MILŠPED'S ESG REPORT

THINKING SUSTAINABLY. MOVING BORDERS.

2024

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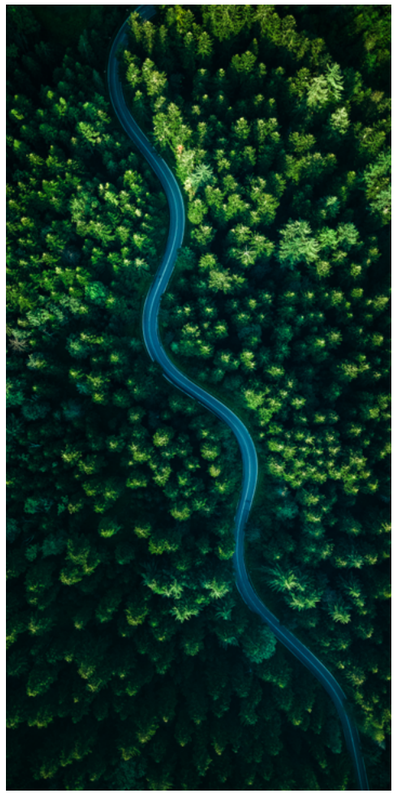
MILŠPED'S ESG REPORT 2024



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01

About our Company



Letter from our CEO

Dear stakeholders,

I am proud to present to you our Environmental, Social, and Governance (ESG) report for 2024 for Milšped d.o.o. Belgrade, Milšped AML, M-ONE and MBOX Terminals that operate in Serbia, as well as our member companies in Slovenia (Transport in Logistika d.o.o.), Croatia (Milšped d.o.o.) and Germany (Milšped GmbH). We are continuously working to ensure that within Milšped Group our processes are attuned to adapt to the demands of the global market, that include sustainable practices. We have recognized our role in influencing the communities where we conduct business, and our obligation to be the positive influence not only for other logistics companies, but for all our clients and partners. Our single goal in mind is to create a sustainable future together.

New steps towards a green future

At Milšped, we are implementing sustainability principles into our core business strategy by due to a strategic approach that aligns with international standards and EU sustainability regulations. This report highlights our dedication to transforming logistics into a force for positive impact—both for people and the planet. In light of the pressing challenge of climate change, we have created an ESG Action Plan back in 2023 that has set clear targets aimed at reducing CO_2 emissions. We have diligently followed these steps in 2024 which will be evident in the report before you.

AI in service of people and logistics

After successfully implementing various projects including usage of solar power for our warehouse in LC Krnješevci, we have made a large step towards the future in 2024 by incorporating artificial intelligence in our warehouse operations. The first step was building a specialized robotic warehouse in Krnješevci with a capacity of up to 500,000 goods. Soon after, we introduced a state-of-the-art intelligent sorting system powered by autonomous robots, expanding the warehouse's robotic division to over 100 robots involved in warehouse operations. This flexible and intelligent sorting solution is applied across a diverse product portfolio, including e-commerce, courier and distribution services. This technology is also a key part of our integrated logistics platform tailored for e-commerce, provided by the Group's member company, M-ONE. Applying robotization in these processes has also significantly increased storage capacity, boosting both productivity and the speed of meeting client demands.

This innovation created not only new jobs but also gave our employees a unique opportunity to work with artificial intelligence. At the same time, automation helps increase efficiency while also minimizing errors typically caused by human factors. Moreover, robotic technology plays a key role in taking over tasks that are traditionally done manually, often involving physical strain or carrying certain risks. This has significantly aided us in our goal to raise safety conditions for our employees and minimize risks of working in the warehouse.



Walking the path towards joint goals

This year we have redefined our goals, vision, mission and values, defining them based on the company culture that we've nurtured in the past decades. This has given us a clear path based on our joint vision, also allowing us to continue our journey with intention. Given that one of our values is sustainability, showing that we are truly dedicated to aligning our logistics solutions with the global push for decarbonization.

Logistic processes are all fundamentally driven by people, and at Milšped, our employees remain the foundation of our achievements. This year, we've increased our training capacities and development initiatives to prepare our teams for success in a rapidly evolving industry landscape. We are committed to maintaining a safe and supportive work environment, especially within our fleet operations and warehouse facilities.

I'm proud to share that Milšped's continued growth and expansion have enabled us to introduce significant structural improvements, launch new services and departments, and create numerous job opportunities in the communities where we operate, allowing our employees to apply to positions all over the world within Milšped. These developments have contributed to improved working conditions and a more positive workplace culture.

Furthermore, we are strongly dedicated to promoting diversity, equity, and inclusion across our workforce, while upholding ethical responsibility.

Sustainability as a principle

Over the past year, we have made significant progress in integrating ESG principles into our corporate strategy, with our board actively overseeing this process and ensuring that ethical considerations are embedded in all decision making. Our rulebook on ESG work has been established and our ESG board was officially formed in 2024, working to enhance the sustainability of our operations through effective management of environmental protection and ensuring that ethical considerations are embedded in all decision-making.

By strengthening transparency and accountability, we have further solidified long-term, meaningful relationships across our stakeholder network. We openly communicate with our partners, customers, and communities to better understand their expectations and to ensure that our ESG efforts reflect the broader values of the logistics industry.

Always looking ahead

As we look ahead, we see a world that is transforming rapidly, and thus it influences the role of logistics in the global economic climate. Building a sustainable business cannot be viewed as a task to be completed, but a shared responsibility and an ongoing process of learning, adapting, and leading, all to create a sustainable future. Our ambition goes beyond reducing our environmental footprint; we strive to create resilient systems, foster meaningful connections, and build value that lasts—both for our clients and for society.

By embracing innovation, empowering our people, and collaborating across the value chain, we are not only responding to change - but we are also helping to shape it. Our commitment to sustainability is embedded in everything we do, from daily operations to long-term strategic decisions.

To all our employees, partners, and stakeholders: thank you for believing in our joint vision. Your dedication and trust you place in us is the force that drives us forward. Together, we will continue to move borders in logistics—with integrity, purpose, and care for the generations to come..

Sincerely,
NEBOJŠA KRIVOKUĆA
Chief Executive Officer

ESG REPORT 2024

Business Portfolio

Owing to the modern way of doing business and organization of work, bold ideas and the ability to adjust to the market, Milšped has established a unique market presence integrating many services.



We are here to deliver flexible solutions in line with the high market demands, making sure that those demands are met economically and in accordance with the highest industry standards, regardless of the type of transportation, or destination. Our portfolio includes a wide range of integrated services, provided by a team of professionals with vast experience, able to meet the requirements of even the most demanding clients.

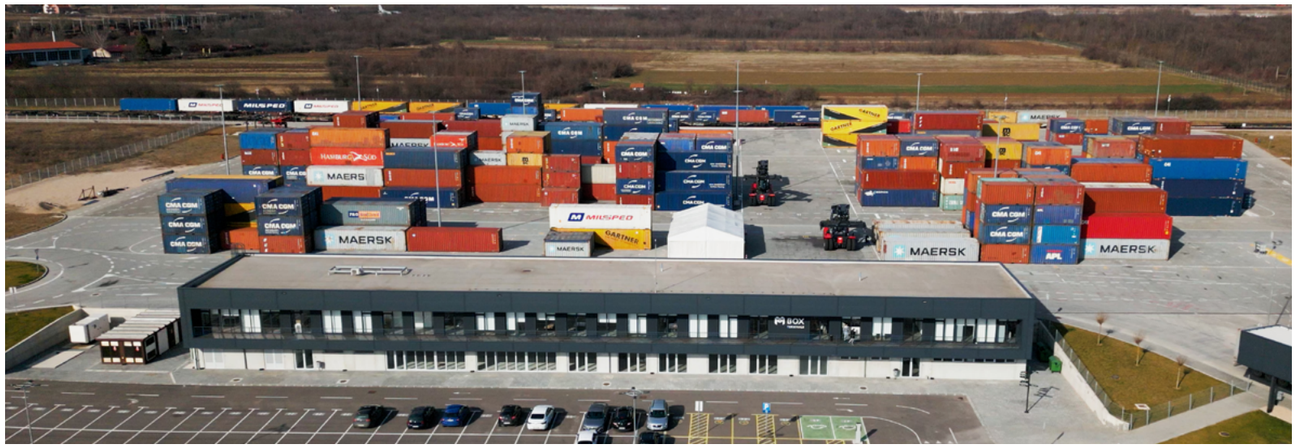
- **INTERNATIONAL ROAD TRANSPORT**
- **DISTRIBUTION AND DOMESTIC TRANSPORT**
- **WAREHOUSE OPERATIONS**
- **CUSTOMS CLEARANCE**
- **SEA TRANSPORT**
- **AIR TRANSPORT**
- **RAIL TRANSPORT**
- **E-COMM LOGISTICS**
- **INTERMODAL TRANSPORT**

Milšped doo

Founded in 1993, Milšped has grown from a small customs brokerage agency into a leading regional logistics and transportation provider. With over 30 years of experience, Milšped offers a comprehensive range of services including warehousing, distribution, international road transport, ocean, air, and rail freight, courier services, and intermodal transport.

Headquartered in Belgrade, Serbia, Milšped is the flagship of the Milšped Group, operating across Europe and beyond. As a trusted 3PL provider, the company is recognized for its commitment to innovation, digitalization, sustainability, and customer satisfaction. With thousands of daily deliveries and a professional, experienced team, Milšped continues to connect global markets and support business growth by moving borders in logistics.





M-BOX Intermodal Terminal

M-BOX INTERMODAL TERMINAL is a state-of-the-art intermodal terminal located in Popovac, in the new industrial zone of the city of Niš. It spans over 4 hectares and represents the cross-road between the east and the south, on the route of Pan-European Corridor 10. The terminal offers a wide range of container terminal and intermodal services, including rail and road transportation, allowing clients to optimize their logistics operations and reduce their transportation costs. With advanced technology and logistics systems, M-BOX INTERMODAL TERMINAL offers reliable and efficient transportation of goods across Europe and beyond.

Milšped AML

Milšped AML d.o.o is a part of the group whose potential is directed towards the creation of logistic solutions intended for automotive industry. Long-term dedication to this logistic segment, as well a successful fulfillment of requirements of multinational companies in this field, provided Milšped with comparative advantage on the market and prevalence in the provision of services related to automotive logistics.

Throughout Europe, we provide services of international and internal vehicle transportation, by integrating the proven partner network. Own fleet of trucks and equipment's of new generation guarantee quality, economically, ecologically, efficient transport and short handling times.



Milšped M-One

Milšped M-One is a modern and efficient e-commerce logistic solution that became a part of Milšped Group in 2020. Our vision and idea is to provide our clients full control over online shipments from the moment of first "click" on their website until the end user. Offering door to door service, we provide that the whole process is under full control of one entity. The company's mission is to constantly improve its processes by utilizing the latest methods and technologies, while providing strategic support to its customers to ensure their business growth. All the above-mentioned is possible throughout modern technology (Autostore, sorting machines, software, WMS, etc.), infrastructure and professional staff which we see as well as to other countries in the region.

