



**MOVING
BORDERS.**

**THINKING
SUSTAINABLY.**

**M MILSPED
GROUP**

**MILSPED's
ESG Report
2023**



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SECTION



ABOUT US.



LETTER FROM OUR

CEO

DEAR STAKEHOLDERS,

As CEO of Milšped Group, I am honored to present our first Environmental, Social, and Governance (ESG) report for 2023. For our subsidiaries in Serbia: Milšped d.o.o, Milšped AML, M-ONE and MBOX Terminals. Logistics and supply chain management have a vital role in global trade. We clearly understand our responsibility to balance operational excellence with sustainability, social impact, and strong governance. As the regional leader in logistics, we have the obligation to be a driving force in setting a trend that will lead the regional logistic industry towards a sustainable future. We at Milšped integrate sustainability principles into our business strategy by actively implementing a strategic approach, meeting international standards, and sustainability regulations from the EU.

This report showcases our commitment to reshaping logistics into a driver of positive change for both people and the planet. In response to the urgent need to address climate change, we have developed an ESG Action Plan, prioritizing the adaptation of our strategy and establishing clear targets that will result with CO2 reduction. The company has implemented numerous sustainable solutions, including focus on intermodal transport, the installation of a solar power plant, and a high-tech robotic warehouse.

Logistic processes and sustainable solutions

At Milšped, sustainability is an integral part of our operations. Our strategic focus is on reducing our carbon footprint and enhancing efficiency across all transportation and supply chain processes. During 2023, we have implemented new projects and technologies in our warehouse processes and started initiatives for implementing sustainable solutions. Our goals will allow us to reduce energy consumption and minimize waste, aligning our logistics solutions with the global push for decarbonization. We have established our Roadmap which will guide us to a sustainable business model.

Moreover, we continue to invest in infrastructure upgrades, including the installation of a solar power plant and energy-saving systems in our largest warehouse and distribution center, which have already provided important results. We have seen a significant 34% reduction of energy usage from the grid, within Milšped's largest logistic center. We are also exploring collaborative logistics models that reduce empty miles and improve capacity utilization, thus contributing to a more sustainable logistics ecosystem.

People centricity and supporting our communities

Logistics is a people-driven industry, and at Milšped, our employees are at the core of our success. This year, we have expanded our training and development programs to equip our teams with the skills needed to thrive in an evolving industry. We at Milšped ensure a secure working environment for all employees, particularly in our fleet operations and warehousing facilities.

It is my great honor to highlight that Milšped growth and expansion allowed us to implement important structural changes, open new services and sectors within our company that opened many job opportunities in the communities where we operate, which have resulted in better work conditions and better work environment. We are also deeply committed to fostering diversity, equity, and inclusion within our workforce.

Ethical responsibility as a business focus

As a regional logistics provider, transparency and integrity are the pillars of our governance framework. Our board remains committed to overseeing the integration of ESG principles into our corporate strategy and ensuring that our decision-making processes are guided by ethical considerations. Our business practices are dedicated to aligning with international regulations and maintaining the trust of our stakeholders.

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. By fostering transparency and accountability, we aim to build lasting relationships with all our stakeholders.

Always looking ahead

While we are proud of the progress we have made, we recognize that the journey toward sustainable logistics is ongoing. The challenges posed by climate change, technological disruptions, and evolving market demands will continue to shape our industry.

In the coming years, we are committed to expanding our sustainability efforts, investing in green technologies, and ensuring the well-being of our employees and communities remains a top priority. Together, we can shape a future where logistics is not only efficient but also ethical, inclusive, and sustainable.

I want to sincerely thank our employees, partners, and stakeholders for their trust and unwavering support. Our clients recognize our dedication to every goal we set, a commitment that extends fully into our sustainability strategy. Through our pursuit of excellence, we will continue to move every border, set new standards, and exceed customer expectations.

Sincerely,

Nebojša Krivokuća
Chief Executive Officer



Company Profile

MILŠPED GROUP – A REGIONAL LEADER IN LOGISTICS SOLUTIONS

Built on the solid foundation of the success achieved so far and a flawless business record, opening new markets, the Group continuously invests in improving its logistics solutions, eliminating borders, and erasing distances. Our motivation, driving force, and the only measure of success, is the satisfaction of our clients. Always striving to be better, faster, and more innovative, our strategic direction is based on strong business values, commitment to the partnership with our clients, use of advanced technologies, and socially responsible business practices.

Milšped Group offers integrated services including customs clearance and brokerage, organization of international and domestic transport and distribution including intermodal, a state-of-the-art robotic automated warehousing and order-picking system, a fully integrated logistics platform for e-Commerce, and diverse storage solutions. Our vast network and comprehensive services make us a trusted partner for clients seeking efficient, innovative, and environmentally responsible logistics solutions.

We are known for implementing high-tech, robotic, and automated solutions that we adapt to a wide range of industries. The conditions we provide, even for the most sensitive and demanding products, have allowed us to contribute to the expansion of numerous clients' businesses. Our services and sectors specialize in coordinating logistics services for a wide range of different products and services, always dedicated to exceed client expectation, no matter if we are working with local businesses or large international companies.

In this report will be presented data regarding main subsidiaries in the Republic of Serbia: Milšped d.o.o., MBOX Terminals, M-ONE and Milšped AML.

Moving Borders

Milšped Group, the market leader in the field of transport and logistics, has been operating for more than 30 years, employs 3700 people and continues to expand its network to 14 countries, all around Europe, Asia, and America. Headquartered in Serbia, with operations across multiple international markets, Milšped ensures excellence in logistics markets all over the world.

FOUNDED IN

1993

WAREHOUSE SPACE

520.000 m2

HEADCOUNT

3.700

REVENUE

540.000.000 €



MILŠPED d.o.o.

Milšped d.o.o. is the central mother company within Milšped Group, providing integrated services in domestic and international transport and distribution, warehousing, and customs clearance.

Our long-term experience in the optimization of logistics services, professional staff and employees, and many satisfied clients across Europe, is confirmation of the outstanding results we have achieved in both domestic and international markets.

