of personnel at BFF are engaged as full-time employees with permanent employment contracts. Workers who are not directly employed by the organization also play an important role in supporting business operations. Occasionally, during periods of increased production volume or project implementation, we engage additional temporary workforce through youth employment agencies, predominantly for product packaging activities.

FREEDOM OF ASSOCIATION

Employees are guaranteed the legal right to freedom of association under the Work Regulations, including the right to participate in collective bargaining negotiations, peaceful resolution of labor disputes, consultation, access to information, and the expression of views on important labor-related matters. At BFF, a labor relations management system has been developed to enable rapid adaptation to changes in the work environment, encourage agility and flexibility, and foster positive relationships between employees and the company. In this way, even without a formal collective agreement, the company strives to maintain a positive working atmosphere and operational efficiency.

GRIEVANCE MECHANISMS (Reporting, inquiries, complaints, and whistleblowing)

Employees have access to the following communication channels:

- For ethics-related questions and concerns – askethics@nelt.com
- For reporting irregularities and submitting suggestions – voice@nelt.com
- For receiving information and conducting whistleblowing procedures – Legal manager
- For handling workplace harassment reports – HR generalist

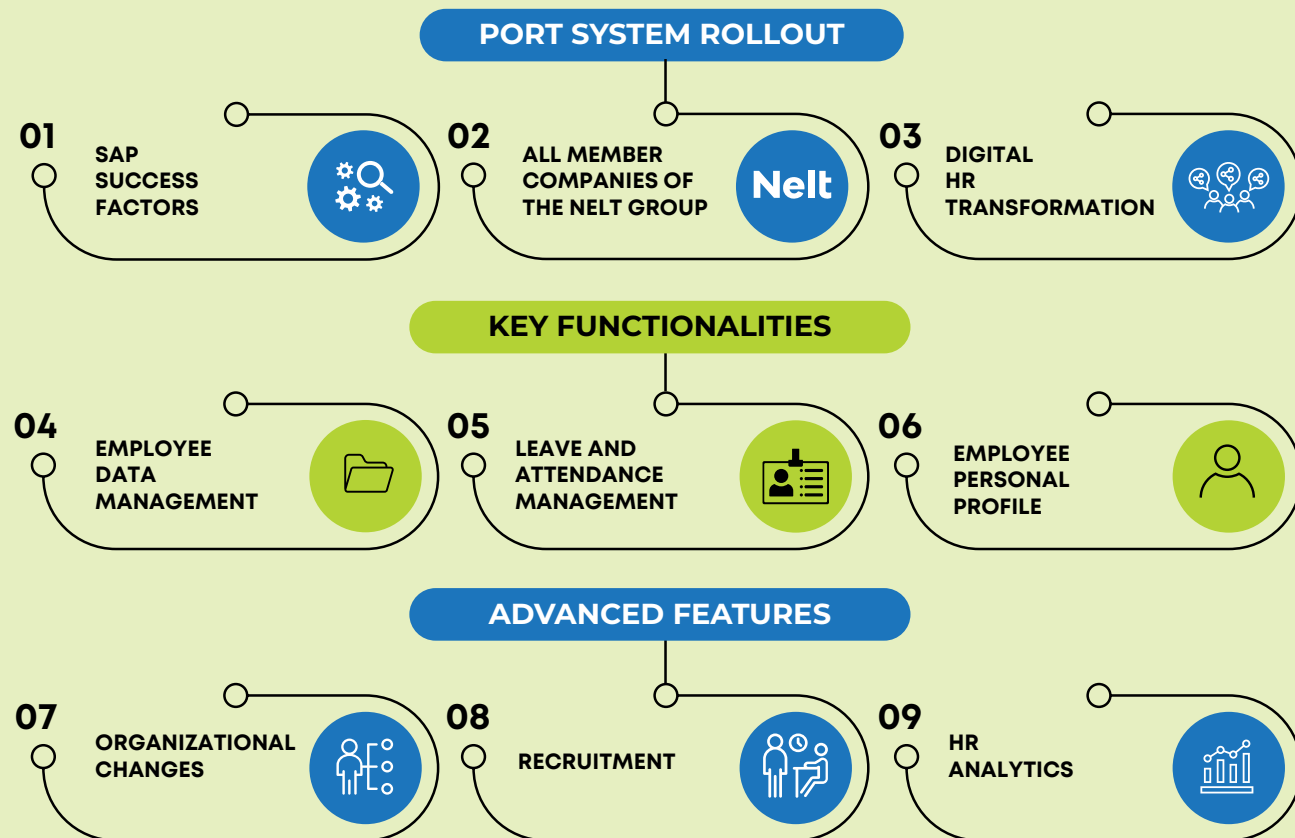


IMPROVING HR PROCESSES THROUGH THE IMPLEMENTATION OF THE PORT SYSTEM

During 2025, the PORT system was launched with the aim of improving employee management processes across all members of Nelt Group. This significant investment, through the implementation of the global **SAP SuccessFactors solution**, represents the next phase of digital transformation, as well as the further standardization of HR processes and systems across the entire Group.

The new software includes numerous functionalities that enable companies to efficiently manage employee personal data, leave requests, work schedules, and attendance records. At the same time, employees are provided with simple and continuous access to their own information and documents through their personal profiles.

The system additionally supports organizational change and recruitment processes, as well as the preparation of analytical HR reports, thereby improving data-driven decision-making. Most functionalities are also available through a mobile app, further contributing to the flexibility and accessibility of the system for employees.



STRATEGIC APPROACH TO RECRUITMENT AND SELECTION

BFF places special importance on the recruitment and selection process, with the aim of engaging qualified and motivated candidates who can contribute to the company's long-term development. This approach is based on a careful assessment of organizational needs, with a focus on identifying candidates who, in addition to possessing the appropriate knowledge and skills, also share the company's values and culture.

The recruitment process is carried out through various channels, including internal job postings, **the career website (karijera.nelt.com)**, specialized recruitment platforms (LinkedIn, Infostud,) employee referrals, cooperation with recruitment agencies, as well as partnerships with educational institutions. This **multi-channel approach** enables broader candidate reach and a wider selection of qualified profiles.

Special focus is placed on promoting **internal mobility**, which represents one of the key mechanisms for retaining knowledge within the organization, enhancing employee engagement, and strengthening organizational culture. Internal mobility contributes to the development of clear career plans, encourages employees' professional development, and reduces the need for external recruitment, thereby improving the efficiency of business processes and the long-term sustainability of operations.

Additionally, the company encourages an employee referral system, further strengthening the culture of trust and collaboration within the organization. This practice enables the attraction of candidates who are already familiar with the company's values and motivated to actively contribute to its further development.

BFF consistently applies the principle of equal opportunity and a **zero-tolerance policy toward discrimination** throughout the entire recruitment process. Discrimination on any grounds, including gender, age, health condition or disability, national or ethnic origin, religion, marital or family status, sexual orientation, political or other beliefs, social background, or any other personal characteristic, is strictly prohibited. Candidate selection is based exclusively on competencies, knowledge, professional experience, and alignment with the organizational culture.

At BFF, recruitment and selection represent a strategic process through which stable, competent, and engaged teams are built, capable of delivering sustainable results and contributing to the company's long-term success.

TOGETHER, WE BUILD AN INSPIRING AND SUPPORTIVE WORK ENVIRONMENT

At BFF, we are committed to creating a work environment that provides employees with support, encouragement, and opportunities for continuous development. Our goal is to ensure a comprehensive employee experience that enables individuals to reach their full potential, enhance their knowledge and skills, and actively participate in shaping the company's future.