M-One offers complete e-commerce logistic solution to its clients from its Fulfillment Center in Belgrade, Serbia, as well as to other countries in the region. Integrated services include warehousing, picking, packing, labeling, stock controlling, last mile and return handling. Likewise, M-One offers additional services as benefits to its clients such as daily reporting, customer revise, system integration and real time tracking of their shipments. Whether it's documents, samples, or goods, M-ONE provides efficient and cost-effective solutions tailored to the needs of each customer. In addition to its current regional delivery services, M-ONE could expand its reach by offering cross-border e-commerce fulfillment services, leveraging its established network and expertise to help businesses deliver products to customers across Europe.



MILŠPED IN GERMANY
Milsped GmbH

Milšped GmbH specializes in automotive logistics solutions that combine flexibility, speed, and cross-border expertise in Germany. With a focus on efficient Road and Rail transport as well as customs handling, we provide dependable services for vehicles and spare parts across Europe and beyond. As part of our commitment to efficiency and sustainability, we also offer rail transport for vehicles, available both domestically and internationally. Milšped GmbH provides specialized logistics solutions for the automotive industry, with a strong focus on both vehicles and spare parts. For vehicle transport, we offer reliable road transportation using vehicle transporters across domestic and international routes. In addition to that, Milšped GmbH handles all necessary customs clearance services, ensuring seamless cross-border movement.

MILŠPED IN CROATIA
Milšped d.o.o

Milšped Croatia, as part of the international Milšped Group, provides reliable, comprehensive, and sustainable logistics solutions tailored to the needs of modern supply chains. Operating across all key transport modalities and offering an integrated approach, Milšped Croatia plays a strategic role in regional and European logistics. In this part of the region we offer a comprehensive range of logistics services, including FTL and groupage road transport, ocean and air freight (FCL/LCL), as well as advanced warehousing and inventory management systems offer scalable, tech-driven solutions tailored to the needs of both local and international clients. Additionally, our customs brokerage experts in Zagreb and Rijeka provide end-to-end clearance services and strategic consulting to ensure full compliance with import, export, and transit procedures. Milšped Croatia's operations reflect our dedication to responsible business practices. We continuously invest in green technologies, digitalization, and workforce development to minimize our environmental footprint and strengthen our positive impact on the communities we serve. As we grow, we remain focused on building a more efficient, connected, and sustainable logistics future.

MILŠPED IN SLOVENIA
Transport in Logistika d.o.o

As a proud member of the international Milšped Group, Milšped Slovenia provides clients in this part of the region with a comprehensive and advanced logistics platform. With a strong focus on efficiency, sustainability, and technological development, the company offers a wide range of services tailored to the demands of the modern market. These include customs brokerage, road, sea, air, and rail transportation, automotive logistics, distribution, and high-tech solutions for warehousing and inventory management. Operating in line with ESG principles, Milšped Slovenia is committed to optimizing supply chain processes while minimizing environmental impact. Through the implementation of energy-efficient technologies and digitalized logistics systems, the company supports both its clients' growth and broader regional goals for sustainable development. Furthermore, Milšped Slovenia invests in local talent and infrastructure, actively contributing to the economic and social advancement of the communities in which it operates.

OUR BUSINESS, VISION AND MISSION

In 2024 we took a significant step in setting our business goals and values by redefining our vision and mission statements, as well as our core values, all based on and built upon the strong foundation of company culture we've cultivated over the past decades. This process allowed us to articulate a clear and unified direction, one that reflects both who we are and who we aspire to become.

In doing so, we've aligned our long-term strategy with the evolving expectations of our clients, partners, and society at large, as well as communities where we conduct business.

Over three decades of dedicated work and continuous development have been marked by numerous successes, challenges, and outstanding results. The growth and progress of the Milšped Group is eminent, thanks to our people – the true ambassadors of the values we uphold.

Our values are not just principles we follow – they are the foundation of our success and the guiding lights on our path to the future. On this occasion, we want to highlight the values that define us and empower us to push boundaries across all areas of our operations by applying the expertise of modern logistics.

Vision

Global logistics provider recognized for top-notch solutions and services.

Mission

We create new, better, and sustainable logistics solutions for clients with whom we build long-term partnerships.

Our Values

SAFE STEP
Client Centricity

WE BUILD STRONG CONNECTIONS AND LONG-TERM RELATIONSHIPS WITH CLIENTS.

Our clients are at the heart of everything we do. We are dedicated to their needs, ensuring every **step** they take with us is secure. This commitment forms long-term relationships that have been key to our decades of success.

STEP MORE
Proactivity

WE RECOGNIZE BOTH OPPORTUNITIES AND CHALLENGES BY CONSISTENTLY REACTING PROMPTLY.

At Milšped, we don't wait for opportunities – we create them. Our ability to identify and respond to both challenges and prospects is what sets us apart. We always go one **step further**, continuously improving our processes and services.

STEP FURTHER
Sustainability

WE ARE COMMITTED TO SUSTAINABLE DEVELOPMENT, RATIONAL USE OF RESOURCES AND THE GREEN AGENDA.

Looking toward the future, we are deeply aware of the importance of using resources responsibly and operating sustainably. Our green agenda is not just a responsibility – it's an inspiration for our clients, partners, and employees to join us in taking a **step beyond** and setting business goals that lead to a sustainable future.

STEP FORWARD
Innovation

WE CREATE A CULTURE OF CONTINUOUS IMPROVEMENT THROUGH CREATIVE SOLUTIONS.

Our drive for improvement motivates us to seek out creative solutions and continuously enhance our services. We build a culture of constant innovation and shape our future on a foundation of knowledge and experience. Always one **step ahead**, we set trends and standards, positioning ourselves as a regional leader in logistics.

A STEP TOGETHER
Togetherness

DEDICATION TO THE TEAM AND COMMITMENT TO PEOPLE ENSURES THE MOST DESIRABLE WORK ENVIRONMENT.

Our overall success and advancement would not be possible without our commitment to the team. Our dedication and the results we achieve together allow us to celebrate every **step** we take. We invest in the development of our people – their skills and knowledge lead us toward a shared future.

Milšped's Commitment to supporting SDGs

Our commitment to UN Sustainable Development Goals (SDG) reflects our strong belief that we have a responsibility not only to our employees, but to the broader community and the environment.

As a company driven by innovation and progress in the field of logistics and transportation, we have aligned our strategy with five key SDG goals. These goals address some of the world's most urgent challenges, and we understand that our influence goes beyond our operations. That is why we are focused on making a positive impact wherever we operate, contributing to a better, more sustainable world for current and future generations. Togetherness is our one of our main values that focuses on creating an inclusive and healthy workplace environment. Milšped's focus on health and employee wellbeing is defined in accordance with **SDG 3**. We are aware of the importance of mental and physical health, as crucial for satisfaction and productivity in the workplace.

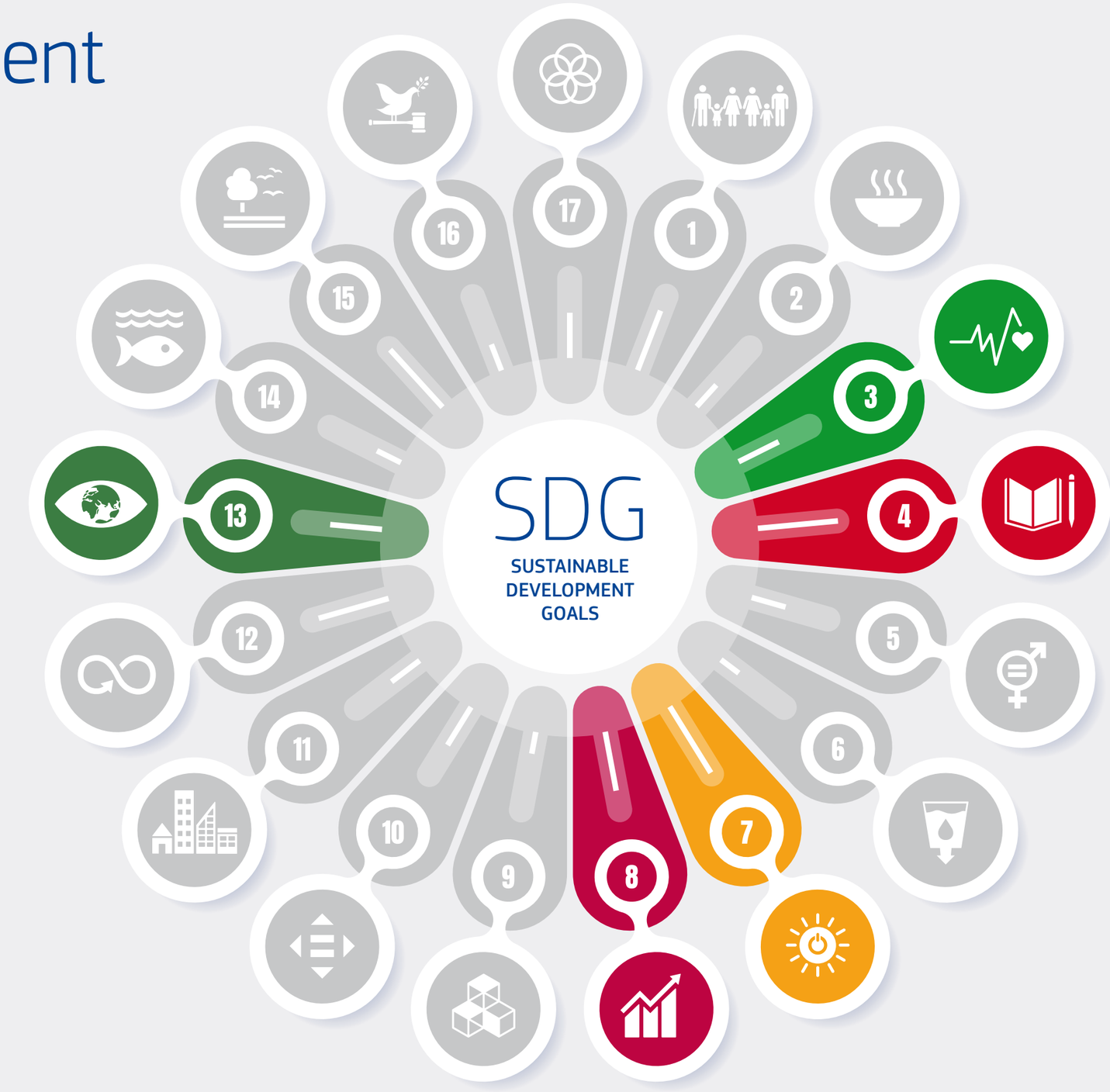
Milšped supports **SDG 8** by promoting decent working conditions, economic growth and opportunities for all employees. Company's growth and expansion over the years has opened many employment opportunities, resulting in better working conditions and working environment, which is also a subject of **SDG 8**.

Our aim for employee education and development is ensuring achievement of **SDG 4** with the M Base learning Center and Learning Management system (LMS).

In order to effectively contribute to acting against climate change and the achievement of **SDG 13**, we have developed an ESG action plan with a primary focus on reducing our CO_2 emissions.

Milšped's commitment to carbon footprint decrease is aligned with **SDG 13** - where we have introduced measures to reduce our carbon footprint and adopted eco-friendly transportation solutions such as an eco-driving training program, route optimization and movement to EURO 6 fleet. Furthermore, Milšped focuses on Intermodal solutions which promotes sustainable mode of transport that significantly lower CO_2 emissions, allowing greater eco-efficiency in client servicing.

Finally, by building a solar power plant in Krnješevci LC, we are promoting energy-efficiency solutions. This solution builds economic growth while preserving the environment, which leads to a decrease in carbon footprint thus value **SDG 7**.