Management Board, based in Serbia, coordinates complete operation on all global markets and member companies from Belgrade. After three decades of business development, Milšped has positioned itself as a regional leader in providing integrated logistics services.

MILSPED DOO IN 2023	Total weight (tons)	Total km driven
Roadfreight	2.414.528	121.023.754
Rail	3.701	764.269
Airfreight	2.232	18.049.847
Seafreight	140.481	71.833.832

The strength of Milšped Group lies in integration of all subsidiaries and in the continuous improvement of services for our clients.

One of them is cooperation between Milšped d.o.o. and MBOX which resulted in transport of 102.946 tons of goods by rail.

MBOX Terminals

Milšped Group's member company MBOX Terminal is based around MBox intermodal terminal, a state-of-the-art intermodal terminal located in Popovac, in the new industrial zone of the city of Niš. The terminal has a storage capacity of over 2.200 containers at a time, or about 50,000 TEU per year.

MBOX Terminal plays a crucial role in providing innovative transportation solutions for the entire region. The need for such a terminal has been evident for years, given that most businesses have historically relied solely on road transport to meet their logistical demands. But, the need for this type of a terminal exceeds needs for improved efficiency. This reliance on

road transport has resulted in significant logistical costs, traffic congestion, air pollution, and limited alternative transportation options and we are dedicated to shifting our business model towards a more sustainable transport.

In our first year of operations, we successfully transported goods that were previously moved by containers; however, we have now enabled full rail transport to Niš.

Looking ahead, we are committed to transforming market practices by offering our clients the opportunity to shift from traditional truck transport to rail transport using intermodal containers. This initiative aligns with our sustainability objectives and underscores our dedication to reducing the environmental impact of logistics in the region. MBox achieved operational volume exceeding 102.000 tons in intermodal transport.

M-ONE

With the establishment of M-ONE company in 2021, we entered the e-commerce logistics sector, initially focusing on B2B services with a "same-day or next-day" delivery model across multiple time intervals. Later, we expanded to provide B2C services, catering to the growing demands of the e-commerce market.

Through a highly skilled team of operational experts, M-ONE fully meets the needs of its clients, providing a comprehensive distribution network across Serbia. This integrated approach is aligned with our commitment to sustainability and operational excellence, ensuring that we deliver effective solutions in the evolving e-commerce landscape. During 2023 our courier service covered 260.820 kilometers across the country, ensuring timely and efficient delivery for our customers which resulted in total of 2.871 tons of transported parcels.

Milšped AML

Milšped AML, a member company specializing in next-generation vehicle transport and collaborating with the world's largest car manufacturers.

In addition to standard vehicle transport trailers, our fleet includes five enclosed trailers specifically designed for transporting new vehicle models and high-value vehicles. All trucks comply with EURO 6 emission standards, and we have a structured plan for the continuous procurement and replacement of trucks to maintain efficiency and reduce environmental impact.

Our Master Driver Program ensures that experienced drivers provide training for new hires, as well as regular refreshment courses for our current drivers. This initiative helps maintain fleet stability and driver availability, both of which are essential for sustainable operations. Each truck in our fleet is equipped with GPS technology, providing real-time tracking of both vehicles and shipments.

This company also uses the most modern wagons in Europe for shipping vehicles, using rail transport. Next-generation railcars and a focus on rail transport within the EU are part of the services we offer to our clients, who are primarily vehicle manufacturers.

Our automotive logistics operations have covered more than 16.584.993 km this year, with total 234.538 tons transported. This extensive travel underscores our efficient supply chain management, while maintaining our commitment to environmental responsibility.



Our Business, Vision and Mission.

WE CREATE NEW, BETTER AND SUSTAINABLE LOGISTICS

We at Milšped are dedicated to creating new, better, and more sustainable logistics solutions for our clients, with whom we build long-term partnerships, continuously **moving borders**.

We aim to be at the forefront of global logistics, consistently improving our processes and delivering unparalleled value to our clients, which is expressed in our vision statement, to be a - **Global logistics provider recognized for top-notch solutions and services**.

At Milšped, the client is at the heart of everything we do. **We create new, better, and sustainable logistics solutions for clients with whom we build long-term partnerships** - which is our mission. By understanding and adapting to our clients' unique needs, we ensure that every project is completed with precision and care, resulting in mutual success.

While being client centric, we strive to stay ahead of the curve by recognizing both challenges and opportunities early on. Milšped is committed to delivering more than expected by setting ambitious goals, improving continuously, and acting promptly to meet market demands combining our innovative solutions without proactive company culture.

Innovation is the cornerstone of our business. We create a culture of continuous improvement through creative solutions. We actively integrate new technologies and creative solutions to enhance logistics processes, improve efficiency, and meet the growing demands of the global market as well as sustainability practices.

At the heart of our success is our people. Milšped values teamwork and is dedicated to creating an environment where employees can thrive. Through continuous development and training, we ensure that our team remains motivated, engaged, and ready to tackle the challenges of modern logistics.

MANAGING ESG

Milšped is firmly dedicated to sustainability and responsible resource management. By working closely with clients, employees, and partners, we aim to promote green initiatives and foster a sustainable future through innovative logistics solutions. To ensure the effective coordination and execution of these efforts, we are also planning on establishing a specialized ESG Board. In order to adequately adapt to the ESG goals, Milšped's Management Board will be monitoring implementation

of sustainable practices until the official establishment of the ESG Board.

The board has been overseeing ESG strategy implementation, ensuring that these objectives are embedded within our business operations. Senior executives from different departments have participated, promoting cross-functional collaboration on ESG projects.

Once it is established, a major focus of the board will be regular discussions on climate-related risks, helping the company stay compliant with regulatory frameworks. Independent audits will be conducted to ensure the credibility of our ESG reporting.

Through the formation of this ESG board, Milšped will solidify its leadership in the logistics industry by emphasizing innovation, sustainability, and long-term growth. This comprehensive approach ensures that sustainability is central to both operational and strategic decision-making at every level of the company.