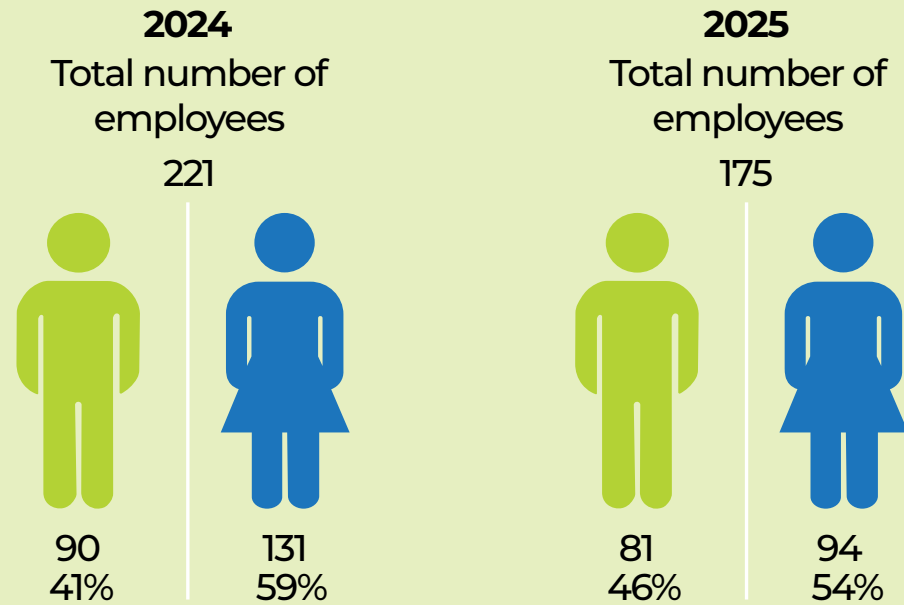
We foster an organizational culture based on learning, innovation, and open collaboration.

Through systematic performance evaluations, we identify employees' individual development needs and plan the next steps in their professional growth. Employees are provided with opportunities to participate in internal and external training programs, take on more complex and responsible roles, and engage in projects that contribute to business development and the strengthening of competencies.

We strive to achieve a balance between employees' personal development goals and the company's strategic objectives. Particular emphasis is placed on recognizing contributions, encouraging teamwork and collaboration, and creating an environment in which knowledge is shared, initiative is encouraged, and accountability and results are valued.



Statistical overview of employees by category – total number of employees



Total number of employees by category – managers/non-managers

Year	Category	Men	Men (%)	Women	Women (%)	Total by category	Category share (%)
2024	Managers	13	41%	19	59%	32	14%
	Non-managers	77	41%	112	59%	189	86%
2025	Managers	12	40%	18	60%	30	16%
	Non-managers	69	48%	76	52%	145	84%

Total number of employees by contract type

Year	Contract type	Men	Men (%)	Women	Women (%)	Total by category	Category share (%)
2024	Fixed-term (FT)	1	33%	2	67%	3	1%
	Permanent (PT)	89	41%	129	59%	218	99%
2025	Fixed-term (FT)	2	29%	5	71%	7	4%
	Permanent (PT)	79	47%	89	53%	168	96%

Total number of employees by age group (age structure)

Year	Age group	Men	Women	Total	Share of age group in total workforce (%)
2024	< 30	10	7	17	8%
	30-50	53	98	151	68%
	> 50	27	26	53	24%
2025	< 30	10	6	16	9%
	30-50	45	74	119	68%
	> 50	26	14	40	23%

Employee turnover

Year	Total number of new employees	Number of employees who left the company	Turnover rate (%)
2024	38	48	21.4%
2025	36	79	37.2% / 22.2%*

Turnover rate = (number of employees who left the company / average number of employees during the reporting period) × 100

*During 2025, organizational changes were implemented within the production sector as part of the 2024/2025 CAPEX project related to the modernization and automation of processes, including the automation of the packaging segment. As a result of improved technological solutions and the optimization of work processes, three positions were eliminated, leading to the termination of employment for 32 employees. Therefore, the table presents both the rate including the above-mentioned situation and the rate excluding it (business as usual).

OUR ORGANIZATIONAL CULTURE AND VALUES

Company values represent the foundation of the organizational culture and guide the way employees collaborate, make decisions, and build mutual relationships. Their application contributes to responsible, consistent, and sustainable business operations, with clearly defined expectations regarding professional conduct and cooperation.

As a member of Nelt Group, BFF applies five key values that represent a common framework for relationships with employees, partners, clients, and the community, while supporting the company's long-term development and strengthening its corporate culture.



WINNING MENTALITY

We set ambitious goals and deliver results.

CARING MENTALITY AND EMPLOYEES DEVELOPMENT

We create a productive environment that encourages personal and team growth, promote organizational values, and support diversity.

INNOVATION

We respond quickly to new opportunities and challenges and remain open to change in order to preserve our competitive advantage in the market.

PERSONAL RESPONSIBILITY

We treat the company with a strong sense of ownership, take responsibility for our actions, and learn from mistakes.

LONG-TERM PERSPECTIVE

We make decisions that achieve a balance between short-term and long-term goals, with clear and transparent communication, taking into account the long-term consequences, sustainability and growth of our organization.

During 2025, the Culture Program was implemented with the aim of strengthening and further embedding company values through the daily practices and behaviors of employees. The program included workshops for senior management and a survey conducted among all employees, followed by the development of initiatives to be implemented in the upcoming period in order to foster a shared identity, strengthen collaboration, and increase employee engagement.

Praise a colleague

The “Praise a colleague” initiative aims to encourage a culture of mutual respect, support, and recognition of positive behaviors among employees. Through this initiative, employees are encouraged to recognize colleagues whose work, professional approach, and corporate behavior serve as a source of motivation and inspiration.

The program is focused on recognizing employees who strengthen the company culture through their example and contribute to creating an open, constructive, and supportive working environment, in line with the values and standards promoted by BFF.

During 2025, a new element was introduced into the implementation of this initiative

through the rollout of the Info Nelt application, enabling employees to recognize colleagues through a digital channel throughout the year. Recognitions are delivered in real time, immediately after submission, improving the accessibility and speed of communication, as well as the positive impact on employee engagement. Compared to previous periods, when the initiative was time-limited and implemented in cycles, this approach enables the continuous nurturing of a culture of recognition.

This change represents an important step toward further strengthening the culture of employee recognition, reinforcing mutual trust, improving overall engagement, and consistently integrating organizational values into everyday business practices.

BEST COLLEAGUE OF 2024

Oliver Petrović,
IT specialist

BEST COLLEAGUES OF 2025

Biljana Taseski, Business assistant
Aleksa Stojković, Production manager



Diversity and equal opportunities

At BFF, diversity and equal opportunity are an important part of the organizational culture and human resources management system. The composition of our workforce is regularly monitored through indicators of gender and age structure, across all hierarchical levels, in accordance with the principles of transparency and responsible corporate governance.

During the reporting period, women represented the majority within the SLT team, i.e. the company's executive management. Although a slight increase in male representation was recorded, the structure remains gender-balanced, with women retaining a majority presence at the management level. This structure reaffirms the company's commitment to inclusivity and equal opportunity in the appointment of senior leadership members.

When observed through the age structure of the workforce, the executive management team is predominantly composed of members between 30 and 50 years of age.

With regard to the overall employee structure, women also represented the majority in both reporting periods. Despite these minor changes, the gender structure of employees remains stable and without significant disproportions.

BFF maintains a balanced gender structure across all organizational levels. The predominance of employees aged 30–50 supports operational efficiency, while older employees contribute to knowledge transfer and business continuity.



COMMUNICATION WITH EMPLOYEES

Accurate, timely, and transparent communication is essential for achieving business objectives, strengthening team spirit, and building trust. In addition to external channels such as company websites and social media, BFF continuously develops and improves its internal communication practices.

Employees are informed through meetings, email and telephone communication, notice boards, and digital platforms. Important operational and organizational information, policies, announcements, and organizational changes are communicated through these channels, while educational and promotional materials help raise awareness on topics relevant to employees. In 2025, informational screens broadcasting the Nelt Group info channel were installed in the canteen and production facilities.

Employees may also use dedicated communication channels for specific topics, including data protection (dpo@bff.rs), ethical concerns (askethics@nelt.com), and reporting irregularities or suggestions (voice@nelt.com).

To better understand employee needs and identify areas for improvement, BFF regularly conducts employee surveys, satisfaction assessments, and exit interviews, ensuring continuous feedback and supporting an enhanced employee experience.