GOOD HEALTH AND WELL-BEING

QUALITY EDUCATION

AFFORDABLE AND CLEAN ENERGY

DECENT WORK AND ECONOMIC GROWTH

CLIMATE ACTION



Materiality map

Key ESG topics have been identified to direct our sustainability efforts, ensuring alignment with both internal and external priorities. This map reflects the issue that matters most to all stakeholders and supports our overall business strategy and risk management planning.

These topics are aligned with industry trends and reflect the importance of ESG topics in our decision-making which are outlined in this report. In 2025, we plan to conduct a materiality mapping exercise with regular monitoring to visually prioritize these topics based on their significance to both our business and stakeholders.

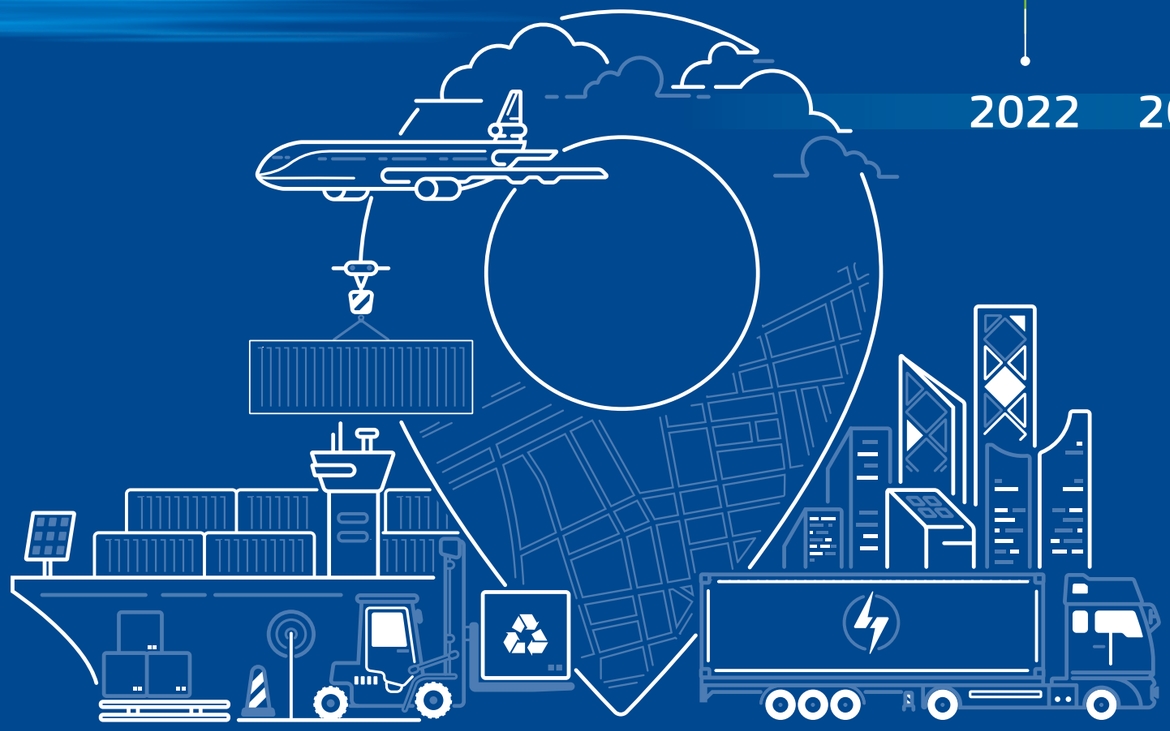
AREA		MATERIALITY TOPIC
E	ENVIRONMENT	Carbon Footprint
		Usage of Natural Resources
		Energy Consumption and Efficiency
		Waste Management

AREA		MATERIALITY TOPIC
S	SOCIAL	Diversity, Equity, and Inclusion
		Education and Skill Development Programs
		Workplace Safety and Employee Rights
		Well-being & Togetherness
		Community Engagement and Impact

AREA		MATERIALITY TOPIC
G	GOVERNANCE	Business Ethics
		Risk Management and Business Continuity
		Cybersecurity and Data Governance
		Sustainability Governance

ESG Strategy

Our commitment to sustainability started in 2022, when we fully recognized the critical role of decarbonization and the environmental impact of our business operations. Since then, guided by our detailed Sustainability Roadmap, we have been taking intentional and strategic actions to reach our long-term environmental objectives, with a strong focus on establishing a solid framework for decarbonization. At Milšped, our vision goes far beyond simply meeting regulatory requirements—we are dedicated to integrating sustainable and forward-thinking practices across all areas of our business. Innovation is at the heart of this strategy. Whether it's enhancing logistics efficiency or improving energy usage, we are embedding sustainability into every layer of our operations. Our environmental journey is also driven by collaboration. We actively engage with all stakeholders, employees, clients, partners, and the broader community, believing that meaningful progress stems from shared responsibility and continuous dialogue. By fostering a culture of ongoing improvement and transparency, we are working to create lasting, positive change. The actions we take today create the foundation for a greener, more resilient future that will benefit generations to come.



TRANSITION from truck to Rail Transportation for **38%** (of total road volumes in 2022)

LED solutions

SOLAR PANELS and other inovative solutions

ACHIEVE 3% reduction in average transit time

RAIN harvesting solutions

INCREASE electric trucks usage for **1% of total** volumes

CONVERT 3% of our volumes to **HVO** or other **biofuels**

BOOK and claim solutions

2022 2023 2024 2025 2026 2027 2028 2029 2030

SUSTAINABLE marine fuel

SUSTAINABLE air fuel

INDUSTRY collaborations

EXPLORE for sustainable trends and solutions

TRANSITION to a vehicle of highter dimensions, **1% of our volumes**

Low Complexity · Medium Complexity · High Complexity

section

02

Milšped's ESG Commitments

Environment

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION



TOTAL GHG EMISSION*

1.17 CO_2e

618

TOTAL ENERGY PRODUCTION FROM SOLAR PANELS (kWh)**

*Total GHG emission: 1,166,940 CO_2e

**Total energy production from solar panels: 618,310 kWh

ENVIRONMENTAL PROTECTION

IN THE FOCUS OF OUR OPERATIONS

28.9 TONNS OF PAPER

RECYCLED BY OUR COMPANY. MILŠPED'S EMPLOYEES SAVED:

492 TREES

925,440 LITERS OF WATER

121,464 KILOWATT OF ELECTRICITY

40,488 LITERS OF FUEL



Environmental Commitment

In response to identified challenges of climate change and to environmental responsibility, Milšped tends to build strong and long-term relationships with our clients while seeking the best environmental business practices.

Our goal is to conduct business sustainably, to reduce our impact on the environment, and to positively contribute to the world effort in combating climate change. Environmental protection is an important component of sustainable development, playing a crucial role in preserving the planet for future generations.

Environment at Milšped

Adopting ESG principles enabled us to proactively control and mitigate environmental risk-related issues. Our environmental awareness led us to the development of various sustainable initiatives, offering green services to our clients, and continuously searching for areas for further improvement and collaboration.

In accordance with our initiatives, Milšped has built a strong reputation as responsible, forward-thinking company – one that earns customer loyalty and embraces ESG factors as drivers of innovation. Our commitment to environment protection is more than a responsibility – it is a source of inspiration that leads positive change, proactivity and innovation. In today's business landscape, Milšped has recognized Environment as essential part of long-term ESG strategy and its core value.

Climate change and carbon footprint

Since logistics as a business produces a significant level of greenhouse gas emissions, we understand the importance of addressing climate change and its possible impacts on the environment and the future of our company as well.

Being a sustainable oriented and fast-moving company, with a growing business, we are committed to reducing our environmental impact. Therefore, we have recognized that actions to lower our CO_2 emissions require special attention. For that reason, we have set clear reduction goals and objectives across all scopes, with a destination – becoming carbon neutral.

Our **Scope 1** emissions are directly generated from our operations, including fuel combustion from company-owned and equipment.

Scope 2 reflects our indirect GHG emissions from the generation of purchased electricity.

Our **Scope 3** includes the following activities: upstream transportation and distribution, business travel, waste generation (hazardous and non-hazardous waste).

Scope 1, 2 and 3 emissions in tons CO2e for **Milšped Serbia** are shown in table below:

SERBIA	2022	2023	2024
Scope 1	11,392.10	12,339.92	**13,434.21**
Scope 2	3,325.11	3,361.46	**4,674.81**
Scope 3	843,764.67	877,093.26	**1,024,487.60**



Our increase in Scope 1 emissions is primarily due to higher fuel consumption driven by expanded operations to meet growing transportation demand. Scope 2 emissions increase is driven by warehouse and office space expansion, including newly rented facilities, leading to higher overall electricity consumption. Increase in Scope 3 emissions are primarily driven by higher subcontracted transport activities to support our expanded operations and customer demand.

As part of our ongoing commitment to transparency, accountability, and sustainable growth, we are proud to announce the inclusion of our subsidiaries in our ESG reporting, beginning with this year, establishing a base year. This milestone reflects a significant step in aligning our entire organizational structure with our ESG strategy and goals.

This base year will serve as the foundation for setting benchmarks and establishing performance baselines, which will shape our future ESG targets and initiatives. It underscores our dedication to integrating ESG principles at every level of our operations and to fostering a culture of sustainability and ethical governance across all subsidiaries.

The reported emissions for **Milšped Slovenia** include Scope 1 (fuel combustion from general cargo operations and Automotive logistics operations), Scope 2 (electricity consumption for our facilities, as well as usage of electricity for four electric vehicles in distribution), and Scope 3 (indirect emissions from transporting general cargo, Automotive logistics operations, Air freight, Sea freight and distribution activities).