ESG TEAM

PWC GAP Analysis

Based on the contracted ESG project, PwC (PricewaterhouseCoopers d.o.o.) Serbia made a GAP analysis of ESG data for our company, in order to improve the future of our ESG performance and to minimize the identified ESG gaps. The results of the ESG GAP analysis conducted are high level recommendations for improvement in accordance with regulatory requirements and European Sustainability Reporting Standards (ESRS), as well as in accordance with the best ESG practice in the transport and logistics sector.

The GAP analysis provided us with an overview of all the observed gaps that PwC was able to recognize based on the information and documentation that our company representatives shared with the PwC project team. This GAP analysis served as a guiding point, after which we aligned further actions.

Nominated ESG team

In recognition of our ongoing commitment to sustainability, we are pleased to have employees onboard who were motivated to participate in such an amazing and important project for our company. This team has been seen as a key driver of our environmental, social and governance agenda resulting in the establishment of our GHG inventory and creation of our very first Sustainability Report 2023. This team has been working closely with the Management Board at Milšped.

KEY ACHIEVEMENTS:

- We have successfully established our first version of Roadmap guiding us ahead and moving towards a sustainable future in our business,
- We have defined GHG inventory and selected framework for reporting,
- We have created CO2 emission calculation tool,
- We have developed ESG Action plan according to GAP Analysis.

TARGETS:

- Establish a Rulebook for the formation of an ESG Board in 2024,
- Review and align existing policies with our values in 2024,
- Introduce ESG Ambassadors in 2025, to drive meaningful progress and foster a culture of sustainability across our organization.






OUR JOURNEY IN SUSTAINABLE MANAGEMENT

Our journey towards sustainability began in 2022, when we fully acknowledged the importance of decarbonization and the connection between our business activities and the environment. Guided by our comprehensive Sustainability Roadmap, we are taking deliberate steps toward achieving our long-term environmental goals, with a particular emphasis on a robust decarbonization framework.

At Milšped, our vision extends beyond compliance; we are committed to implementing innovative and sustainable solutions into every aspect of our operations. Innovation plays a central role in our strategy. We aim to introduce sustainable solutions into every facet of our business—whether it's through optimizing logistics processes, reducing waste, or increasing energy efficiency. Our dedication to sus-

tainability also involves close collaboration with stakeholders, from employees to clients, partners, and the wider community.

Through a culture of continuous improvement and open dialogue, we strive to make a lasting, positive impact that reaches beyond the boundaries of our organization. Our efforts today are shaping a more resilient, greener future for generations to come.

	2022	2023	2024	2025	2026	2027	2028	2029	2030
		Transition from truck to Rail Transportation for 38%							
		Transition to a vehicle of higher dimension, 1% of our volumes							
		Explore for sustainable trends and solutions				Increase electric trucks usage for 1% of total volumes			
					Convert 3% of our volumes to HVO or other biofuels				
		Achieve a 3% reduction in average transit time							
								Book and claim solutions	
							Sustainable Marine Fuel		
							Sustainable Air Fuel		
				Industry Collaborations					
		LED Solutions							
		Solar Panels and other innovative solutions							
			Rain Harvesting Solutions						

Low Complexity Medium Complexity High Complexity



SECTION



MILŠPED CONTRIBUTION TO ESG STRATEGY





MILŠPED COMMITMENT TO SUPPORTING SDGs

Milšped is deeply committed to advancing the UN Sustainable Development Goals (SDGs) and acknowledges our responsibility to society and the environment, extending beyond the scope of our core business operations. Focused on always moving borders and setting standards as a forward-thinking logistics and transport company, we have committed to align our strategies and policies according to SDGs. These 5 development goals represent some of the most pressing issues faced by the world today, starting from good health and well-being to climate action and affordable and clean energy. By integrating sustain-

ability into our core business practices, we aim to create positive impacts throughout our supply chain and communities.

Milšped firmly committed to achieving SDGs while recognizing our responsibility towards society and environment that goes beyond boundaries of our business activities. We believe that through joint efforts, active employee engagement, transparency in communication, and the support of our partners and stakeholders, we can contribute to the achievement of the UN Global Goals, creating a more sustainable future for all.

3 GOOD HEALTH AND WELL-BEING

Our main focus is on the health and well-being of our employees. We are aware that mental and physical health is key to productivity and satisfaction in the workplace.

4 QUALITY EDUCATION

We have ensured quality education by introducing key employee development programs at M Base Learning Center. For more information, see page 30-31.

7 AFFORDABLE AND CLEAN ENERGY

By building Solar power plant at our LC Krmješevci, we promote energy efficiency solutions that drive economic growth while protecting the environment, which also resulted in carbon footprint reduction.

8 DECENT WORK AND ECONOMIC GROWTH

Milšped growth and expansion over the years has opened many job opportunities in various sectors, which resulted in better work conditions and better work environment. This also led to better labor practices, fair wages and access to training and development.

13 CLIMATE ACTION

With urgent action to combat climate change, we have developed ESG Action plan with primary focus on adapting our strategy and setting our CO₂ reduction targets.



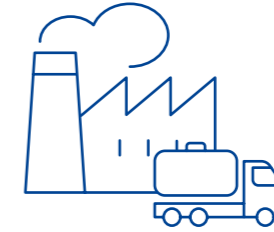
Environment at Milšped

Introduction

The environmental pillar of ESG strategy is crucial pillar in managing company impact on environment and in sustainable development. This pillar is focused on the roadmap in which a company can minimize its negative impact on environment and improve its environmental performance.

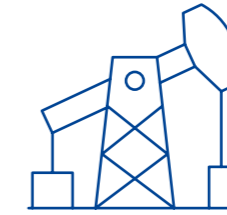
Environment at Milšped

At Milšped we are aware that environmental protection is integral part of our business strategy and success. We strive to minimize our environmental footprint through a variety of actions and practices, combining with proactive measures in order to protect the environment. Building on our fundamental efforts, we are excited to outline the following steps in our environmental journey:



SCOPE 1: Direct emissions, e.g. fuel and energy required for heat generation

2022 (tons CO ₂ e)	2023 (tons CO ₂ e)
11.392,10	12.339,92



SCOPE 2: Indirect emissions, e.g. purchased energy (electricity)

2022 (tons CO ₂ e)	2023 (tons CO ₂ e)
3.325,11	3.361,46



SCOPE 3: Indirect emissions, e.g. from third-party freight forwarders or operating materials

2022 (tons CO ₂ e)	2023 (tons CO ₂ e)
843.764,67	877.093,26

CO₂ Neutrality by 2050

In line with Milšped Sustainability Roadmap, our goal is to achieve CO₂ neutrality by 2050. To this end, all emissions from Milšped's locations were initially tracked, recorded and calculated for the first time in 2022. This process will be carried out annually within Scope 1, 2 and 3.