Town hall meetings

An important segment of internal communication consists of town hall meetings for all employees, organized on a quarterly basis. During these meetings, management presents key business information, achieved results, strategic priorities, and planned activities, thereby ensuring transparent communication and a better understanding of the company's development direction.

The regular holding of these meetings contributes to increased awareness and transparency, the building of trust, and the strengthening of a collaborative culture, which positively impacts employee engagement and the overall organizational climate.

Quarterly meetings

Since 2025, BFF has held quarterly meetings involving management and employees from all organizational units. The meetings encourage knowledge sharing, open dialogue, and employee feedback, while providing management with valuable insights into employee perspectives and expectations.

Info Nelt

Info Nelt is an internal digital platform that supports communication, engagement, and collaboration across Nelt Group companies. The platform enables timely information sharing, two-way dialogue, and employee feedback through news updates, surveys, questionnaires, and pulse checks, while also fostering networking and knowledge exchange through groups and communities.

A key feature of Info Nelt is its focus on employee recognition and the celebration of achievements, helping strengthen a culture of appreciation, motivation, and engagement. By modernizing internal communication and increasing employee involvement, the platform contributes to an enhanced employee experience within BFF.

Nelt Talks

Nelt Talks is a video format launched in 2023 to bring key topics, initiatives, and employee experiences closer to both employees and the wider public. Through informal conversations, employees from different parts of the organization share insights on strategic topics, company values, achievements, and development opportunities.

The format places particular emphasis on personal career journeys and everyday work experiences, encouraging knowledge sharing, open communication, and stronger connections across teams. By promoting organizational values and employee stories, Nelt Talks helps strengthen engagement and foster a sense of belonging within the company.



OCCUPATIONAL HEALTH AND SAFETY

Systematic approach and regulatory compliance

BFF is committed to **systematically and consistently ensuring a safe and healthy working environment** for all employees, as well as for external contractors, visitors, and other individuals present within the company's premises. The management of occupational health and safety is based on a **preventive approach, risk identification, and the continuous improvement of protective measures**, in full compliance with applicable legal regulations.

BFF views legal requirements in the field of occupational health and safety as the minimum framework for action and the foundation for further system improvement. With this objective, at the beginning of 2025 the company further enhanced its existing system through the implementation of the international standard **ISO 45001:2018**, thereby strengthening its occupational health and safety management system and establishing an even higher level of control, accountability, and risk prevention.

Internal policies and organizational framework

The management of this area is regulated through a number of internal policies, the most important of which are **the Occupational Health and Safety Policy** and **the Risk Assessment Document**, while employees' rights and obligations in this area are also defined by **the Work Regulations**. Occupational health and safety represent a fundamental right of every employee and an integral part of BFF's organizational culture.

Occupational health and safety activities are supported by two licensed in-house OHS advisors. Employee involvement is ensured through the Occupational Health and Safety Committee, where elected employee representatives actively contribute to the development and improvement of the OHS system.

The Committee meets at least quarterly, providing employees with the opportunity to submit proposals, request additional protective measures, and monitor the implementation of occupational health and safety requirements.

Training and the development of a safety culture

Employee safety begins on the first day of employment. All employees receive theoretical and practical occupational health and safety training tailored to their workplace and associated risks. Depending on their roles, employees also participate in specialized training programs covering topics such as internal transport operations, working at heights, display screen equipment, and the safe handling of hazardous chemicals.

Training is regularly renewed in line with legal requirements and risk assessments, helping strengthen safety awareness and promote a proactive health and safety culture across the company.

Risk assessment and preventive measures

For all workplaces and work processes, BFF applies a **Risk Assessment Document** through which hazards and harmful factors are identified, risks of injuries and adverse health are assessed, and measures for their elimination or reduction are defined. The document is regularly updated in the event of changes in work processes or the emergence of new risks, thereby ensuring its continued relevance.

Within the framework of preventive measures, particular attention is given to adapting work processes to employees' capabilities, ensuring a safe working environment, properly functioning work equipment, and adequate personal protective equipment.

Performance monitoring and "near-miss" reports

The effects of implemented occupational health and safety training programs and applied safety measures are continuously monitored and recorded. Based on the analyses conducted, corrective actions are undertaken with the aim of preventing the recurrence of risky behavior and continuously improving the system.

Employees are encouraged to report potential hazards and so-called **"near-miss" situations**, as well as to provide suggestions for improving the occupational health and safety system. All reports are recorded and analyzed, and corrective actions are taken immediately when necessary. During 2025, 85% of reported "near-miss" situations were resolved within the defined timeframe, with their potential causes successfully eliminated. As part of the annual objectives, a target has been set for 2026 to resolve **at least 90% of reported "near-miss" situations**.

Incidents and healthcare protection

Although there is no absolute guarantee of "zero injuries," which BFF strives to achieve, every incident is approached responsibly and with special attention. All incidents are thoroughly investigated in order to identify their causes and implement appropriate corrective and preventive measures, thereby contributing to the continuous improvement of the occupational health and safety management system.

In cooperation with healthcare institutions, **preventive and periodic medical examinations of employees** are conducted in accordance with the identified risks and the nature of their work. The confidentiality of employees' health data is fully guaranteed, and examination results are provided exclusively to the employees themselves.



Working environment, fire protection, and emergency situations

Regular inspections and checks of work equipment, as well as assessments of working environment conditions, are carried out through **authorized external entities** in order to ensure a safe and healthy working environment.

Particular attention is devoted to **fire protection**. During the construction of the production facility, a fire detection and alarm system was implemented, while the facilities were equipped with fire extinguishers and a hydrant network. Employees regularly undergo fire protection training, and **evacuation and firefighting drills** are additionally organized in order to test preparedness in real-life situations. Smoking within company facilities is prohibited in accordance with applicable regulations.

Additionally, a **Risk Assessment and a Protection and rescue plan** have been adopted, and a **civil protection unit** has been established to respond to emergency and crisis situations.

Continuous improvement and knowledge exchange

With the aim of continuously improving the occupational health and safety system, BFF periodically organizes professional **gatherings and exchanges of knowledge and experience within Nelt Group**, thereby further strengthening the culture of prevention and responsibility.

Active employee involvement and training

Training represents one of the key tools for implementing preventive measures, raising awareness of risks, and ensuring the consistent application of prescribed procedures in everyday work.

During 2024, and particularly in 2025, a significant number of internal training sessions were conducted in the areas of occupational health and safety, fire protection, environmental protection, and emergency response. The scope and structure of the training programs were adapted to the identified risks, the specific characteristics of work processes, and the stage of development of the HSE system, ensuring the gradual and systematic strengthening of all relevant areas.

Below is an overview of the internal HSE training sessions conducted for employees, expressed in hours and categorized by training type and reporting year.

Number of training hours by type of training

	OHS Occupational Health and Safety	FP Fire Protection	EP Environmental Protection	ES Emergency Situations	TOTAL
2024	54	35	0.5	0.5	90
2025	120	57	32	32	241

















Injury and absence statistics

During the 2024–2025 period, a **significant decrease was recorded in both the number and severity of workplace injuries**, indicating improved safety performance and the effectiveness of the implemented preventive measures. The total number of workplace injuries decreased from 5 in 2024 to 2 in 2025, accompanied by improvements in key safety indicators.

A particularly notable reduction was recorded in the injury rate and injury severity index in 2025, indicating not only a lower frequency of injuries but also a lower level of severity. These results are especially significant considering that 2025 was marked by the implementation of major investment projects and the engagement of external contractors.

No cases of occupational diseases were recorded during the observed period.

Statistics of injuries

Reporting Parameter	2024			2025		
	Men	Women	TOTAL	Men	Women	TOTAL
Total number of injuries	2 	3 	5	1 	1 	2
Employees	2 	3 	5	1 	1 	2
Workers	0 	0 	0	0 	0 	0
External Contractors	0 	0 	0	0 	0 	0
Lost Time Injury Frequency Rate (LTIFR)	14			6		
Lost Time Injury Severity Rate (LTISR)	33			4		

The table presents key occupational health and safety performance indicators, including the total number of workplace injuries, the Lost Time Injury Frequency Rate (LTIFR), and the Lost Time Injury Severity Rate (LTISR). The indicators enable the monitoring of trends in injury occurrence and severity, as well as the evaluation of the effectiveness of occupational health and safety measures implemented throughout the reporting period.