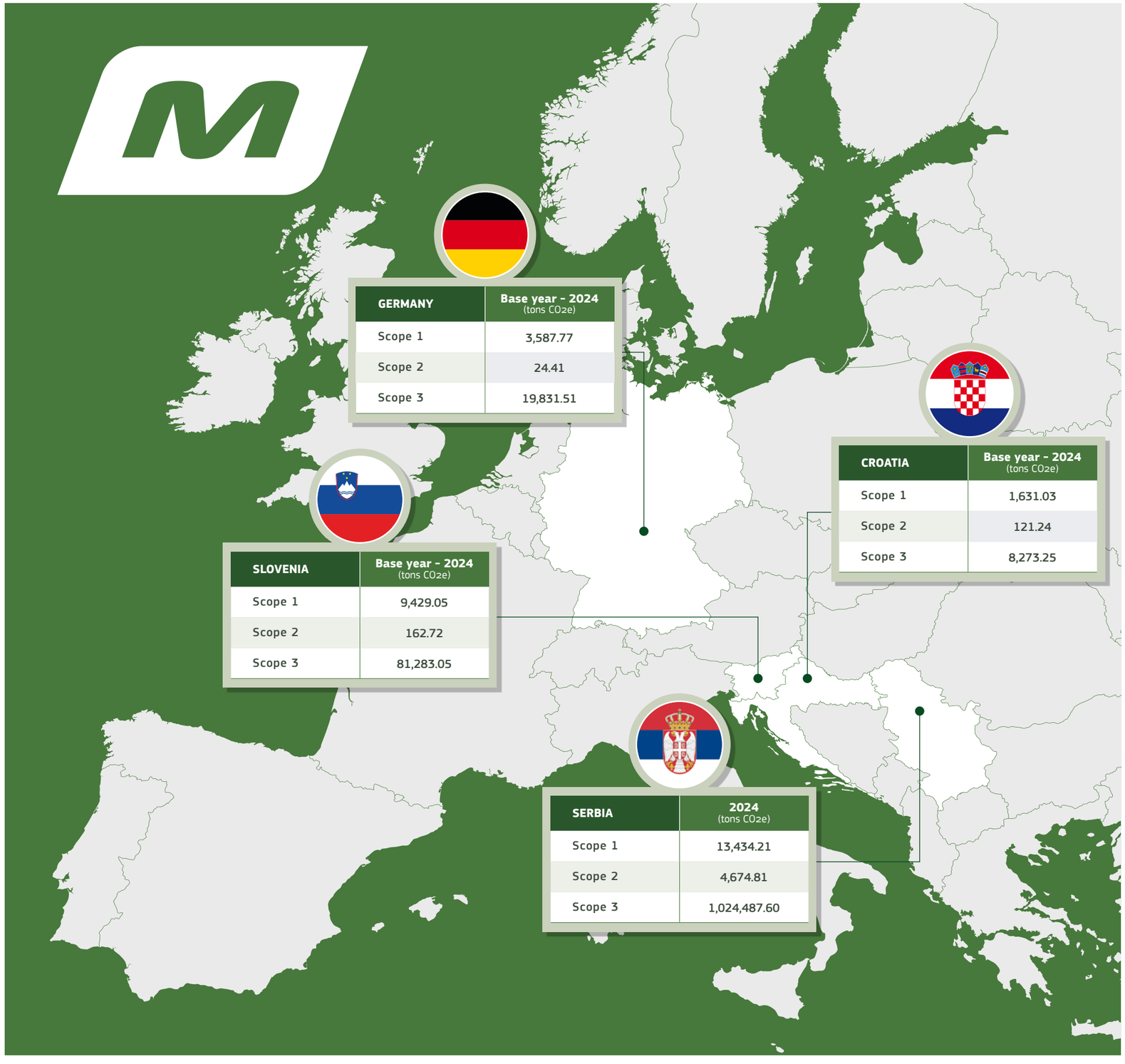
The reported emissions for **Milšped GmbH** include Scope 1 (fuel combustion from general cargo operations and Automotive logistics operations), Scope 2 (electricity consumption for our facilities) and Scope 3 (indirect emissions from transporting general cargo, Automotive logistics operations, Air freight.

The reported emissions for **Milšped Croatia** include Scope 1 (fuel combustion from general cargo operations and distribution), Scope 2 (electricity consumption for our facilities) and Scope 3 (indirect emissions from transporting general cargo and distribution).

Altogether, Scope 1, 2 and 3 for Milšped Group are shown in table bellow.

Our focus on sustainability motivates us to explore and implement new technologies that not only minimize environmental impact but also maximize overall efficiency. In this pursuit, we actively seek out innovative ways to use natural resources more responsibly. A sustainable approach is part of our everyday operational decisions, influencing from how we plan and organize routes for our clients to how we optimize warehouse operations and other integrated services. To ensure environmental goals are met, we regularly measure, communicate and analyze our GHG performance, assessing our progress towards our target's achievement and defining future measures.

MILŠPED SUBSIDIARIES	SCOPE 1 (tons CO2e)	SCOPE 2 (tons CO2e)	SCOPE 3 (tons CO2e)
MILŠPED SERBIA	13,434.21	4,674.81	1,024,487.60
MILŠPED SLOVENIA	9,429.05	162.72	81,283.05
MILŠPED CROATIA	1,631.03	121.24	8,273.25
MILŠPED GMBH	3,587.77	24.41	19,831.51
TOTAL	**28,082.06**	**4,983.18**	**1,133,875.41**



Natural resources consumption and energy efficiency

As part of our dedication to environmental sustainability, we closely monitor and manage the use of energy and natural resources. This effort is part of our broader strategy to reduce our environmental impact and to improve operational efficiency. We are supporting global initiatives and efforts by focusing on energy effectiveness and appropriate usage of the planet's natural resources.

Energy Consumption (kWh)	2022	2023	2024
Electricity	4,904,290	4,957,901	6,925,678
Renewable Energy	NA	602,013	618,311

Energy Use

Milšped's goal is to use less energy in all aspects of our business. In accordance with that, our initiatives include investments in energy-efficient equipment and implementation of renewable energy sources.

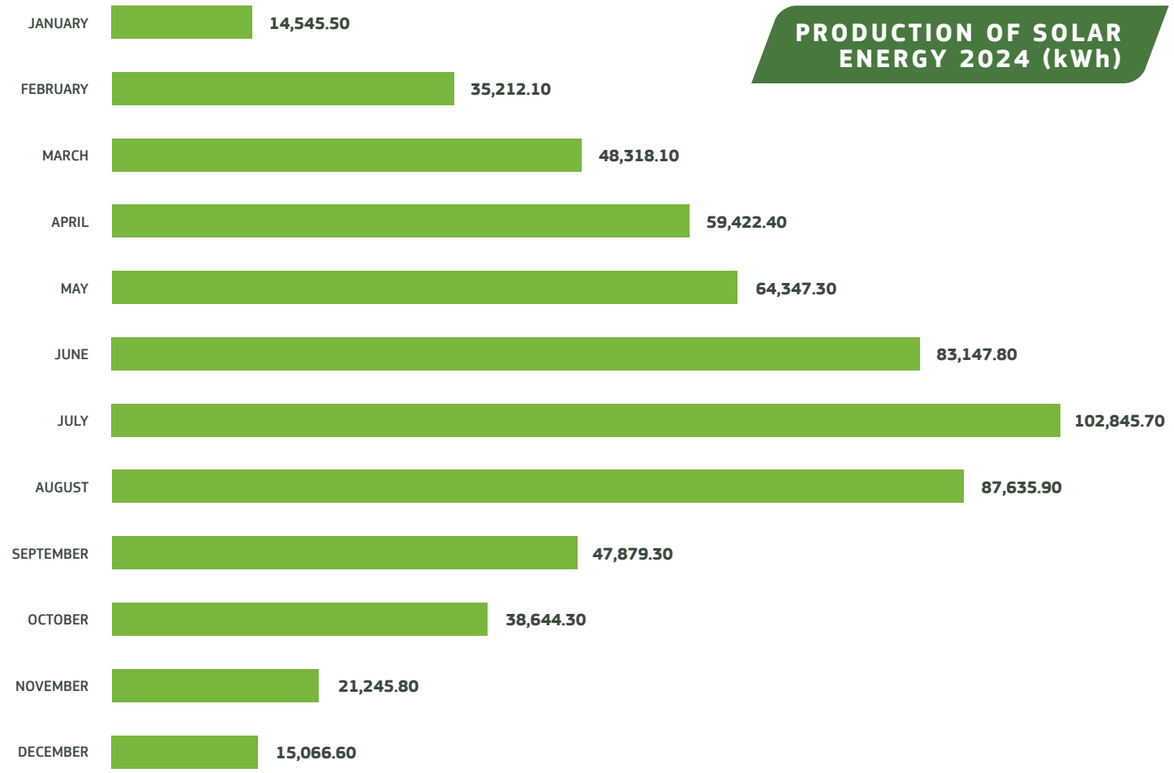
Investment in solar energy is part of our focus on sustainable energy solutions. The goal is to reduce our dependence on fossil fuels and to reduce greenhouse gas emissions, which will also have long-term benefits and effects on our business.

Our energy consumption for Milšped d.o.o. is shown on the right side, reflecting our ongoing efforts to monitor, manage and reduce energy use from non-renewable sources.

Electricity consumption is higher due to the construction of a new warehouse, the introduction of new owned and rented facilities, and expanded office space. The implementation of solar panels itself contributed to a more sustainable usage of energy resources, reducing reliance on non-renewable sources and achieving positive effects.

After installing solar panels on our warehouse in LC Krnješevci, 34% of the total consumption at WH1 and WH2 was provided from green sources. This positive trend indicates that the solar installation is effectively contributing to our energy self-sufficiency and reducing dependence on external power sources. Following chart of solar energy production allows allows us to better understand seasonal variations.

Our energy efficiency strategy includes a range of measures aimed at reducing energy consumption while maintaining - or even enhancing operational performance. A notable step forward was the introduction of electric trains, contributing significantly to more sustainable logistics operations. In 2024, we have increased our fleet of Railway wagons in Milšped GmbH, by 11,5 % compared to 2023, which resulted in higher number of vehicles transported by rail using electric traction, as opposed to traditional road transport. Altogether, we place special emphasis on innovations that reduce the carbon footprint of our services, as well as projects that promote innovation and lower our energy consumption. We believe that a combination of technological solutions, investments, employee training and education can bring a lasting change.



Onboarding training for new employees

The training material includes general covers of common environmental trends, requirements and milestones, as well as Milšped's activities focused on scope and area-based environmental laws and regulations. Every participant must pass an evaluation test to complete the course. The training material is updated each year based on environmental updates in business, helping to further increase environmental awareness.

Fuel consumption

Our fuel consumption is mainly driven by our subcontracted activities, our fleet engagement and company-owned vehicles. The table below provides a detailed breakdown of fuel consumption across these categories, enabling better tracking and management of our environmental impact for Milšped Serbia.

Increase is visible for diesel fuel consumption, mostly due to expanded operations to meet growing transportation demands. We have a strong focus on introduction of HVO fuels in our international road transport, for our clients and routes in Europe where gas stations' infrastructure allows us to plan our tours. An increase in natural gas consumption is observed this period, primarily due to the commissioning of a new building. Decrease in LPG consumption is apparent due to movement from LPG generated to electric forklifts, and introduction of hybrid company owned vehicles.

Fuel Consumption	2022	2023	2024
Diesel	4,091,290	4,450,942	4,811,472
LPG	16,534	13,509	4,998
Natural Gas	105,470	96,900	166,583

Waste Management

Reducing waste is a basic step towards environmental preservation and a more sustainable way of life. At Milšped's warehouses (WH1, WH2, WH6), recycling bins have been placed for paper, plastic, glass, and aluminum. This initiative allows us to track waste generation and simplifies the process of handing it over for further treatment. Milšped supports the reduction of paper use by transitioning to digital documents and electronic communication whenever possible. Through the recycling of 28.92 tons of office paper in 2024, employees have helped save 492 trees.

Additionally, the use of robots for pallet wrapping in the warehouses has enabled more efficient and faster pallet wrapping with stretch film. By utilizing pre-stretch technology, robots have reduced stretch film consumption by up to 55%.

Our journey to being more environmentally responsible and sustainable is built upon everyday activities with a lasting impact. That implies reducing waste, promoting recycling, adopting plastic-efficient technologies, and engaging our people in environmentally responsible behaviors.

Eco driving training

We provide our employees with eco-driving training to promote fuel efficiency and reduce carbon emissions. This helps minimize our environmental impact while improving overall operational efficiency through sustainable driving practices. Target for 2025 is to provide eco-driving training to every driver and ensure all employees complete refresher training at least once every three years.

In Slovenia, our fleet consists of EURO 6 trucks and electric delivery vehicles, in accordance with our commitment to cleaner and more sustainable transport.

Electric chargers

Electric chargers have been installed in three main locations. At these locations we have increased the number of hybrid and electric vehicles, enabling our fleet to use energy efficient solutions with a positive impact on CO_2 emissions reduction. In the next few years, we plan to track and monitor electric chargers' efficiency with the aim of increasing the number of electric chargers installed at other company-owned locations.