Our organization recorded a total of 14.717,21 tons of direct CO₂ emissions from Scope 1 and Scope 2 in our base year. These emissions are primarily from generation of purchased electricity, heating and cooling devices and natural gas combustion of fuels in company vehicles. We are actively working to reduce these emissions by implementing energy-efficient practices. First, we have installed a new solar power plant and upgraded our manipulation equipment in warehouses.

Despite Scope 3 emissions are a result of our activities, they come from sources that we do not own or control. This category contributes the most to our total greenhouse gas emissions. Our Scope 3 emissions were 843.764,67 metric tons of CO₂e in the base year. Some of the main sources of these emissions are supply chain emissions, business travel, employee commuting, waste disposal, etc. To address these emissions, we are engaging with our suppliers and stakeholders to enhance our sustainability practices and improve supply chain efficiency.

During the reporting period in 2023, our Scope 1, 2 and 3 values increased compared to the base year due to increased warehouse storage space, which resulted in higher energy consumption; we also had an increase in our volumes, which is reflected through an increase in tons of transported goods, and it is visible in our turnover. Despite the overall increase, we have strengthened our operations and market share and have an opportunity to look at more sustainable solutions for our operations.

KEY ACHIEVEMENTS

Natural Resources Management

Milšped is dedicated to reducing its carbon footprint with responsible management of natural resources, focusing on efficient electricity and fuel usage, as well as minimizing our waste generation. Our sustainability initiatives will focus on optimizing these resources to promote environmental stewardship and enhance operational efficiency.

Consumption (kWh)	2022	2023	Target 2030
ELECTRICITY	4.904.290	4.957.901	10% improvement in energy efficiency.
RENEWABLE ENERGY	0	602.013	Every WHS owned by Milšped supplied with energy from renewable sources.
NATURAL GAS	105.470	96.900	Reducing natural gas consumption for 2%

After installing solar panels in 2023, 34% of the total consumption at WH1 and WH2 was provided by solar energy, Compared to Milšped Serbia, actions related to sustainable energy in LC Krnješevci shows significant improvement in total consumption.

Fuel Consumption (liter)	2022	2023	Target 2030
DIESEL	4.091.290	4.450.942	Increase usage of HVO or other biofuels to 3% of total volumes in International Transport. Invest in hybrid vehicles for employee fleet, directly reducing diesel consumption.
LPG	16.534	13.509	Decrease usage of LPG for 5 %

Diesel consumption increased, driven by technical demands of our services. Therefore, we will aim to incorporate HVO or other biofuels and aim to reduce fuel consumption by 2030. Overall, our growth underscores our commitment to evolving our fuel strategy to meet both our operational demands and environmental goals. In terms of waste management, we underline our commitment to address waste challenges while seeking innovative solutions for reduction and responsible disposal. Our operations and significant business expansion have resulted in an increase in both non-hazardous and hazardous waste. We are fully aware of the importance of the reduction and our fuel consumption data reflects the growth of our business, highlighting our commitment to adjusting our fuel strategy accordingly.

ISO Certification

In 2015, an Environmental Management System (ISO 14001) was introduced that extends beyond operational environmental protection. It is an integral part of the company's general management system and is regularly monitored and certified. We independently conduct detailed internal audits of our business and functional units. These audits focus in particular on environmental strategy, progress of environmental development, environmental impact reduction, risk management, and monitoring of overall environmental activities such as ISO 14001 conformance, including examination of the effectiveness of the internal environmental audits.

LED installation

We installed LED lighting solutions, which improved quality of lightning and reduced energy consumption. Additionally, LED lighting has a longer lifespan compared to conventional bulbs, which further reduced maintenance and replacement costs.

Training

In the field of environmental protection, our onboarding training program for new employees continued. These training covers various aspects of environmental practices, including waste management and fire protection.

Training name	No of participants
ENVIRONMENTAL PROTECTION	392
FIRE PROTECTION	1567

All employees are regularly informed via email regarding reduced consumption of natural resources. These messages contain recommendations on how to use energy and water efficiently. Training for drivers is specialized training with a focus on the principles of Eco driving. These trainings cover driving information on how to reduce gas and fuel consumption to decrease CO2 emissions. All these training initiatives will make significant progress in the future, strengthening environmental awareness among our employees. Additional initiatives will be the key to a long-term sustainable business, which will ensure that our organization not only follows trends, but actively shapes them in the direction of sustainable development.



Solar panels

We are proud to announce the significant investment in solar panel technology as part of Milšped's dedication to advancing sustainable energy solutions. Our objective is to reduce our dependency on fossil fuels and greenhouse gas emissions while expecting long-term advantages and effects for our business. In the future, one of our targets is to increase the number of solar panels and look into other sustainable initiatives to ensure lead position of environmental responsibility and innovation.

KEY ACHIEVEMENTS:

Route Optimization

As a lead logistics provider, to be more sustainable, we implemented strategic location planning and route optimization, allowing us to coordinate, monitor and control customers supply chain while ultimately increasing efficiencies at reduced costs. We are offering specific route mapping and intermodal services, being the keystone for any logistics solution for our clients.

Minimization of driving empty tours

We are focused on the optimization of transport, so that even when returning, each tour has a place to load new goods along the way.

Eco Vadis Results

We are very happy to announce that our company has earned Fast Mover rating for 2023. This recognition highlights our commitment to innovation, efficiency and proactive sustainability efforts.