EMPLOYEE MOTIVATION AND SATISFACTION

BFF recognizes **employee motivation and satisfaction** as key factors for achieving the long-term sustainability of the business, as well as for maintaining high standards of product quality and safety.

We view employees as key drivers of knowledge, development, and innovation. Through **continuous development, training, and knowledge exchange**, we enable a better understanding of work processes and production dynamics, while simultaneously strengthening individual and team competencies. We foster a culture of learning, open communication, and collaboration, contributing to employees' professional development and the strengthening of organizational capabilities.

Particular importance is given to **innovation and the exchange of ideas**, while employees are encouraged to propose new solutions and improvements. Every success is recognized and shared at the team level, while mistakes are viewed as opportunities for learning and further development. In this way, we create a supportive work environment in which employees feel supported, motivated, and empowered to take responsibility and initiative.

Employee motivation and satisfaction represent the foundation of organizational stability and long-term business success. At BFF, we are committed to creating a work environment that encourages professional development, teamwork, and individual contribution, while ensuring clear recognition of roles, responsibilities, and achieved results.

Employee satisfaction is fostered through a combination of **development opportunities, transparent communication, a culture of recognition and support**, as well as initiatives aimed at improving the overall employee experience. Special emphasis is placed on strengthening organizational culture, promoting corporate values and collaboration, and contributing to a stronger sense of belonging and engagement.

The implementation of **digital solutions and internal platforms** has further improved access to information, two-way dialogue, and process transparency, as well as the visibility of individual and team achievements. This enables timely feedback, easier recognition of contributions, and helps strengthen employee motivation.

Continuous monitoring of employees' needs and expectations, together with the ongoing improvement of HR practices, enables a better understanding of the factors influencing employee engagement, productivity, and satisfaction, creating a stable foundation for talent development and the achievement of the company's business objectives.

EMPLOYEE BENEFITS

At BFF, we believe that satisfied, healthy, and motivated employees are the key to the company's long-term success and sustainable growth. For this reason, we continuously improve our benefits package to address the diverse needs of employees, support their well-being, professional development, and work-life balance, while fostering a supportive and inclusive work environment.

HEALTH AND EMPLOYEE WELL-BEING	<ul style="list-style-type: none"> • Preventive medical check-ups for all employees • Additional health insurance (for employees in certain positions and their family members) • FitPass membership for recreational activities • Health promotion programs (disease prevention and mental health) • Educational lectures on health-related topics
FLEXIBILITY AND WORK-LIFE BALANCE	<ul style="list-style-type: none"> • Hybrid work model • Flexible working hours • Additional annual leave days • Additional paid leave days
FINANCIAL BENEFITS	<ul style="list-style-type: none"> • Competitive compensation and regular market alignment • Provided meals (depending on the position) • Project-based rewards and rewards for additional engagement • Annual bonuses for management • Quarterly and annual recognition awards (e.g. "Best Colleague") • Long-service awards (10 and 20 years of service within the company) • New Year vouchers • Collective employee insurance
SUPPORT FOR FAMILIES AND IMPORTANT LIFE EVENTS	<ul style="list-style-type: none"> • Financial gift upon marriage • Financial gift and product package upon the birth of a child • Gift package and one day off for a child's first day of school • Financial assistance for employees facing difficult life situations
PARENTAL SUPPORT	<ul style="list-style-type: none"> • Flexible working hours upon return from maternity leave • Gradual return-to-work model (60% / 80% working hours) • Financial compensation for salary differences during maternity leave and childcare leave
DEVELOPMENT PROGRAMS	<ul style="list-style-type: none"> • Professional training and development funded by the employer • Internal and external training programs aligned with position requirements • Talent programs and academies (e.g. "Take Your Career Into Your Own Hands") • Vertical and horizontal mobility within the organization and the Nelt Group • Scholarships and education loans for studies in the country and abroad
EVENTS AND ADDITIONAL BENEFITS	<ul style="list-style-type: none"> • Nelt Family Day • Various internal events • Discounts, administrative payment arrangements, and banking benefits

Parental support

BFF provides additional support to employees during parental leave. Over the past two years, parental leave was used by eight female employees, two of whom returned to work in 2025.

Employees returning from maternity leave benefit from a gradual return-to-work program, including 60% working hours with full salary compensation during the first month, followed by 80% working hours with 80% salary compensation for the next two months. The company also compensates the difference between statutory benefits and the employee's full contractual salary, helping ensure financial stability during this period.

Activities for the children and families of our employees

At BFF, we foster a supportive and inclusive culture built on team spirit, respect, and togetherness. We believe these values should extend beyond the workplace, which is why we organize activities that bring employees and their families closer together.

One of our key initiatives is Family Day, an annual event that provides employees and their families with an opportunity to connect through social, sports, and educational activities in a relaxed environment. The event helps strengthen relationships and reinforces a sense of belonging within the BFF community.

We also recognize important family milestones. Children of employees starting primary school receive school supply packages and gifts, while parents are granted an additional day off to celebrate this special occasion with their families.

Through these initiatives, BFF promotes family values and supports a healthy work-life balance.



CONTINUOUS EMPLOYEE EDUCATION

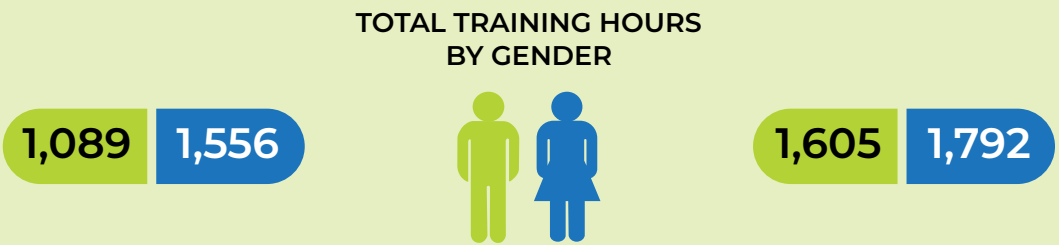
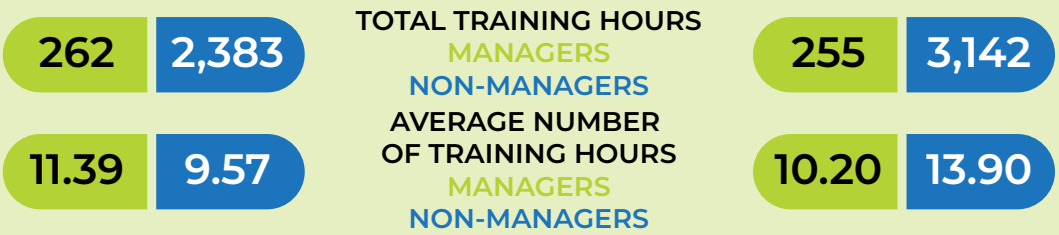
In today's business environment, the development of employees' knowledge and skills represents one of the key factors for the long-term sustainability and success of an organization. At BFF, we do not view education as a formal obligation, but rather as a strategic investment in people and in building an agile, competent workforce ready to respond to future challenges.

Through carefully designed training programs, workshops, and structured development initiatives, we continuously enhance employees' competencies and strengthen organizational capabilities. Special emphasis is placed on a systematic approach to development through a combination of internal and external training programs, as well as participation in relevant professional and industry events.

In this way, we foster a culture of continuous learning, empower employees to actively manage their own professional development, and create an environment in which education serves as a driving force for innovation, adaptability, and the company's long-term growth.



6,000 TRAINING HOURS



STRUCTURED APPROACH TO EMPLOYEE DEVELOPMENT

Onboarding process and employee development

BFF places special focus on the onboarding process for new employees, with the aim of ensuring their fast and effective integration into the organization. The onboarding process includes familiarization with internal procedures, policies, and work processes, as well as practical work on production lines under the mentorship of more experienced colleagues. This approach enables new employees to acquire the necessary knowledge and competencies within a shorter period of time, while maintaining a high level of safety and work quality.