Challenges and Future Plans

We are currently in the process of collecting proposals and raising awareness within the organization, with the aim of defining concrete and sustainable actions that we will implement.

With this approach, we want to connect our core values – togetherness and sustainability – and to create the foundation for long-term positive change. Through open communication and interaction with employees, we will build a culture of responsibility and care for the community and the environment.

We believe that it is through joint engagement that we can create a significant impact and shape a more sustainable future for all of us. With our ambition of achieving **Net-Zero emissions by 2050**, we will continue to advance our sustainability actions across all our operations.

In 2025, we will work on HVO potential development, recycling initiatives, and employee training programs. To further enhance our environmental performance, we have identified intermodal transportation as a good opportunity to move freight from road to more energy-efficient rail transport, which will cut our emissions by a significant manner.

In 2025, we plan to upgrade our Scope 3 emissions calculation methodology to improve accuracy and transparency. Additionally, we are preparing our next ESG report in accordance with the GRI (Global Reporting Initiative) standards and SBTi emissions calculation for verification, aiming to publish a certified sustainability report.

Milšped Ambassadors - As part of our commitment to promoting our core values, a Sustainability Month will be held in 2025, focusing on raising awareness about sustainable development. During this initiative, individuals will be selected to serve as Sustainability Ambassadors, motivating and inspiring others within the organization.

In next year, we plan to organize **tree-planting initiative** as part of our efforts to protect the environment and fight climate change. This activity will involve employees and members of the local community, aiming to raise ecological awareness and contribute positively to nature.

In 2025, we will conduct **ESG panel discussion** that will bring together ESG team and Managers to share most important information and initiatives of our ESG Roadmap to further to continue the collaborative development. The special focus will be on strengthening ESG strategies and empowering all employees to actively contribute towards sustainable business practices.

In the future, one of our goals is to further increase the **number of solar panels** that are installed at owned warehouses by 2030 and consider other sustainable initiatives.

External ESG platforms

ESG reporting is becoming increasingly important as clients increasingly seek information on the sustainability of companies' operations. One way to collect, track and analyze ESG indicators is through ESG reporting platforms. In response to clients' growing focus towards sustainability and their increasing demand for transparent ESG reporting, we have decided to report our ESG through dedicated platforms. Moreover, we will engage with clients to better understand their sustainability journeys, align shared goals, and identify further opportunities to reduce our carbon footprint. The CDP platform enables companies to report on carbon dioxide emissions and other environmental impacts. This helps in identifying and managing risks related to ESG business. We are currently ranked "D" in climate change. Also, we completed SEDEX self-assessment for 2024, as dedication to driving improvements in ethical and responsible business practices.

ESG Training

In 2025, we intend to integrate an ESG training into our LMS platform, ensuring our employees understand the key principles of sustainability and responsible business practices. This course will be part of our ongoing efforts to raise awareness about the importance of ESG factors and enabling sustainable practices in the company.

EHSF Month

During October 2025. EHSF sector will be conducting a series of environmental events and training courses. October every year will be announced as „EHSF Month", with the intention of ensuring environmental awareness among all employees and encouraging them to take part in environmental actions.

Through these initiatives and actions, we do not just aim to comply with environmental regulations, but to go beyond requirements and strive to create a sustainable future for our community, employees and the planet.

While logistics may not always go along with environmental principles, sustainable logistics plays a crucial role in reducing the carbon footprint and improving overall supply chain efficiency. Our vision for sustainability in logistics is founded on firm collaboration with suppliers and partners, aiming to develop shared sustainability strategies that generate long-term synergies. Sharing knowledge, joint actions, and co-investment in research and development enhance the likelihood of successfully introducing innovative and sustainable solutions—bringing us closer to our green transformation goals.

Social

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION



29.77%
WOMEN
IN TOTAL WORKFORCE

PEOPLE FIRST
THE KEY TO DRIVING SUCCESS

3,611* **EMPLOYEES**

1,324 HOURS OF ONLINE TRAININGS WERE HELD

1,299 EMPLOYEES TOOK PART IN THE TRAININGS

230 HOURS OF LIVE TRAINING WERE HELD

* Total number of employees in the Milšped Group in 2024 was **4,178**



Working at Milšped

In today's dynamic business environment, employees are the most valuable asset of any organization.

Company that prioritize their employees by viewing and treating them as valuable assets, rather than mere numbers, gain a significant competitive advantage. At Milšped we believe that **our employees are our greatest asset** and the basis of our decades-long successful business. Our **high-performance culture** ensures that all employees have access for professional growth and career advancement paths. With dynamic and encouraging workplace we foster innovation and collaboration.

It is recognized that **positive work atmosphere** has deeper effects on productivity and employee satisfaction than it might seem at first glance. Through various initiatives and programs, we strive to foster team spirit, cooperation, mutual respect and creative working atmosphere.

At Milšped we firmly believe that the foundation of a successful and thriving workplace lies in the principles of **support and empowerment**. By creating a supportive environment and empowering our team, we not only enhance individual performance but also drive collective success. Our employees are motivated to take initiative, learn from their experiences, and contribute to the overall growth and success of the organization with a strong dedication to excellence and a commitment to delivering prime solutions to our clients.

Openness to new ideas is a key factor for **innovation and continuous development** of Milšped. Our company has always been proactive in implementing innovations that improve work processes and enhance the quality of life for our employees. We actively monitor social changes, adapt to new trends and challenges, because we believe it is important to be flexible and open to new ideas. We value our people and strive to make Milšped **a great place to work** by encouraging creativity, recognizing hard work, and celebrating achievements.

Social at Milšped

Our commitment to sustainability starts with our people.

We firmly believe that our people are not just employees, but the lifeblood of our organization. They are individuals with a wide range of skills, backgrounds, and expertise where each member brings unique knowledge and perspectives. Through cooperation and mutual support, they overcome challenges and achieve goals that are in line with the Milšped's mission and vision.

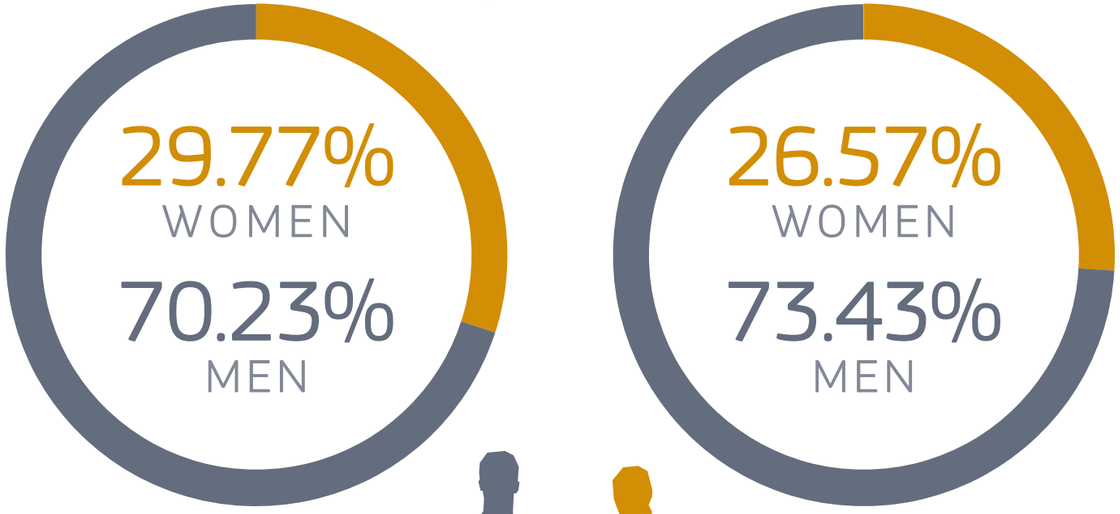
The employees development is crucial for our company's success and growth. It creates the fundamental basis for strengthening the company's competitive ability for quickly and effectively respond to market demands. Milšped offer a wide range of training programs, workshops, and educational opportunities to support the professional and personal development of our employees. Continuous learning is encouraged and supported at every level, ensuring that our team members are always growing and evolving. By investing in their growth, recognizing their contributions, and promoting their well-being, we create a thriving work environment that brings our success.

Also, through various projects, we strive to contribute to positive changes and the improvement of the society in which we live and work. Focusing on society and people ensures that Milšped remains a leader in the field of logistics, equipped with a highly skilled workforce, capable of meeting the evolving demands of our industry.





Based on „Report on the structure of employees for the 2024“, gender structure in Milšped's reporting countries is as follows:



GENDER STRUCTURE IN TOTAL

GENDER STRUCTURE	TOTAL
Men	2, 536
Women	1,075

GENDER STRUCTURE IN MANAGERIAL POSITIONS

GENDER STRUCTURE	MANAGERIAL POSITIONS
Men	224
Women	83

Diversity, Equity, and Inclusion (DEI)

Diversity, Equity, and Inclusion (DEI) are essential concepts in the logistics sector, driving both social responsibility and business success. By prioritizing DEI, logistics companies can create more dynamic, innovative, and successful organizations that are better equipped to meet the demands of a diverse global market. Our company is guided by this principle. Although logistics is a predominantly male activity, we strive to strengthen and empower the position of women in this industry.

Starting from the job advertisement we use gender-sensitive language to ensure visibility and equal treatment of all candidates. We believe that diversity contributes to success and encourage all qualified individuals to apply, regardless of age, gender and gender identity, or any other personal characteristics. According to data for 2024, a third of employees are female. Our goal is to become an example in the industry and show that logistics can be just as attractive and accessible to women as it is to men.

We are aware that a smaller percentage of women are in managerial positions, but we are also aware that change is a long-term process, so we approach it carefully. For examples, more intensive promotion on social networks for positions in autologistics and for the position of Dispatcher in road transport, for which men previously applied, primarily resulted in an increase in the number of women in those positions. We got three female colleagues in autologistics and 11 new female dispatchers.

We started cooperation with *AFA (All For All)* organization that networks, provides support and professional development of women from different business industries. The goal of this organization is to create a platform for the economic empowerment of women, their professional affirmation and active work in creating the future and a society of equal opportunities. Symbolically, on International Women's Day, we held a workshop at the M Base Learning Center for our colleagues as an important step to encourage women to build a career in logistics.

With the ambition to encourage women's empowerment, we participated in the educational program organized by Amcham *"Empowering Women Building Sustainable Assets"*.

This program provides companies with deeper insights and practical solutions for improving gender equality and the inclusion of women in all aspects of business. Also, we attended the exclusive event "Empowering women to sustainable solutions" in the National Assembly of the Republic of Serbia. At this panel which is organized on the National Day of Gender Equality, we had the opportunity to learn more about the results of the conducted first survey of employees in private companies regarding gender equality in Serbia.

Our company actively works to create a work environment that supports women to develop and advance in their careers. As part of the *"Soft Skills trainings"* program, topics that develop key skills such as communication, leadership, conflict resolution, successful team management, delegation and time management are addressed. After completing this training programme, women can more easily stand out in professional environments, overcome gender stereotypes and achieve presence in positions where men are traditionally more represented. Also, through the *"First Time Manager"* and with promotion of five new female trainers within the development program *"Internal Trainers"*, we even more emphasized our incentive on women's careers within the company. With implementation of the LMS e-learning platform, through which employees have an opportunity to develop their skills, and easier access to professional content and training, we will enable an inclusive work environment. In this environment employees develop will be based on their preferences and abilities, not gender. In order to create an inclusive work environment, training „I understand, I accept and I respect“ was created and the first workshops were held as well. By implementing principles of DEI in all elements of business processes, and by establishing clear guidelines on recruitment, onboarding, training and retention, we continuously work to ensure as equal a working environment as possible where each individual is valued.