TARGETS:

- Extend ISO 14001 certification to cover 100% of the Group's locations by 2030,
- Achieve 100 % usage of electric forklifts in our handling areas and warehouses by 2030,
- Install electronic chargers for electric cars in Belgrade and Niš in 2024, with a goal of adding at least one electric charger in each Group location by 2030,
- Attain a silver rating in Eco Vadis Assessment in 2024,
- Develop route mapping for HVO fuel stations across Europe in order to expand our green transport services for our clients,
- Introduce Green logistics solutions including our vehicle fleet, sustainable handling areas and warehouses by 2030,
- Launch LMS Training Program focused on Environmental topics by 2026.





Social at Milšped

Ever since its foundation, the social pillar has been an important principle and part of the company's leading values. Our commitment to social responsibility is not just an ethical approach, guided by values, but also good business practice. Development in this direction strengthened our license for social business, improved our competitiveness and became an integral part of our "Policy of Corporate Socially Responsibility". This document formulates basic rules and norms of conduct that regulate relationships with colleagues, clients, and competitors and which highlights our strong commitment to social and ethical issues, present in everything we do.

Introduction

As a regional leader in the field of logistics, at Milšped we permanently face the challenges of a constantly changing world. In accordance with that, we are aware of the importance of human capital and healthy lifestyles. Milšped continuously works on improving society in its business processes because we believe that the company can only grow if the people in it also grow.

Human Capital

The role of human capital is greater than ever before because it is considered a major source of competitive advantage. Human capital is the basis of every successful company and one of the most significant factors in the economy of the modern age.

Milšped strives to keep pace with this continuous development and operates to maintain its current business through the ability to effectively respond to change, and to create a competitive asset based on the existence of qualified human capital that contributes to the creation of organizational sustainability in the business sector.

Bearing this in mind, at Milšped we are focused on through our activities:

- To emphasize that people are the core resource of value creation
- To understand what implementing the best practices lead to strengthening human capital
- To adequately apply these techniques in order to strengthen the company's human capital

People are the foundation of our success and the ones who deliver on our customers' promises and our commitments. Only in this way can we follow the vision and a clear business strategy based on the trust of employees and on strengthening relationships with partners and clients, with a high degree of responsibility for the wider community.

FAIR WORKING CONDITIONS

Fair working conditions are essential for achieving high levels of employee morale and productivity. When employees feel valued and respected in their work environment, they are more likely to be motivated and engaged in their tasks. In line with its business priorities, purpose, and values, Milšped weigh to offer fair and supportive working conditions to its employees.

Each employee should be paid an appropriate wage for their work and all employees should be treated fairly and their rights as workers respected. The working conditions should be of a decent standard. Milšped respects the rights and needs of its employees, stakeholders and the community. A positive working environment begins with respect for these fundamental rights.

Company conducts itself with the highest degree of dignity, equality and trust in regard to its associates. Every worker has the right to limitations of maximum working hours, to daily and weekly rest periods and to an annual period of paid leave. Milšped is committed to promoting equality by offering the same opportunities to all while also acknowledging and rewarding personal contributions and business successes.

DIVERSITY, EQUITY AND INCLUSION

Companies that are diverse, equitable, and inclusive are better able to respond to challenges, and meet the needs of different customer bases. Equity refers to fair treatment for all people. Diversity refers to who is represented in the workforce, so no one can be discriminated against because of their ethnicity, gender, age. The inclusion is the culture in which the mix of people can come to work, feel comfortable and work in a way that suits them and meets business needs. Inclusion will ensure that everyone feels valued and, importantly, adds value.

Given that we operate on several continents and in 14 countries, Milšped has experience of doing business in a distinctive environment, respecting different cultures, nations and religions. Our company relies on values where diversity is welcome, and with 3656 employees we are aware of our impact on the community and the need to pay attention to social issues.

Milšped is oriented towards providing services of maximum quality while doing business in a socially responsible manner. Although the field of logistics is primarily related to the male gender, with fair working conditions we are working to include as many women as possible in logistics. In accordance with that, when selecting and recruiting candidates Milšped is focus exclusively on their qualifications and competencies for the chosen position.



EMPLOYEE ENGAGEMENT AND RETENTION

In Milšped we understand the challenges of the logistics industry and the importance of persistence, and responsibility. That's why we continuously innovate and adapt our processes to connect all corners of the world seamlessly, and to bring the right people to the right places. Our employees are the most valuable resource we have.

We are proud of the fact that for years we have been providing opportunities for beginners without work experience to join our team and build their careers together with us. Milšped has good cooperation with faculties

and offers graduates inspiring opportunities at the beginning of their careers. Investing in people and constantly strengthening the professional competencies is one of the primary goals of the Milšped.

Also, we recognize that the ability of our employees to grow and develop is essential. That is why we support the development of employees with the aim of mobility towards desired positions. The company strives to provide resources, training and support so that employees can advance in their careers. As a development company, our dynamism and innovation are indispensable parts of our culture, and visible progress is something that is our daily task.

EMPLOYEE RELATIONS AND LABOR RIGHTS

The professional performance of business operations, together with the undertaking of diligent and complete responsibility in business operations, is an integral part of Milšped's compliance policy. Compliance policy outlines a set of guidelines and best practices that ensure a company's employees are following all relevant laws and regulations. Compliance with laws and regulations is the value of the Milšped Company and an integral part of our guiding principle.

Also, at Milšped we are very dedicated to ethical issues, they are present in everything we do. Our corporate values exclude ambiguity and give clear recommendations for making ethically balanced decisions in various situations and prevent and detect violations of applicable law, regulations, rules and ethical standards by employees and others.

We do not tolerate any form of child, forced or compulsory labor on our work sites or in our supply chain, including such practices as the unlawful or illegitimate withholding of wages. All employees should be adequately rewarded for their work and should be treated fairly and with respect for their employment rights. The working environment should be of a decent standard. We only permit working hours, wages and benefits that are in compliance with national and local laws. We maintain a dialogue with our employees to ensure their rights are respected.

SAFETY AND HEALTH

The security and work safety of all employees and visitors present an axiom. Milšped is a company that insists on the maintenance and adequate application of the established ISO 45001 system for safety and protection at work. Thus, employees have not only the right but also the obligation to behave in accordance with the company's requirements that protect them from health risks.