Mandatory internal training and courses

In line with legal requirements and certification standards, all employees complete mandatory training in occupational health and safety, fire protection, environmental protection, quality control, and food safety. The program covers HACCP principles, hygiene and manufacturing practices, allergen management, safe food handling, and hygiene requirements in production.

Additional training is provided in first aid, regulatory compliance, and internal policies, including information security, personal data protection, anti-corruption, and antitrust topics. Part of these programs is delivered through the MetaCompliance platform, ensuring a standardized and efficient learning experience.

Knowledge and skills development programs

BFF is committed to the continuous development of employees' knowledge and skills through structured programs aligned with business needs and individual career goals. Key initiatives include the "Take Your Career Into Your Own Hands" program, which encourages employees to actively manage their professional development.

In addition, employees participate in training programs focused on professional and functional competencies, as well as soft skills such as mental health, resilience, communication, and personal effectiveness. Training is also provided to support the implementation of new tools and the continuous improvement of business processes.

Mentorship

In the healthy food industry, mentorship plays an important role in employee development. Through collaboration with experienced managers and experts, employees gain the knowledge and skills required for complex production and business processes. As part of their development plans, employees are assigned mentors, including mentors from other organizational units, fostering knowledge sharing, cross-functional collaboration, and professional growth.

Development of personal and interpersonal competencies

The development of skills important for everyday work and collaboration represents an important part of the overall approach to employee development. Through various training

programs and workshops, employees enhance their knowledge and capabilities in the areas of mental health preservation, adaptation to change, communication, and teamwork. In this way, BFF contributes to the creation of stable, engaged, and more resilient teams.

External learning and professional development programs

The company provides financial support for external training and education, including both legally required training programs and voluntary programs aimed at acquiring additional knowledge, skills, and formal education within the educational system, in line with employer needs and employees' development plans.

Employees are given the opportunity to participate in trade fairs and professional events dedicated to new technologies in food production, with the aim of keeping up with modern trends and industry best practices.

Furthermore, employees have access to various professional databases, journals, educational content, and information channels in order to stay informed about changes in legal regulations, regulatory requirements, and relevant industry standards, supporting the company's strategic development.



EMPLOYEE PERFORMANCE EVALUATION

Since 2025, BFF has introduced a **formal and structured process for annual and semi-annual employee performance evaluations**, in line with the methodology of Nelt Group. The process was established with the aim of systematically monitoring employee performance, professional development, and career aspirations, while also strengthening transparency and objectivity in talent management.

The evaluation process is multi-layered and includes:

- **employee self-assessment,**
- **assessment by the immediate supervisor,**
- **calibration of evaluations** through the involvement of relevant internal stakeholders and second-level managers, ensuring consistency of criteria and a fair approach.

The evaluation process covers all employees.

Results and application of the performance evaluation process

The results of the implemented performance evaluation process are used as a basis for making key HR and development decisions and include the following areas:

Performance assessment and career aspirations

- Assessment of employees' achieved results and work performance
- Identification of employees' career aspirations and professional interests
- Definition of individual development plans with specific development goals

Succession planning and career advancement

- Identification of potential talents and future leaders
- Development and updating of succession plans
- Definition of timelines for employee advancement

Development center and targeted development

- Identification of employees for inclusion in the development center
- Directing employees toward additional development programs in line with their assessed potential

Hidden gems and functional mobility

- Identification of employees with hidden potential ("hidden gems")
- Planning of functional moves in line with succession plans and business needs

Talent retention and mobility

- Assessment of retention risks
- Identification of employees interested in **internal mobility**, including opportunities to work in other markets or related legal entities within the Group



**RESPONSIBILITY TOWARDS
THE COMMUNITY**

PREVENTION OF CHILDHOOD OBESITY THROUGH EARLY EDUCATION

During the reporting period, BFF launched the socially responsible initiative “Healthy Nutrition from an Early Age”, aimed at contributing to the prevention of childhood obesity and improving knowledge about proper nutrition in early childhood. The initiative represents the company’s first systemic CSR activity focused on the long-term improvement of children’s public health and forms part of a broader approach to integrating ESG principles into business operations.

One of the fundamental pillars of BFF’s social responsibility is the promotion of proper nutrition from the earliest age. Through product development and educational initiatives, the company strives to provide parents with reliable support in making informed decisions about their children’s nutrition, with particular emphasis on the healthy growth and development of infants, including the promotion of breastfeeding as the foundation of healthy growth and development.

According to data from the World Health Organization, every third child in Europe is overweight or obese, while national data indicate that in Serbia nearly 13% of children aged 5 to 14 are obese and 16.6% are overweight, with further growth projected by 2030. These figures highlight the need for an early, preventive, and educational approach, with a particular focus on the first years of life.

Based on the understanding that eating habits are formed during the first 1,000 days of life, the “Healthy Nutrition from an Early Age” initiative was designed as a platform bringing together parents, healthcare professionals, and industry stakeholders, with the aim of providing systemic support for children’s healthy development. As part of the project, expert panels and educational events were organized with the participation of pediatricians, nutritionists, and public health experts from Serbia, Bosnia and Herzegovina, North Macedonia, and Montenegro, giving the initiative a regional character.

Through the **Nutrino** brand, BFF takes an active role in promoting healthier eating habits, going beyond traditional market communication and positioning itself as a long-term partner to the community.

In the short term, the project contributes to raising awareness among parents and the professional community, while its long-term effects are reflected in the potential reduction of childhood obesity rates and the improvement of the quality of life of future generations.

RESPONSIBLE PRODUCTION AND PRODUCT QUALITY

BFF continuously enhances its portfolio by developing products with improved nutritional value and recyclable packaging, combining consumer health considerations with responsibility toward the environment and the community.

Product development is based on the needs of different age groups and aligned with modern nutritional recommendations, further contributing to the improvement of quality of life across all generations.





BUILDING PARTNERSHIPS AND COMMUNITY ENGAGEMENT

In addition to its direct impact through products, BFF places significant emphasis on **building long-term partnerships** with organizations, institutions, and business partners. These relationships, based on mutual respect and trust, enable knowledge exchange, the development of joint initiatives, and the creation of additional value for the broader community.

Through ongoing dialogue with local communities and partners, the company contributes to creating a sustainable and supportive environment for development

Social contribution through donations and sponsorships

BFF also contributes to society through **product donations and the sponsorship of initiatives of broader social importance**, in line with its values and responsibility toward society.

Donations are primarily directed toward programs intended for infants and toddlers, as well as initiatives that contribute to their health, development, and well-being.

Beyond donations, BFF supports events and projects that promote positive social values and contribute to strengthening the community, with the aim of serving as an example of responsible business practices and encouraging other stakeholders to actively contribute to social development. Accordingly, the company supports initiatives of general public interest each year in the areas of education, upbringing, science, culture, arts, sports, and active lifestyles.

Support for organizations and events of social importance:

- Parental perspectives conference (Novak Djokovic foundation)
- Regional guest lectures by dr. Gordon Neufeld
- Science festival
- Profi mama conference: "At the crossroads of generations"
- Oplenac children's festival
- "Children's Jazzbuka" concert
- Belgrade marathon
- Belgrade Open 2024 tennis tournament
- Ironman 70.3 triathlon event

Donations to organizations and institutions:

- Svici u mraku Humanitarian Organization
- Vojvodina Food Bank
- Andjeli severa Association
- Drinka Pavlović Primary School
- Hispanic Studies Association
- Novak Djokovic Foundation
- Institute for Mother and Child

**RESPONSIBILITY
TOWARDS
THE ENVIRONMENT**



COMMITTED TO ENVIRONMENTAL PROTECTION

With the aim of fully aligning our business operations with sustainability principles, we have recognized environmental protection as a long-term strategic priority. As a leader in the production of healthy food for all age groups, BFF is not only committed to providing high-quality products, but also to actively reducing its environmental footprint. Across all segments of our operations, we strive to achieve a balance between economic efficiency, social responsibility, and environmental protection. By integrating environmental strategy, goals, and principles into our operations, we are dedicated to preserving natural resources for future generations.