During 2024, 118 female colleagues in Milšped used their right to maternity leave. Rate of return to the workplace at the end of this leave is 100%.

Education and Skill Development Programs

Our people are the main driver of our growth and that is why we want to grow together. Given that learning is a prerequisite for personal and business development, in our company educations are planned in such a way as to support individual career development plans, which are aligned with the company's strategic needs. For this purpose, we have further developed „M Base learning center" and implemented **LMS** - an online platform for training and education.

At Milšped, all new employees go through a detailed **live onboarding process** during the first week of employment. The first stage includes mandatory training courses that are common to all new employees, where they are introduced to the company's basic values, policies and procedures. After that, new employees go through specific training, depending on the line of business and sector they are joining. Also, in order to monitor the results achieved, **Individual Development Plans** are created.

Soft skills training courses are intended for employees who have been with the company for more than six months, with the aim of improving their professional skills and contributing to more efficient work. Through live training and workshops, employees are trained in a variety of topics, including leadership, effective team management with a special focus on communication skills, which help employees better express their ideas and cooperate with colleagues.

In order to better respond to the dynamic needs of the market, and as part of the introduction of more agile teams, we continued to improve the knowledge of our colleagues through **panels discussions**. During these discussions, experts from different company sectors use real examples and case studies to educate colleagues from other sectors on a given topic. The most important part of these discussions is the interactive segment, where experts answer questions and resolve doubts. In the Milšped company, **sector trainers** play a key role in the development of employees. These trainers are experts in their field and with their knowledge and experience contribute to improving the skills of other employees. Through these training courses, cross-sector cooperation is enhanced, as employees gain a broader picture of the operation of specific sectors and lines of business. After a more than successful year of internal training at the M Base Learning Center, in 2024 our team became richer for four new internal coaches.

We are also committed to investing in our employees, we recognize their potential and nurture their abilities in order to ensure the highest quality work of all our teams. Accordingly, we organized the **First time Manager Academy** - for the future of Milšped management. Our young potentials attended a six-month Academy where they developed all the skills necessary to lead teams. Together with the management, we plan their personal development and create opportunities to support their growth.

Based on results of Milšped's reporting countries, in 2024 a total of 1,299 employees participated in the training programs. All our training courses can be divided into Live trainings (which are held at the location or at M base training center) and Online trainings (through the LMS platform).

It is always our pleasure to enable young people to enrich their knowledge with **practical experience**. During several weeks of practice, 30 students of the Faculty of Transport and Traffic Engineering had the opportunity to supplement their theoretical knowledge of logistics processes with the help of mentors.

Also, in 2024 we awarded **scholarships** to 7 students - 4 students from the Faculty of Transport and Traffic Engineering, 1 student from the Belgrade Business and Arts Academy of Applied Studies, 1 from the Faculty of Organizational Sciences, and 1 from the Faculty of Mechanical Engineering. Each of the scholarship holders was assigned to one of the company's sectors.

In order to enable employees to take a step forward in their careers, change their living and working environment, we have enabled them to apply and receive support in **moving and working in one of our companies around the world**. As part of internal recruitment, it is possible to apply through the company portal for the desired positions in our member companies, for which the employees consider would be a good candidate. Also, we facilitate position advancement within the company to reward employees knowledge. Employees are encouraged to identify opportunities for lateral moves or upward mobility.



LIVE TRAINING

Name of training / Academy	Number of participants	Number of training hours
MILŠPED ACADEMY		
First Time Manager Academy	32	144
MILŠPED PANEL DISCUSSION		
Customs at your disposal	54	3.5
Customs at your disposal – unlocking the knowlegde	43	3.5
Two-corner: Synergy of customs and road transport	43	3.5
EXTERNAL TRAINING		
Problem Solving - Six Sigma Methodology Intro & Awareness	34	6
INTERNAL TRAINING - IQHR		
Quality and standardization	32	9
HR administration	32	7.5
Insurance	78	7
SOFT SKILLS		
Leading a successful team	14	6
Assertive communication	36	12
Constructive Feedback - Workshop	6	3
Written business correspondence	29	9
Time management	12	6
I understand, I accept, I respect - Creating an inclusive work environment	8	3
Mental hygiene at the workplace	7	4
Basic tasks in Excel	32	15

ONLINE TRAINING

Name of training / Academy	Number of participants	Number of training hours
MILŠPED BASIC TRAINING		
Milšped logistics center - understanding of business lines and sectors	174	261
IT SECURITY		
IT guidelines and cyber security	173	86.5
CONTRACT LOGISTICS		
Basics of logistics processes and contract logistics	25	50
Warehouse and storage processes	13	26
Distribution sector	17	34
CUSTOMS		
Basics of logistics processes and customs formalities	25	122
Customs procedures and documentation	60	120
ROAD FREIGHT OPERATIONS		
Basics of logistics processes and road transport	84	168
International road transport - Fleet sector	31	93
International Road Transport - Sector for full truck loads FTL	37	74
Regional and domestic road transport	18	27
International road transport - Sector for collective and partial loading GLS	38	114
AIRFREIGHT OPERATIONS		
Basics of logistics processes and air transport	11	22
Air transport sector	7	14
SEA FREIGHT OPERATIONS		
Basics of logistics processes and sea transport	21	42
Sea transport sector	17	34
SALES		
Basics of logistics processes and introduction to sales processes	11	27.5
Sales department and sales process	9	9

Workplace Safety and Employee Rights

Safety, health and employee right are of the utmost importance to Milšped. To ensure a safe working environment, all employees must be provided with conditions that comply with relevant laws and regulations, and prevent workplace-related illnesses and injuries. Also, employees are encouraged to report safety incidents, near misses, and hazards encountered in the workplace.

Our comprehensive approach to provide a safe and healthy work environment for all employees is guided by internationally recognized standards, including ISO 45001. To additionally prevent and mitigate negative occupational health and safety impacts, Milšped organises regular and periodical training on occupational safety and health, fire protection, first aid, evacuation training, and initial and preventive periodic medical examinations according to workplace position.

Within the first week of employment, new employees undergo mandatory training in the field of health and safety, fire prevention and security at work. During this training, they are introduced to the key rules and procedures that ensure their safety in the workplace.

WE ARE EXTREMELY PROUD TO ANNOUNCE THAT DURING 2024 THERE WERE:

- **No work-related injuries that could lead to permanent disability or death**
- **No work-related injuries due to the lack or non-use of personal protective equipment**
- **No occupational diseases**
- **No fire recorded at the location.**

Our company ensures that we have a sufficient number of employees who are professionally trained in first aid. This training equips them with essential knowledge and skills to assist during accidents or sudden health issues. We especially emphasize that in September 2024 we held a **Safety week** at the location of the logistics center Krnješevci in order to strengthen awareness, training and education of employees about the importance of applying safety and health at work when performing daily activities. Also, we organize **EHSF Team briefings** - which include short information on different topics presented every month direct supervisor in order to prevent injuries at work.



MEDICAL EXAMINATIONS IN 2024	EXAMINATION NUMBER
Initial Medical Examinations	940
Periodic Medical Examinations	824
Ophthalmological Examination	433
Targeted Medical Examinations	11
TOTAL:	**2,208**

Well-being and Togetherness

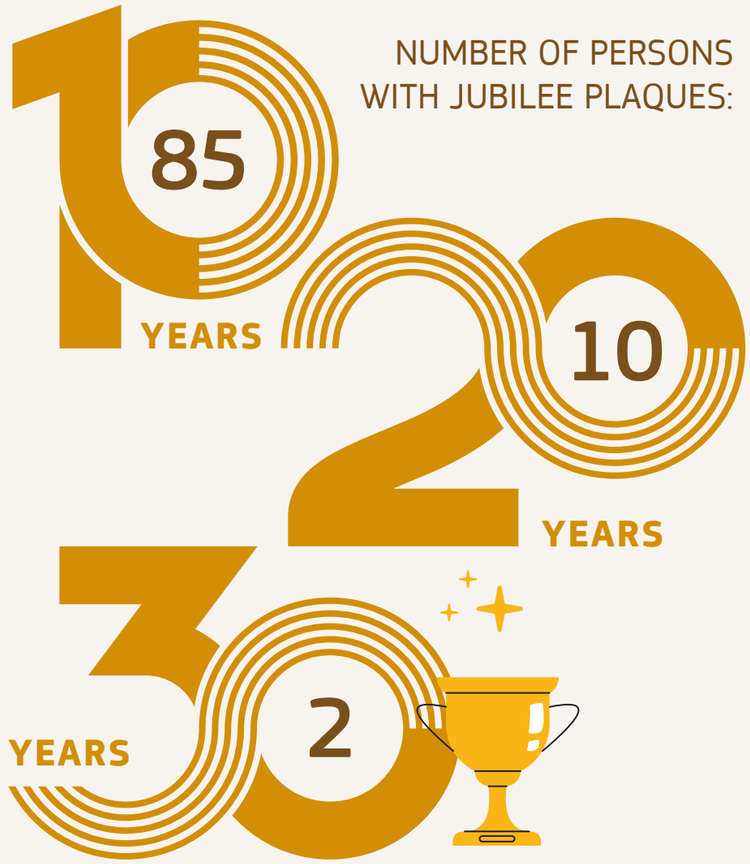
The importance of the well-being and satisfaction of employees in our organization is inestimable. Through these initiatives, we continue to build a positive working atmosphere and contribute to the sustainable development of both - the organization and its employees.

In order to support our employees in their role as parents, we have provided financial bonuses and sweet packages for New Year for employees' children up to 10 years of age. Also, company organized New Year's performances, in order to give employees' children the opportunity to enjoy cultural content. We provided financial vouchers for employees whose children start first grade of preliminary school, as a sign of attention to this parents important moment.

The topic of a healthy lifestyle is extremely important for us, and the company shows in practice how to achieve team results and take care of health. We sponsor entry fees for sporting events, encouraging participation and fostering a sense of community among our employees. Milšped group participated in the 37th Belgrade Marathon, Business Run and successfully completed the Ultimate OCR race as proud sponsor of this challenging event. Also, our colleagues and their family members had the opportunity to participate in this year's Olympic Day, an event organized as a promotion of the Olympic Games.

Milšped is committed to providing support to improve individuals well-being and creating conditions where togetherness is promoted. Our company through the performance of the band with symbolic name „Movers" presented its musical talents at the traditional competition with other companies bands. This competition was organized by the BIZlife magazine, and has a humanitarian character. Our band presents a symbol of togetherness and energetic spirit, showing how music can be a bridge that connects, inspires and moves.

In the organization of the same media company, the BIZlife portal, the project **„30 under 30"** was implemented. This project represents 30 young, successful people, under the age of 30 in Serbia. We proudly point out that this list includes two of our colleagues who are presented as ambitious and responsible young people, who bring new energy and progressive ideas to their business environments.