Milšped protects its employees against all potential impacts on health and safety, through defined safety operating procedures, preventive maintenance, employee engagement and continuous control of working conditions. Employees are enabled to communicate and are required to report all situations that lead to compromising safety and health to the designated person in charge of security and safety at work.

Milšped has a EHSF department who is in charge for safety and health at work, and which maintains mandatory training for new employees and periodic training for existing employees. All these processes ensures that Milšped has effective health and safety measures, which classifies the company in safe working environment with minimum number of injuries at work. When these targets are met, they will empower a sense of loyalty and commitment among employees, leading to long-term success and growth. This will allow our company to continue to develop infrastructure and invest in distribution and supply chain, continuously improving logistics services in the countries in which we operate.



WORK/LIFE BALANCE AND CELEBRATION OF TOGETHERNESS

After three decades of dedicated work and continuous growth, not only in terms of our business but also in shaping a strong corporate culture, we proudly celebrated our 30th anniversary in a meaningful way. To commemorate this milestone, we planted 30 trees as a symbol of gratitude to our employees, who have been the foundation of our success. These trees, representing each year of our journey, stand as living reminders of the commitment, resilience, and shared achievements that have shaped our company.

Our anniversary celebration extended beyond a simple family day event—it was a vibrant series of activities designed to engage

and honor both our employees and their families. We recognized the importance of creating an inclusive atmosphere that reflects our values of sustainability, togetherness, and a balanced approach to life. The events were infused with opportunities to promote the ideas of work-life balance, emphasizing the significance of maintaining a healthy equilibrium between professional responsibilities and personal well-being.

Additionally, we highlighted the role of sport and healthy living as key pillars of our company culture. Through various interactive sessions, we encouraged employees and their families to prioritize physical activity and well-being as

an integral part of a fulfilling life. By fostering these values, we not only celebrated three decades of achievements but also looked toward the future, committed to creating a sustainable and supportive environment for our employees and the community at large.

Sport is a symbol of the values we cherish in our society—sportsmanship, dedication, and humanity. At Milšped, we uphold this spirit, which is why our long-term collaboration with the Olympic Committee of Serbia holds special significance. It represents a lasting investment in the development of sport on a national level, providing inspiration for future generations of athletes. Furthermore, our focus on promoting healthy living is encapsulated in our longstanding partnership with the Olympic Committee of Serbia. After Rio de Janeiro in 2016 and Tokyo in 2020, we are continuing this tradition of supporting our athletes in Paris 2024 as well.





EMPLOYEE DEVELOPMENT

The unique knowledge and skills of employees are an integral part of every business process. Milšped is constantly investing in the education and requalification of personnel, as well as to encourage all types of individual and team improvement. Through a quality personnel policy, our employees gain confidence in the system and strive to meet the prescribed standards.

In Milšped we recognize human capital, encourage its development and create a motivating environment for all employees in which they can progress. We recognize the importance of human resources for the successful development of the company and invest in their selection, motivation and development, aware that this approach guarantees better results compared to focusing on acquired knowledge.

To increase knowledge within our company, great attention is given to improving the level of professional knowledge and competencies of employees, increasing productivity and developing teamwork. Milšped for its employees provides access to relevant training and courses, setting clear development goals, providing feedback and mentoring. In accordance with that, the “M Base learning center” was launched.

M Base learning center is intended for all company employees, and it is designed to help employees master all the skills that will be important to them in their future business through workshops, in accordance with the requirements of their workplace. Continuous support for our employees is one of the key values of Milšped.

Within this program, employees can continuously learn, develop, and acquire the necessary knowledge and skills for future positions.

The program is implemented at several levels - depending on the level of development, current roles and responsibilities and covers different topics of interest. This includes not only offers to improve professional competence, but also leadership, methodological and social competences. Some of the topics covered during the program are active listening, assertive communication, situational approach to leadership, defining and communicating goals, monitoring and implementation of plans, decision making, time and project management.

The primary goal of **Milšped M Base Learning Center** and our Internal Trainers is to build the environment of continuous learning and personal development, understanding of the colleagues' needs, and the processes within the operation of integrated services in the logistics chain, and to promote Milšped values that learning is a process that is never over! We believe that investing in employees is the key to success and we are certain that our trainers will be excellent in their new role, and that this will also motivate other colleagues to join them and adopt new knowledge and skills on this road together.

On that same goal, we also launched the panels to exchange experience and best practice between departments. We have noticed a great interest in the topic of customs procedures and operations, as well as the need to expand the knowledge of our colleagues in this field. At the conducted panel, colleagues had the opportunity to delve into all aspects of customs operations – customs procedures, rules and customs flows – thorough conversations and discussions with our customs sector experts.



KEY ACHIEVEMENTS:

Our company is committed to nurturing an inclusive workplace environment which promotes personal and professional growth, while retaining the highest human rights standards. In 2023 Milšped continuously respected these guidelines in all his activities, which we could especially express in the following areas:



Fair working conditions

Constant development of human resources and working environment for constant improvement of social aspect of ESG, enabling employee satisfaction and motivation. Milšped ensures that fair working conditions is accessible to all workers, and workers are encouraged and supported to take up learning and development opportunities. This is guaranteed by the company's internal documents, as well as by Labor law, which we strictly adhere to.

Diversity, inclusion and gender equality

As an internationally company, improvement of respect for diversity inclusion and gender equality is an important part of Milšped. Regarding equal opportunities for women and men, Milšped believes that a balanced representation of both genders when filling positions is extremely important.

Based on „Report on the structure of employees in Milšped d.o.o. for the 2023“, gender structure in Milšped is as follows:

GENDER STRUCTURE	TOTAL	%
MAN	1807	71%
WOMAN	745	29%

The proportion of women employed in management positions is approximately 29%.

Management positions		
MAN	174	71,31%
WOMAN	70	28,68%

In the Supervisory board, one third of the members is woman.