Continuous monitoring, analysis, and implementation of innovative solutions are key factors enabling the achievement of positive results in reducing our environmental impact.

The management of this area is governed at the highest level through **the Integrated Management Systems Policy**, which establishes commitment to defined objectives, responsibility for the effectiveness of the implemented system, and transparent communication of relevant information.

At the beginning of 2025, we successfully implemented the international standard **ISO 14001:2015** for environmental management systems. The standard supports the identification, control, and reduction of environmental impacts, compliance with regulatory requirements, and the continuous improvement of environmental performance through the Plan-Do-Check-Act cycle, with the aim of helping the organization to:

- systematically identify and manage environmental impacts,
- reduce negative environmental impacts,
- ensure compliance with applicable regulations,
- improve environmental performance through continuous improvement.



ENERGY ASPECTS

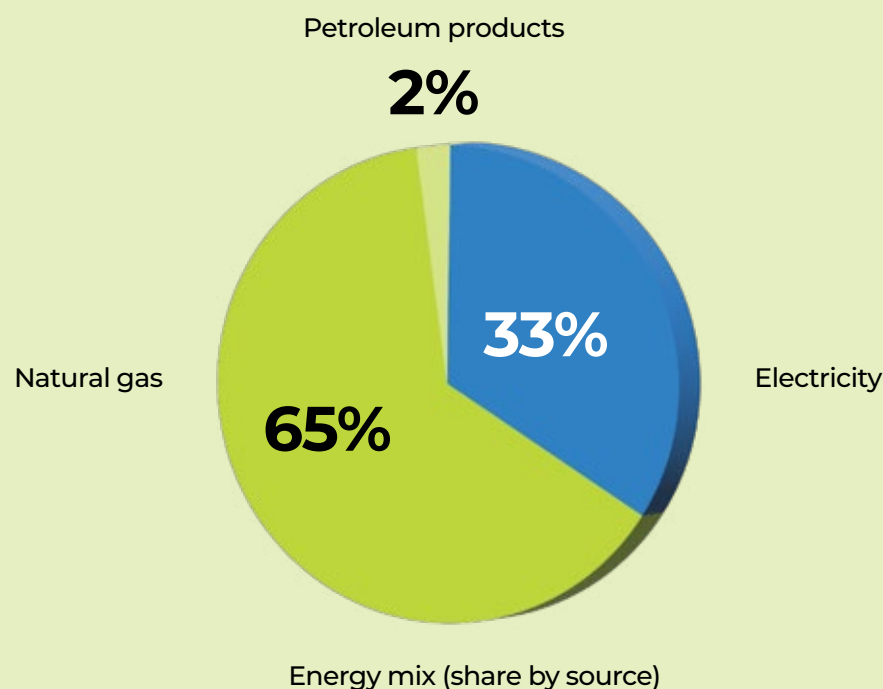
At BFF, we continuously improve the responsible use of energy with the aim of protecting the environment and reducing emissions. Our approach to responsible energy consumption includes the use of renewable energy sources, the rational use of non-renewable sources, efficient resource management, and the continuous improvement of energy efficiency.

Our strategic orientation toward energy sustainability is based on balancing different energy sources in order to ensure the stability, efficiency, and environmental sustainability of our operations. Natural gas remains the main pillar of the company's energy mix, accounting for 66% in 2024 and 65% in 2025, as a stable and reliable energy source with lower emissions compared to other fossil fuels.

Electricity accounted for 32% of the company's total energy mix in 2024 and 33% in 2025. A significant step forward was achieved through an agreement with Elektroprivreda Srbije (EPS) for the supply of electricity from renewable energy sources at a 100% share, supported by guarantees of origin and certificates confirming the use of "green" energy. In this way, we further contribute to reducing indirect emissions and strengthening the sustainability of our operations.

The share of petroleum derivatives remained stable at 2% in both reporting years. The diversification of the energy mix provides greater resilience to energy supply challenges while simultaneously reducing the company's environmental footprint.

We will continue to invest in new technologies, improvements in energy efficiency, and sustainable solutions in order to further reduce environmental impact and contribute to creating a cleaner and healthier environment.



Petroleum products consumption

Petroleum products account for only 2% of our total energy mix. They are used for passenger vehicles, forklifts, and as backup fuel for generators, ensuring continuity of production even in the event of disruptions in energy supply.

Consumption GJ	Gasoline		Diesel		LPG		TOTAL	
	2024	2025	2024	2025	2024	2025	2024	2025
	547	601	293	263	71	71	912	935

Natural gas consumption

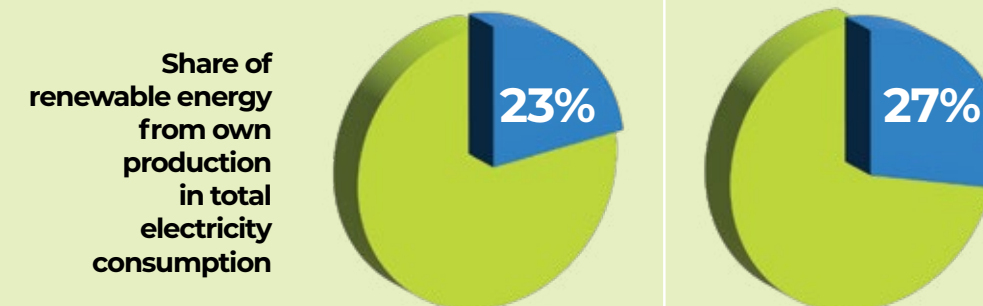
m ³		GJ	
2024	2025	2024	2025
738,566	749,778	27,984	28,409

During the reporting period, gas consumption in the production process remained stable. The majority of total gas consumption, approximately 80%, is used directly in production processes, while the remaining approximately 20% is used for heating and ensuring optimal working conditions, as well as the stability of technical systems.

The gas combustion facility is equipped with modern boilers featuring automatic regulation systems, enabling efficient and controlled combustion while minimizing emissions of air pollutants. Regular emission measurements, including carbon monoxide (CO), sulfur oxides (SOx), and nitrogen oxides (NOx), confirm that the recorded values remain fully below the prescribed limit values, ensuring full compliance with applicable legal and environmental standards.

Electricity consumption

	2024		2025	
	kWh	GJ	kWh	GJ
National grid	2,927,778	10,540	2,908,967	10,472
Own RES	896,389	3,227	1,061,417	3,821
TOTAL	3,824,167	13,767	3,970,384	14,293



Total energy consumption (GJ)

Total energy consumption increased by approximately 2% in 2025 compared to 2024. At the same time, the share of electricity sourced from the grid slightly decreased, alongside an increase in electricity consumption from the company's own sources, namely the solar power plant. This trend reflects the company's continued diversification of energy sources and the growing share of renewable energy in total consumption.

In 2025, approximately **9% of total energy consumption was covered by the company's own renewable energy sources**, while electricity sourced from the national grid was supported by guarantees of origin from renewable energy sources. This approach ensures that the company's total electricity consumption is aligned with the principles of the Green Agenda and the company's sustainability goals.

Alongside the diversification of energy sources, BFF continuously implements measures aimed at improving energy efficiency, with the goal of rationalizing consumption and optimizing energy flows. This approach contributes to reducing the overall environmental footprint of the business, strengthening energy resilience, and further improving the sustainability of production processes.

Source	2024	2025
Petroleum products	912	935
Electricity from the grid	10,540	10,472
Electricity from solar energy	3,227	3,821
Natural gas (for heating/process)	27,984	28,409
Total	42,663	43,637



Energy intensity (GJ/t)

Energy intensity is used to measure the efficiency of energy use within our organization. It is expressed as the ratio between total energy consumption and the quantity of products produced per ton.

This metric enables us to quantify our energy efficiency and monitor progress in reducing energy consumption over time.