At Milšped, people always come first, and without them results and continuous pushing of the boundaries would not be possible. That is why we redesigned Milšped's internal web portal, which provided easy access and transparency to the latest news and personalized content. We have opened a section **„Your opinion is important to us"** as opportunity for employees to delegate suggestions, proposals, ideas and remarks. With launching option on the portal for emphasizing the outstanding results of our colleagues and praising them for their dedication in work processes, we intended to promote people who make up the Milšped team better.

We are deeply committed to fostering a supportive work environment for our employees. Last year we have moved to our new, modern business premises, which has achieved a great advantage for our employees and work-life balance. By moving to the center of city events, we provided an opportunity for further development and improvement of business processes.

Our employees have the opportunity to buy airline tickets at discounted prices, and in order to highlight their value and dedication, in 2024 we awarded anniversary plaques to those employees who have been with the company for **10, 20 and 30 years**. All these benefits aim to improve the daily life of employees, increase their sense of security and satisfaction, as well as to contribute to strengthening loyalty and engagement in the workplace.

Community Engagement and Impact

Our company is deeply committed to community engagement and making a positive impact. We believe that by actively participating in community initiatives, we can foster collaboration, address collective challenges, and drive meaningful change.

As one of the actions by which we promote a positive impact on the community we can point out that we are proud sponsor of the Olympic Committee of Serbia. Sport is a symbol of the values we cherish in our society - sportsmanship, dedication and humanity. In Milšped, we inherit that spirit, why this cooperation with the Olympic Committee of Serbia provides inspiration for future generations of athletes. As a company that is dedicated to pushing the boundaries, we are honored to support the success of our athletes with disabilities as sponsors of this organization. We attended the ceremony of the Paralympic Committee of Serbia, which prepared special awards for the most successful athletes with disabilities, teams and coaches, all in anticipation of the Paralympic Games. Milšped is a sponsor of the Partizan basketball club, and Milšped GmbH signed a partnership with the basketball club Bayern Munich. With this step, we confirm our commitment to sport support and promotion of team spirit and togetherness - which is one of the values at the heart of our business. As a company dedicated to fostering sportsmanship, we proudly participated as one of the sponsors of the children's football tournament, which aimed to raise funds for young football players. At the end of the year, we visited the children undergoing treatment at the Institute for Mother and Child Health Care of Serbia. This traditional action is a symbol of our solidarity, compassion and desire to contribute to the creation of a better community together. Supporting the local communities in which we operate by promoting social, cultural and sport initiatives, integrating community engagement into our company culture, we aim to create lasting positive change and build stronger communities. Our commitment to these initiatives reflects our belief that businesses have a responsibility to contribute to the greater good and that together, we can make a significant difference.





Customer Relations and Proactivity

At our company, we are passionately committed to delivering consistent quality and exceptional value to our clients. To maintain this goal and elevate customer satisfaction, we actively seek feedback through various channels, including surveys and direct interactions. This feedback is essential for understanding our customers' needs, preferences, and challenges. By analyzing this data, we make decisions to improve our products, services, and customer support processes. To evaluate and enhance these relations, we use metrics that measure how easily customers can resolve issues through our service channels. Furthermore, we regularly measure levels of client's satisfaction, both with our company in general, and with our representatives. According to the conducted satisfaction survey of standard clients, Milšped's NPS (Net Promoter Score) is **69.63**. We are equally committed to standard and corporate clients, therefore, we provide them the same levels of services. Milšped's NPS according to the conducted satisfaction survey of corporate clients is **67.15**.

Milšped is constantly innovating to increase convenience through digital channels, offering personalized services tailored to individual needs, and streamlining processes to reduce complexity. We also create an interactive environment that encourages customer feedback, ensuring their voices are heard and valued. Our commitment to sustainable development and desire to contribute to its realization together with our clients is shown by preparing and submitting reports on emitted CO_2. We believe that in this way, in addition to being responsible towards the environment, we nurture long-term good relations with our clients.



Challenges and Future Plans

The logistics industry faces several significant difficulties that require innovative solutions and strategic planning:

- Global challenges in hiring qualified workers, especially in the sector of drivers, warehouse workers, IT specialists;
- Rapid technological progress, including automation, artificial intelligence;
- Employee turnover and retention - due to competition in the logistics industry.

We respect diversity and strive to create an environment where everyone feels respected and valued. In accordance with all above, our next goal is greater emphasis on the principles of inclusion and engagement of other categories difficult to employ. We also intend to increase the participation of women in management positions.

Our activities concern optimization and automatization of the business process, launching the Talent Program 2025, further development of M base learning center, promoting new internal trainers, creation of new Soft skills trainings and endorsment of Milšped's values. Through a set of activities in 2024, we dealt with employee performance management, while at the same time fostering a culture of feedback. It's important to us that we offer a great work-life balance to all our employees and support them and their families through significant moments in their lives. In addition to all the above, we planned to revise the list of our benefits in 2025, while adding the following:

FAMILY PACKAGE:

- **Reduced working day for mothers - the first 2 months after returning from maternity leave they will get full salary, for half the working time;**
- **5 days off for fathers due to the birth of a child;**
- **Additional 5 days of annual leave for single parents and parents with children with special needs;**
- **A day off for parents to support their children on their first day of kindergarten or first grade of school.**

HEALTH AND SPORTS:

- **FitPass - Preferential price for all our employees for sports activities;**
- **Voluntary health insurance - Preferential price for our employees and family members;**
- **Organized sports days and registration fees for participation in sport events.**

WORK-LIFE BALANCE:

- **The possibility of working from home;**
- **Free day for relocation;**
- **Tickets for cultural and sports events;**
- **Team building.**

Governance

8 DECENT WORK AND ECONOMIC GROWTH



86%

OF COMPLIANCE ON INTERNAL AUDITS

PROMOTING

SUSTAINABLE GROWTH AND BUILDING TRUST

0 RECORDED CASES

OF DISCRIMINATION, AND NO COMPLAINTS RELATED TO HUMAN RIGHTS.

0 CONFIRMED CASES

OF CORRUPTION AND PROCEDURE RELATED TO VIOLATION COMPETITION RULES.



Governance at Milšped

Governance is a key pillar of ESG strategy. It ensures that ethical standards, transparency in business and compliance with legal and regulatory requirements are well known and implemented in each Milšped company.

Milšped is determined holding the highest standards of corporate governance and responsible business practices. By fostering an environment of trust, transparency, and accountability, we aim to stimulate long-term investments, ensure financial stability, and maintain business integrity.

Milšped as a privately-owned company guarantee its governance with a clear management structure that separates supervisory and executive functions. Executive management brings companies strategy in life and promotes Milšped's values with their own examples, clear and open communication, consistent policies and creating environment that initiates innovations and improvement.

In 2024, the Board formed an ESG committee to enhance its understanding and management of ESG matters. This committee focuses on strategic topics related to the overall ESG strategy, including environmental concerns, safety, diversity, equity, and inclusion. An ESG board helps improve a company's public image by demonstrating commitment to sustainability and ethical practices.

Governance in Action

Compliance with relevant laws and regulations is the starting point for governance and an essential part for running a business. We in Milšped see it as a process that requires ongoing commitment and adaptation which leads to more stable, prosperous and equitable organization. Our governance in action involves implementation of procedures and practices ensuring operational excellence.

Ensuring compliance with laws and regulations is crucial for businesses to operate ethically, to avoid penalties, and to maintain public trust. We understand that effective governance is pivotal for ensuring that the flow of goods, services, and information is managed efficiently and ethically. It involves overseeing and optimizing logistics activities to meet regulatory requirements, mitigate risks, and achieve operational excellence.

Corporate Governance

Corporate governance is the system of rules, practices, and processes by which a company is directed and controlled. It secures that companies operate in a transparent, accountable, and ethical manner.

Effective corporate governance helps build trust with stakeholders, enhances the company's reputation, and leads to better overall performance. This is essential for maintaining investor confidence and achieving long-term success.

Milšped is dedicated to ensuring compliance and integrity across all countries where we operate through various policies, procedures, and training programs. We regularly review, update, and monitor our documents and training materials to ensure alignment with relevant laws, regulations, and ethical standards. While it may initially seem abstract, governance is the foundation that supports both environmental and social initiatives. Without effective governance, efforts in environmental sustainability and social responsibility can lose purpose leading to inefficiencies, missed opportunities for impact, and a failure to meet long-term organizational goals. Effective governance ensures accountability and transparency within the organization. This means that there are clear roles and responsibilities, regular reporting, and open communication channels.

By implementing strong management practices, we optimize our supply chain and build trust among stakeholders. Continuous improvement and proactive risk management are key to maintaining effective governance.

Policies, Procedures and Certifications

Company policies are essential for establishing clear guidelines for workplace practices. Our policy framework includes a set of principles that govern actions and decision making in the most important fields such as human rights, sustainability, health and safety, security and data protection. In 2024 company policies had been reviewed and aligned with our strategy, values and commitment to sustainability. We incorporated policies into our training programs, discussed changes directly, and made them available on company websites since it is crucial to communicate them in an effective and comprehensible manner. With the ongoing trend of business complexity and growth, we assure the efficiency of our processes through standardization and implementation of procedures and good practices in all our subsidiaries. Our dedication to excellence is demonstrated through successful attainment of ISO certification. These internationally recognized standards affirm our commitment to the highest levels of quality, security, and environmental responsibility.

The quality management system, that was implemented more than 30 years ago, is constantly upgraded and improved to meet client expectations, ensure consistency and the quality of our services. In 2024 we had successful recertification of our integrated management system in accordance with standards ISO 9001, ISO 14001, ISO 45001.

With TAPA's Security Standards which acts as a worldwide benchmark for supply chain security and resilience, we can provide guidance, clear processes and tools to reduce loss exposure, protect assets, and decrease the risks of cargo thefts. We had proven that our system is in full compliance with TAPA security requirements in 2024 and successfully passed the re-certification process, reaffirming our commitment to maintaining the highest security standards.

Our company has attained AEO status which led to benefits such as fewer physical and document-based controls, priority treatment if selected for control, and improved relations with customs and other government authorities. Apart from Serbia, we are the holder of this certificate in Croatia, Hungary and Germany.

OVERVIEW OF CURRENT CERTIFICATES

CERTIFICATION	FIELD
ISO 9001: 2015	Quality Management
ISO 14001:2015	Environmental Management
ISO 45001:2018	Occupational Health and Safety Management
ISO 27001:2013	Information security, Cybersecurity and Privacy protection
HACCP	Food Safety
FSSC 22000	Food Safety
TAPA TSR	Trucking Security
TAPA FSR	Facility Security

Risk Management and Business Continuity

Risk management is incorporated into our integrated management system to ensure control of risks across operations. Risks are identified on a process level which allows us to react promptly, while managing risks on a project level fosters proactivity.

Since the operating environment became more unpredictable and changing due to climate, geopolitical, cyber security and economic issues, we are focused on business continuity, as an integrated part of risk management. By identifying risks that could stop our business activities, we focused on areas and locations that are most valuable or vulnerable and developed business continuity plans to avoid or mitigate potential disruption impacts. To uphold our commitment to reliable and consistent services, we have developed Business Continuity Plans (BCPs) aligned with international standards and domestic regulations. This system is designed to safeguard our operations against potential disruptions, ensuring the continuation of critical operations, minimizing customer impact, and protecting company values, reputation, human resources, and infrastructure. Our BCP framework is built on proactive risk management, and continuous improvement. It includes employee training and exercises that are carried out on a yearly basis.