Age structure in Milšped DECEMBER 31 st , 2023	18-25	26-35	36-45	46-55	56+
MAN	269	546	513	350	129
WOMAN	96	331	235	71	12
TOTAL	365	877	748	421	141

In 2023 Milšped supported the conference "Trends and challenges of female engineers in logistics and transport", where we shared experiences from the company and emphasized that more and more women are entering the logistics and transport industry making up a significant part of the workforce. In that way we emphasized that woman contribution is extremely important for the development of various sectors within this industry, as well as that Milšped will continue to work actively to promote equal opportunities for everyone, regardless of gender.

KEY ACHIEVEMENTS:

Opportunity for access, growth and progression

At Milšped, we strive to recognize and nurture employee talent. That is why we have created a „M Base Learning center“ as support for continuous education and personal development of employees. Close to the city in a pleasant natural environment, in a space larger than 2000 m² and with 2 modernly equipped classrooms with a capacity of about 90 employees, we are focused on development of leadership and emotional intelligence, expert training for each line of business and strengthening of internal expertise through training of

internal trainers. Thanks to this initiative, we noticed a high level of motivation among employees, which was reflected in a large number of applications for training, an increased number of participants in 2023 and the desire of employees to share their knowledge with others. Also, Milšped presented a new generation of internal trainers, who successfully completed the "Training for Trainers" training program. The task of our 24 internal trainers is to transfer knowledge from their fields to colleagues from other sectors in order to

bring them closer to the processes and provide knowledge about the broader picture of Milšped's business.

Milšped strives to enable full respect for gender balance in all his activities, which can also be seen in the gender structure of program participants. More than 38% of women in total training participants, only confirms Milšped's aspiration to strengthen the positions of women in logistics.

Name of training	TOPIC	Number of participants	Gender ratio
LEADERSHIP ACADEMY	Change management, stress management, guiding people through EQ, feedback, conflict resolution	106	W:25 M:81
NEGOTIATION SKILLS	/	65	W: 20 M:45
INTERNAL TRAINERS	VAT - invoicing rules	88	W: 45 M:43
	HVTT - High Value Theft Targeted	74	W: 39 M:35
	Internal financial reporting	68	W: 16 M:52
	Corporate finance	70	W: 16 M:54
	Accounting	70	W: 16 M:54
	Sales - From Lead to Profit	88	W: 37 M:51
	Requirements and management of corporate clients	57	W: 22 M:35
	Compatibility of distribution in relation to the market	50	W: 21 M:29
	Distribution processes - development and challenges in Serbia and regionally	50	W: 21 M:29
	Sea transport - processes and challenges	53	W: 25 M:28
	Air transport - processes and challenges	64	W: 29 M:35
	Customs processes and risks	58	W: 21 M:37
	Warehousing processes - challenges and innovations	50	W: 21 M:29
	Processes, challenges and connection of International road transport (full loads) with sales and customer care	52	W: 24 M:28
Network Groupage	65	W: 29 M:36	
Groupage and LTL transports - processes and challenges	65	W: 29 M:36	
Driver working hours	14	W:3 M:11	
Basic principles of the courier service	88	W: 37 M:51	

With all these trainings we got total number of participants in educations 2023 as follows:

Leadership Academy	„Negotiation skills“ Academy	Internal trainings
106	65	1124

KEY ACHIEVEMENTS:

Practical experience

Milšped ultimate objective is to meet the company's own needs for qualified junior staff and to fill as many management and professional positions as possible from our own ranks in the future. In accordance with that, we are proud that we had the opportunity to give young people the chance to gain their first work experience and skills within the "My First Salary" program.

We have traditional strong cooperation with the Faculty of Transport and Traffic Engineering in Belgrade, as the key educational institutions with which we cooperate, making contacts with potential candidates for employment in positions of great importance for our business. Milšped had the pleasure of being part of the Belgrade Youth Fair where we met and talked with many ambitious and promising young people and had the chance to answer all their questions related to our business and company.

Milšped also offers students the opportunity to gain practical experience in the logistics with an internship summer programme. During 2023, we had 30 interns from the Faculty of Transport and Traffic Engineering, Faculty of Organizational Sciences, the Faculty of Economics and Faculty of Mechanical Engineering.

Open corporative communication

Milšped encourages a business culture where everyone is invited to speak up, while promoting open communication. When employees feel comfortable discussing concerns or sharing ideas without fear of retribution, it creates an atmosphere of trust and collaboration. This allows for better problem-solving and decision-making within the organization.

At Milšped we emphasize the importance of internal communication, which we have devoted ourselves to from the very beginning of the company's existence, and we continue to improve it. A transparent attitude towards employees, involvement in the decision-making process, sharing both successes and failures with them are key elements of our culture.

In accordance with that, we launched an internal web portal that enables quick access to news and information about the company, internal and operational documents, and the exchange of opinions through the "Your opinion is important to us" option. Based on this, motivation and encouragement of employee engagement, fast and two-way communication is enabled. Milšped also offers students the opportunity to gain practical experience in the logistics with an internship summer programme. During 2023, we had 30 interns from the Faculty of Transport and Traffic Engineering, Faculty of Organizational Sciences, the Faculty of Economics and Faculty of Mechanical Engineering.

Healthy lifestyles and well-being

The aim of promoting healthy lifestyles and well-being is where sustainable development as a concept and Milšped as a company converge. Milšped regularly conducts Occupational safety and health training for new employees. Also, periodic examinations are conducted for all employees. We are pleased to report that in 2023 we had 94 women who went on maternity leave.

Medical examinations in 2023	Examination number
Periodic medical examinations	896
Targeted medical examinations	15
Ophthalmological examination	658
TOTAL:	1569

Also, considering that we respect our employees and have great importance to family values, we are proud of various family initiatives that have been introduced in 2023:

- **Day off for parents whose children are attending their first day of school and voucher for children for the purchase of school supplies**
- **Voucher for kids presents for the New year**
- **Family day - which, in addition to expressing support for family values, also had the special goal of getting to know colleagues from the region and spending time together.**

TARGETS:

As a global entity, Milšped recognizes the benefits of respecting its employees' unique qualities and diversity. The promotion of social pillar is crucial in our corporative culture. Milšped strives to create an environment where all employees feel comfortable to work, develop, report concerns or complaints. Our plans for 2024 are to create a more positive and productive work environment by implementing these targets:

- Creation of new company values aligned with social changes and changes in logistics processes,
- Greater emphasis on diversity / gender equality – increased number in management positions over 30% in 2024,
- Cooperation with organizations that promote women's solidarity and engagement of women in the field of logistics,
- Personal development of employees, together with rising their motivation and satisfaction based on personal profiles and potential,
- Further development of „M Base learning center“ with focus on the following:
 - 1) Helping talent advance through an array of solutions such as in-person training and on-line learning platforms, leadership development programmes, mentorship programmes and feedback and coaching sessions.