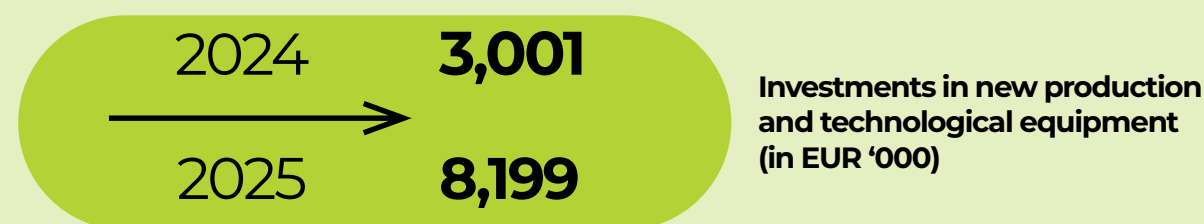
	Total energy consumption (GJ)	Production(t)	Energy intensity (GJ/t)
2024	42,663	5,987	7.13
2025	43,637	5,680	7.68

Energy intensity recorded a slight increase. This was primarily the result of an atypical consumption structure, particularly due to fluctuations in production operations during 2025, including the shutdown of certain production lines caused by the complex process of dismantling old equipment and installing, testing, and commissioning new process equipment.

Investments in sustainable and environmentally responsible technologies

During the reporting period, BFF carried out an investment cycle focused on the modernization and automation of production processes through the procurement, installation, and commissioning of new production and technological equipment with a total value of 11 million euros. The investments included the upgrade of liquid and dry purée, production lines, the implementation of a centralized CIP system for automated cleaning of technological lines, as well as the automation of packaging and palletizing processes.

The implemented activities contributed to improved packaging quality and integrity, increased production capacity and energy efficiency, reduced waste and operational downtime, and greater efficiency of production processes. At the same time, the automation of certain operations contributed to reducing manual labor and improving employee safety by lowering the risk of workplace injuries.



GREENHOUSE GAS EMISSIONS (SCOPE 1 AND SCOPE 2)

BFF monitors and manages greenhouse gas emissions (Scope 1 and Scope 2) as part of its activities aimed at responsible environmental impact management. Refrigerant R134a (HFC-134a) is used in closed cooling systems, minimizing the risk of emissions into the atmosphere. The company operates in compliance with applicable regulations and does not use substances that deplete the ozone layer.

	Scope 1 (tCO ₂ e)	Scope 1 Location-based* (tCO ₂ e)	Scope 2 Market-based** (tCO ₂ e)	Total Location-based (tCO ₂ e)	Total Market-based (tCO ₂ e)
2024	1,464	3,218	0	4,682	1,464
2025	1,488	3,197	0	4,685	1,488

Scope 1 includes direct emissions from the combustion of fuels (gasoline, diesel, LPG) and natural gas in production and operational processes. In 2025, Scope 1 emissions slightly increased compared to 2024, primarily due to higher consumption of natural gas and diesel fuel.

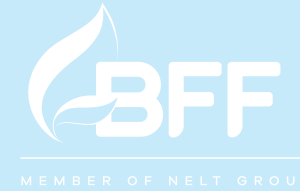
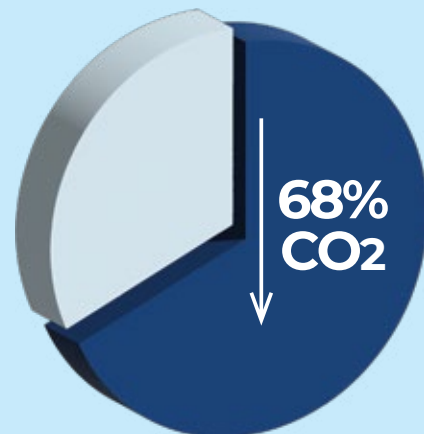
Scope 2 includes indirect emissions from purchased electricity.

Emissions are presented according to two methodologies:

***The location-based approach** uses the national emission factor for Serbia's electricity generation mix.

****The market-based approach** takes into account contracted Guarantees of Origin from the Đerdap hydropower plant, under which emissions from electricity covered by these instruments are calculated as 0 tCO₂e.

Thanks to the use of renewable energy supported by guarantees of origin, market-based emissions are almost entirely limited to Scope 1, representing a significant contribution to reducing the company's overall carbon footprint.



SYSTEMATIC WASTE MANAGEMENT

Systematic waste management is one of BFF's key activities in the field of environmental protection. Through the application of modern equipment, controlled processes, and preventive measures, the amount of generated waste is reduced, while the resulting waste is managed responsibly and in accordance with regulations and best practices.

The implementation of the ISO 14001:2015 standard has further improved the environmental management system and compliance with environmental requirements.

Operational waste management and the role of employees

Waste is sorted at the point of generation and temporarily stored in accordance with HACCP standards and waste management requirements. Through employee training, waste flow mapping, and cooperation with authorized operators, responsible and environmentally compliant waste management is ensured.

Key elements of planned waste management

- Proper waste sorting at the point of generation
- Temporary storage and transfer of waste to authorized operators
- Appropriate waste treatment according to waste type (recycling, reuse, and other treatment methods)
- Support for socially responsible initiatives (e.g. "Cap for Handicap")
- Cooperation with leading packaging waste operators aimed at reducing CO₂ emissions and improving sustainability

Material selection and sustainable packaging

Material management is based on the principles of sustainability and the reduction of environmental footprint. A high share of renewable materials and a significant percentage of recycled input materials confirm the company's commitment to responsible practices within the supply chain.

Category	2024		2025	
	kg	%	kg	%
Non-recyclable	361,761	28.55	346,832	28.62%
Recyclable	905,201	71.45	865,144	71.38%
Total	1,266,962	100%	1,211,976	100%

BFF prioritizes product safety and packaging that preserves quality throughout the entire shelf life of the product. Whenever possible, materials containing recycled content are used - glass jars from the Nutrino portfolio contain 40% recycled material, while the lids typically contain approximately 67% recycled content.

Waste prevention and circular practices

During the reporting period, two key focus areas were identified:

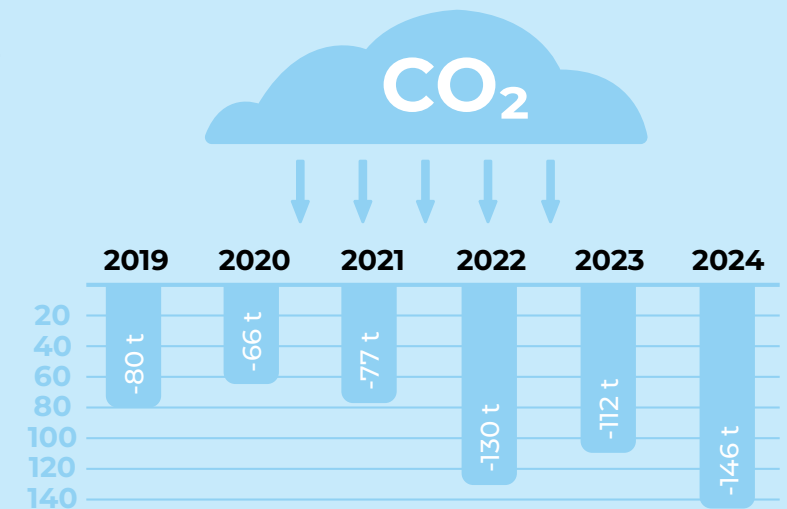
- Development of recyclable packaging for finished products packaged in pouch and doypack formats
- Return of transport packaging (wooden pallets and metal drums) in cooperation with raw material suppliers, as a preventive waste generation measure representing the highest level of the waste management hierarchy

These activities require the active involvement of employees throughout the supply chain to ensure that the packaging remains in its original condition and can be reused without additional processing.

Recyclability of packaging	2024 (%)	2025 (%)
NON-RECYCLABLE	28.55%	28.62%
RECYCLABLE	71.45%	71.38%

Emission reduction through packaging waste management

Through its partnership with SE-KOPAK, established in 2018, BFF supports the systematic management of packaging waste, helping reduce landfill disposal and CO₂ emissions. Employees further contribute through waste separation and recycling practices across the factory.



Total waste quantities by treatment method

Treatment method	2024 (t)	2024 (%)	2025 (t)	2025 (%)
Reuse	355	79%	306.4	77%
Recycling	93.5	21%	91.8	23%

Total waste quantities in both streams slightly decreased in 2025 compared to 2024. The share of waste sent for recycling increased from 21% to 23%, indicating a relatively greater diversion of waste toward recycling and an improvement in the waste management structure, despite similar absolute quantities.