Internal Controls and Audits

Internal controls outlined in policies and procedures are an integral aspect of Milšped's governance framework, and the internal audit process plays a critical role in evaluating and ensuring the effectiveness of these controls. In 2024, the internal auditing team conducted 36 independent regular and ad hoc audits, primarily evaluating operational compliance with procedures and identifying possibilities for improvement.

With an average score of 86% for these audits we demonstrate our unwavering commitment to upholding our quality and business standards. These controls ensure that our processes are efficient, reliable, and aligned with industry's best practices.

In 2024, a total of 25 external audits were carried out. These audits not only verified our adherence to meeting industry standards, but also to remain at the highest level of delivering services to our clients and meeting their requirements.

By continuously reviewing and aligning our internal procedures with real processes, we not only safeguard the integrity of our operations but also foster a culture of accountability and transparency. Our dedication to maintaining a high level of quality reflects our promise to deliver exceptional value to our clients.

All audit findings and agreed actions are discussed with the respective audited organizational units and their management. This proves another advantage of internal audits, contribution to fostering an ethical culture and reinforcing company values by encouraging trust, open dialogue, and constructive feedback. The top management is informed regularly of audit scores and findings.

Anti-Corruption and Ethical Business Practices

Milšped is fully committed to conducting its business in accordance with ethical standards, integrity, and transparency. Professional conduct, care, and full accountability are integral parts of our operations.

Our company is firmly committed to compliance and integrity, maintaining zero tolerance for any form of corruption and bribery across all locations where we operate. We consider such practices to be unfair, illegal, and harmful to societies and countries. In 2024, there were no confirmed cases of bribery or corruption nor any violations of competition rules.

Milšped also has a zero tolerance of any form of discrimination and violence. In accordance with the relevant legislation, the company regulates the area of prevention and possible harassment occurrence in the workplace. Employees can raise concerns safely via specially defined email address. If any, every employee reported issue will be carefully considered in order to ensure fairness and an independent view. During 2024 there were no recorded cases of discrimination, and no complaints related to human rights breach.

We expect from our customers, business partners, and third parties, to act in a fair, responsible, and ethical manner. Suppliers are expected to comply with our ethical standards while we actively monitor cooperation to ensure alignment with responsible business practices. The company's reputation has been built through a strong focus on these principles as well as on our clients and meeting their needs.

Cybersecurity and Data Governance

Milšped is fully aware of global changes in IT industry and the need to enhance its IT environment in accordance with the trend of digitalization, deployment of modern automation solutions, and the use of artificial intelligence. In order to become more resilient to evolving cyber threats, we are constantly improving and strengthening our information security management system to protect data integrity, maintain trust, and prevent operational disruptions.

Our information security management system complies with the ISO 27001 standard, and the best practices are applied across all Milšped 's subsidiaries. To strengthen our security and increase confidence in the automotive and courier services we have extended our certification to include our member companies Milšped AML, M-One, and Milšped GmbH. Additionally, we acknowledged the significance of TISAX requirements and the expectations of stakeholders within the automotive industry, successfully achieving certification in 2024.

In terms of cybersecurity, Milšped's IT management team defined the strategy and managed the protection measures from possible security threats. All new employees must undergo comprehensive data protection training during onboarding to understand the importance of confidentiality, integrity, and possible data exposure, identifying and mitigating cyber threats, including phishing and malware.

In 2024 we experienced 155 cases of phishing attempts, spam and virus cases. In all these cases our internal teams were able to detect and resolve the issues before any significant damage occurred. Our goal is to address the root cause of the problem and to implement corrective actions to prevent similar incidents from occurring in the future. We want to be sure that all the data concerning the business are collected, processed, and stored securely, with appropriate safeguards in place to prevent unauthorized access, disclosure, or misuse.

Continuous improvement

Achieving continuous improvement requires proactivity which has been recognized as one of the Milšped's values. That is the way of thinking that we foster among our employees and try to encourage them to recognize daily tasks that can be optimized. In this process, RPA technology proved to be very easy to implement and manage, and most importantly, the results become visible very quickly.

Last year, using internal resources, we automated more than 20 processes in sale administration, finance, and customer service, resulting in accelerated task processing and improved accuracy. Our RPA boasts business processes with the following advantages of applying automation:

- **Cost savings**
- **Availability 24/7**
- **Reducing errors**
- **Increased efficiency**
- **Quick adaptation to changes**

Also, we are seeking innovative solutions that will support our complex services and ensure competitiveness. Automated warehouse technologies that have been implemented in our largest logistic center in Krnješevci, changed our system and inspire us to continue with implementing smart warehouse solutions. Innovations empower and drive us towards sustainability.

Our company, within its warehouse capacity, continued to apply artificial intelligence through a new system of advanced robots that are used for more efficient organization, delivery and storage of goods, enabling the first and comprehensive logistics platform suitable for wholesale, retail, and especially for e-commerce business.

Responding to the needs of the dynamic market and clients who increasingly strive for fast delivery of products, we continued with the implementation of robotization. With this improvement of storage and ordering method, we launched a system for intelligent sorting goods, with over 100 autonomous robots, with a delivery capacity of 45,000 pieces of goods on a daily basis.

Also, as a way to automate business processes and facilitate easier access to up-to-date documentation, the new QMS portal was created. Access to folders is assigned according to members' geolocation and respective organization. All this allows us to achieve continuous improvement, which we are aiming for as a company.

We spoke with Milšped ESG team

Sustainability Governance and Oversight



Implementing an ESG strategy requires a change in mindset

How did the Milšped Group decide to start a green logistics project and what are the key advantages that such a way of doing business brings?
Green logistics is the strategic commitment of our company, and it's confirmed by a set of projects that we have launched in the past few years. Some of these activities are warehouse automation, development of an intermodal terminal near Niš, construction of a solar power plant, digitalization initiatives and integration and expansion of RPA technology. We especially demonstrate our commitment to sustainable and socially responsible business through the transformation of operation processes. Creating sustainable solutions, while maintaining or increasing the level of process efficiency, can significantly optimize storage and transport capacities, leading to a significant reduction in CO2 emissions.

How does Milšped Group monitor and ensure compliance with ESG standards within its operations and what are the biggest challenges you face in this process?
The implementation of ESG strategy requires a change in the way of thinking, a higher level of awareness of the consequences that our behavior, business and personal, has on sustainability. At the very beginning, we knew that we had to recruit employees from all segments of the organization. Accordingly, we would see on the best possible way see the risks that we would potentially face in the implementation of the ESG strategy. One of the risks was the implementation of certain standards in operations, which is much easier now, when we have ESG promoters at all levels in the organization. They promote the principles of this strategy, understand the requirements and are ready to clarify the contribution of each individual. We are currently facing the challenge of offering green services, focused on sustainability and efficiency, to clients. Although these services are maybe not price competitive, they are increasingly desirable in the market, which further motivates us to work on their development.

What are the biggest environmental and social initiatives that Milšped Group is currently implementing and how do they contribute to the sustainable development and responsible business of your company?
Milšped group actively participates and supports numerous own, client's and initiatives of other organizations with which it cooperates, especially with educational institutions. Our doors are open for spreading knowledge, through scholarships and various types of internships that are adapted to the needs of the faculties. Indirectly, through introducing young people to modern technologies, we work to raise awareness of the contribution such solutions have to the environment.

We support equality and acceptance of diversity, and we successfully break down prejudices that logistics companies are a male domain. Milšped collaborates with organizations that promote gender equality, especially in leadership positions. The participation of women, in all segments and at all levels of our company, has been on the rise for a long time. We encourage them with opportunities for professional development and networking.

All these initiatives contribute to the sustainable development and responsible business of our company, and with them we want to highlight our business approach and set examples for others. We firmly believe that education, technological awareness and gender equality are key factors for long-term success and positive changes in society.

Dušanka Busić
Director of Quality Assurance and Standardization, ESG Team Lead

Integrating sustainability into project planning to deliver measurable carbon reductions

What are the most important strategies for reducing carbon emissions in the logistics sector?
In the logistics sector, reducing carbon emissions starts with transitioning away from fossil fuels. At Milšped, we actively explore and pilot alternatives to diesel fuel, such as electric delivery vehicles or LNG-powered trucks, while also evaluating the potential of hydrogen-based technologies for long-haul transport. Additionally, multimodal transport solutions, particularly those combining rail and road, play a crucial role in our decarbonization strategy. Beyond the transportation itself, we are investing in planning through digital route optimization, detailed improvement of loading efficiency, and reduction of empty mileage, all of which significantly lower emissions. Finally, awareness and education of drivers and operators are integrated into our operations, ensuring behavioral change complements technological solutions.

How does Milšped currently track and measure its GHG emissions across logistics operations? What are the biggest challenges in reducing GHG emissions?
We utilize the GHG Protocol Corporate Standard to account for emissions across Scopes 1, 2, and selected categories of Scope 3. Emissions are calculated based on energy consumption data, fuel usage, transport activity data, and emission factors aligned with international standards. One of the main challenges is consolidating data from a complex global structure with diverse legal entities and IT systems. Another issue is the limited availability of zero-emission heavy vehicles and related infrastructure across all regions where we operate. Nevertheless, we are developing an internal CO2 inventory system and investing in capacity-building to ensure consistent measurement and long-term reduction plans.

Considering the company's orientation to expand to new markets, how can Milšped ensure that sustainable practices are maintained consistently across all new locations? What are the key measures for integrating these principles?
Sustainability is embedded in our project planning procedures. Every new location or operation is assessed through energy efficiency, local regulatory alignment, and social impact criteria. Key to consistency is our internal Project Management Office (PMO), which includes experts from various functions (ESG, Facility Management, Procurement, etc) and ensures knowledge transfer from previous projects. Standardized processes, internal training, and centralized procurement for sustainable technologies (e.g., LED lighting, HVAC systems, solar power plant installations) allow us to replicate best practices and enforce ESG standards from the start in every new market.



Ljubomir Jovanović
Technical Director, ESG Deputy Team Lead



Challenges and Future Plans

In the ever-evolving world of logistics, companies face a multitude of challenges that require innovative solutions and strategic planning.

From rising transportation costs to the integration of advanced technologies, the logistics industry must navigate complex issues to remain competitive and efficient. At the same time, the future holds promising advancements that can transform logistics operations, making them more sustainable, efficient, and customer centric.

In accordance with all the above, we have identified several goals that we would like to achieve in the following period:

- Development of the Continuous Improvement System in 2025.
- Transition of IT Security, QMS and ESG internal trainings to LMS platform by 2025.
- Transition of Anti-Bribery and Anti-Corruption training to LMS platform by 2025.
- Establishment of the Food safety management system in accordance with IFS Logistics Requirements, and certification of minimum one warehouse site till 2025.
- Expand the scope of ISO 27001 certification to two new subsidiaries by the end of 2025. Our target is to implement and certify Information Security Management System in every subsidiary by 2030.
- Improvement of the compliance management system until 2026.
- Harmonization of internal controls with the COS-o framework until 2026.
- In order to better serve our clients and to protect our business from potential disruptions we plan to update our BCP in 2025 and to upgrade it on location level until 2026.

By addressing these challenges and embracing future trends, Milšped can not only navigate the complexities of a dynamic environment but also thrive and lead the way in innovation and sustainability. This proactive approach ensures that company remains resilient, competitive, and capable of meeting the evolving needs of our customers.

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