RESPONSIBLE WATER RESOURCE MANAGEMENT

BFF manages water resources in a responsible and sustainable manner, with the aim of minimizing negative environmental impacts and preserving the quality of surface and groundwater resources. Water abstraction and use, as well as the collection, drainage, treatment, and discharge of wastewater from the factory complex, are carried out in accordance with the applicable water permit.

The division of the facility into production, technical-energy, and administrative units enables a clear separation of water consumption by purpose and more precise management of water flows.

Water sources and responsible abstraction

Water for sanitary purposes in the administrative area and gatehouse is supplied from the public water supply system, while groundwater sourced from three independent drilled wells with a total capacity of 42.8 l/s is used for technological processes, technical systems, and fire protection. The wells are located at different positions to diversify water sources, while access to them is strictly controlled.

Groundwater abstraction is carried out responsibly, in accordance with environmental protection requirements and without jeopardizing the rights of other users, ensuring the long-term sustainability of water sources and control of consumption.

Efficiency improvement and process optimization

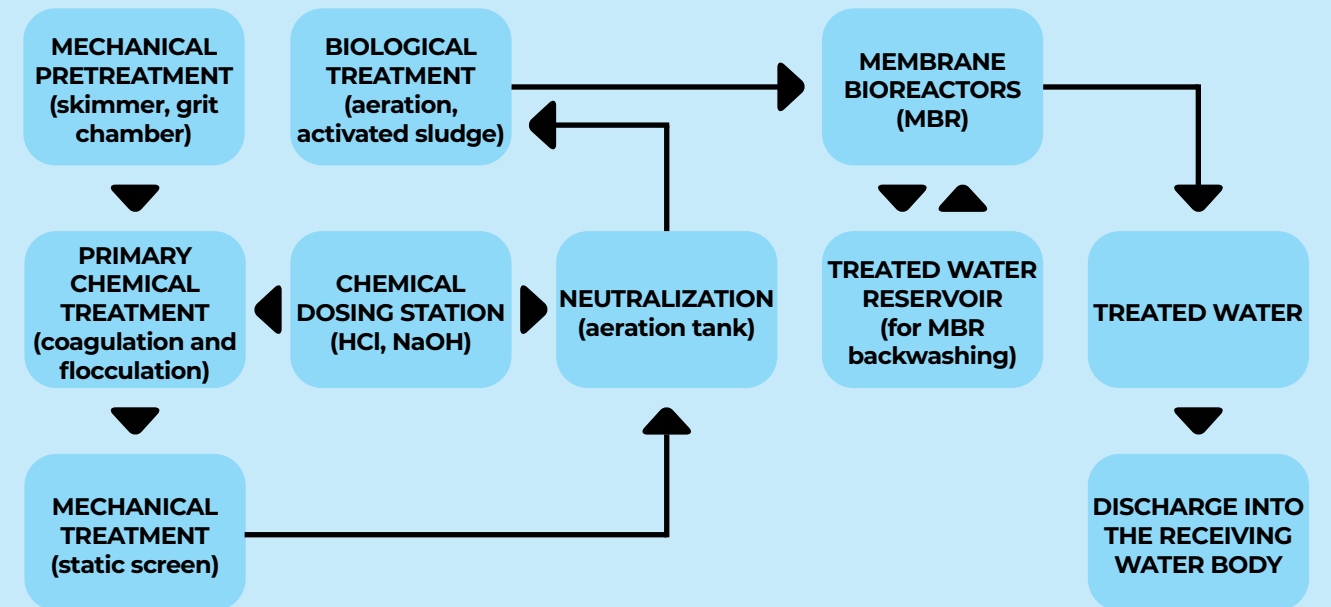
With the aim of reducing water and other resource consumption in production, BFF continuously implements modern technologies and improved process practices. During the reporting period, the company transitioned from multiple individual production line cleaning systems (CIP) to one centralized CIP system.

The introduction of the centralized CIP system enabled the standardization and more precise control of cleaning cycles, as well as the possibility of reusing process solutions. Centralized management additionally contributes to safer chemical handling, reduced risk of workplace injuries, and more consistent cleaning quality of production lines, resulting in improved hygiene within the production facility. This change represents an important step within activities aimed at improving production equipment efficiency and ensuring responsible water and chemical management.

Wastewater treatment and discharge

All technological and sanitary wastewater is directed to the wastewater treatment plant (WWTP), after which the treated water is discharged into the receiving body - the Galovica canal. The treatment system includes physical, chemical, and biological processes, ensuring that discharged water complies with prescribed limit values and is safe for the environment, flora, and fauna.

Phases of the wastewater treatment process



Control, monitoring, and risk management

The company regularly monitors the quantity and quality of abstracted water, the condition of groundwater within the sanitary protection zone of the water source, as well as the quantity and quality of wastewater before and after treatment. Measurements are conducted in accordance with applicable regulations, and the results are submitted to the relevant institutions, including JVP Srbijavode, Serbia's public water management authority, the Ministry responsible for environmental protection, and the Environmental protection agency.

The control, management, and maintenance of wastewater collection and treatment systems are entrusted to authorized operators, while wastewater sludge and liquid waste are managed in accordance with applicable regulations, supported by proper record-keeping. Preventive measures are consistently implemented in order to prevent the discharge of untreated or potentially contaminated water into the environment.

Investments and continuous improvement

During the reporting period, an investment was made to improve the wastewater treatment system through the replacement of filtration membranes, with a total value of 40,000 euros. This investment ensured the stability of the filtration process and maintained a high level of wastewater treatment efficiency.

Through continuous monitoring and investments in infrastructure modernization, BFF continues to improve water resource management in line with sustainable business principles, contributing to environmental protection and the reduction of environmental risks.

Overview of water use (m³)

	Total water withdrawal	Total wastewater discharge	Water consumption
2024	74,220	41,732	32,488
2025	72,277	37,931	34,346

The reduction in water consumption relative to the total volume of withdrawn water is the result of process optimization and more efficient water use in production. These indicators confirm the company's progress in the responsible management of natural resources and the implementation of measures aimed at reducing environmental impact and the burden on the receiving water body.

ASSESSMENT OF SUPPLIERS' ENVIRONMENTAL IMPACT

Within its supply chain, BFF places special emphasis on assessing suppliers' environmental impact as an important element in achieving the company's environmental goals. Supplier assessments and audits are conducted regularly, in accordance with applicable legal regulations and relevant environmental protection standards, with the aim of evaluating suppliers' compliance with our environmental requirements and values.

Through this preventive and partnership-oriented approach, BFF actively works with suppliers to identify opportunities for improving practices and reducing negative environmental impacts. Continuous monitoring and open dialogue contribute to stable and responsible supply chain relationships, as confirmed by the fact that during the reporting period there was no need to terminate cooperation with suppliers for environmental reasons.





**ABOUT THE REPORT –
SCOPE & FRAMEWORK**



MEMBER OF NELT GROUP



This Sustainability Report covers the Company's business activities for the 2024/2025 reporting period. The report provides an integrated overview of the economic, social, and environmental aspects of the Company's operations, with the aim of transparently informing stakeholders about the Company's key sustainability-related impacts, risks, opportunities, and performance.

The report has been prepared in accordance with the principles of the Global Reporting Initiative (GRI), applying relevant GRI Standards to the extent possible, taking into account the current level of maturity of the Company's ESG data collection and management systems. The Company views this report as an important step in the development of structured and comparable ESG reporting and is committed to further enhancing the scope, quality, and accuracy of disclosed information in future reporting periods.

The reporting scope includes:

- The Company's own business activities;
- Production processes and internal operations;
- Supply chain management, to the extent that the Company has direct influence.

The information presented in this report is based on internal records, operational reports, quality and food safety management systems, as well as information collected through collaboration with business partners and suppliers. Where complete quantitative data are not yet available, the report includes qualitative descriptions of the Company's approaches, policies, and planned improvements.

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