2) Addressing diverse training needs in specific roles through specific areas such as Finance, Accounting, Customs regulations, Quality and Standardization, Labor and Legal Processes.

- Implementation Learning Management System (LMS) – an online platform for training and education
- Further improvement in onboarding processes for new employees to properly get to know and integrate with the company – its culture, processes and ways of working,
- Continuing cooperation with faculties and increasing the number of participants in student internships
- Launching Milšped scholarship Program – for supporting young and ambitious people to direct their professional careers,
- A greater number of humanitarian actions and a greater number of activities which support the community in which we operate,
- Redesign of Milšped internal web portal that will provide easy access and transparency to the latest news, personalized content, social feed, internal document management,
- Further development an opportunity for employees to delegate suggestions, proposals, remarks, ideas to the responsible departments through „Your opinion is important to us“ ,

- Launching option on the internal web portal for emphasizing the outstanding results of colleagues and praising them for their dedication in work processes,
- Increasing Good health and Well-Being for employees: among other things - opening dental offices for employees, Continuation of support actions for First day of school, Voucher for kids presents for the New year,
- Increased number of internal trainers for 10 % in 2024.

When these targets are met, they will empower a sense of loyalty and commitment among employees, leading to long-term success and growth. This will allow our company to continue to develop infrastructure and invest in distribution and supply chain, continuously improving logistics services in the countries in which we operate. Our main strengths - experience and professional staff, make Milšped the market leader in the field of transport and logistics, which operating for more than 30 years, expanding its network constantly and joining various dots on the map of the world. But, with the achievement of the proposed targets, winning mentality, innovation, personal responsibility, long-term perspective and caring for people, we believe that the key factors will be created for the realization of our vision in the next 30 years of business.

Governance at Milšped

Milšped has responsible approach to business and works on fulfilling the legal requirements of the countries in which it operates and implements important ethics and compliance programs, in order to ensure its compliance with all legal regulations. From January 1st 2023 Milšped Group mother company, has the two-tiered management structure, consisting of the Supervisory Board and the Management Board, which ensures a clear separation of supervisory and executive functions, and aims to contribute further professionalism, progress and development of the Company.





Introduction

The Governance pillar of ESG strategy focuses on the internal systems, controls, and practices that ensure a company operates ethically, transparently, and in the best interest of its stakeholders. It is crucial for building trust with customers and can lead to better overall performance and sustainability.

Compliance Culture and Management

At Milšped compliance culture is about creating business environment that promotes ethical behavior and rely on clear policies and procedures. We have developed a monitoring system that includes internal audits and a whistleblower mechanism that allows employees to report concerns anonymously. At the same time, we work on communication about compliance issues which helps us build trust among employees and stakeholders.

Milšped incorporated risk analysis as a key element of compliance management at the process level which allows us to respond promptly and maintain the continuity of our business operations. We see our suppliers as an important part of our compliance management and foster a collaborative approach, open communication, and knowledge sharing to solve compliance challenges together and improve processes.

Certifications

Our management system received its initial ISO 9001 certification in 2003. Since then, we have continually grown our business and expertise, refining our management system to ensure compliance in diverse areas such as environmental protection, health and safety, food safety, data protection, and the safety of road transport and storage.

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
AEO	Customs
SMETA	Ethical and responsible Business Practice

We conducted 15 internal audits in order to evaluate our quality management system in 2023, and the average result was 88,75%. We strive to achieve the Overall score above 90 % in 2024. and to create an integrated Annual Internal Audit report.

CODE OF CONDUCT

Milšped endeavors to build relationships with suppliers that respect the same values and are guided by ethical principles when conducting business. In 2023, we updated and implemented our Supplier Code of Conduct as part of our ongoing commitment to strengthen and improve our relationships with suppliers. This update is based on the conviction that sustaining long-term business success relies on our dedication to maintaining the highest ethical standards. Consequently, all suppliers partnering with Milšped and its subsidiaries must ensure that their companies, employees, suppliers, and subcontractors comprehend and adhere to our expectations concerning legal compliance, human and employee rights, health and safety, environmental protection, business integrity, and security.

BUSINESS ETHICS

Fair business practice is the essence of business ethics for us in Milšped, and it focuses on treating all stakeholders with equity and impartiality. The responsible conduct includes the promotion of ethical conduct in the areas of fighting against corruption, healthy competition, responsible participation in public policies design and all aspects of social responsibility.



SECURITY

One of the strategic commitments of the company is dedication to protecting people, customers and business from traditional and new threats and challenges. This goal is achieved through the implementation of a risk management program that is implemented through 4 continuous processes: risk assessment, treatment, monitoring/control, and communications. Our internal risk assessment team, in cooperation with external partners, conducts a risk assessment in accordance with national legislation, Security and resilience of society – Risk assessment. According to the standard, all identified risks are classified into 11 different categories, including ESG risks. The measures proposed to the management, because of the assessment process, represent a well balance between the contribution (mitigation or elimination of risks) and costs.

The aforementioned processes and measures taken are used as an excellent basis for reaching numerous international standards in the field of security:

TAPA FSR 2023 level B, certified since May 2015. We increased our focus on warehouses by implementing the requirements provided by the specified standard. Locations that are certified are equipped with the most

modern technical protection systems and provide complete security for stored goods. To mitigate the likelihood and impact of threats we have increased physical security on non-certified sites, closed security gaps and increased usage of security incident tools to analyze incident data and to create CAPA plan accordingly.

TAPA TSR 2023 level 1 – Category medium, certified since June 2018. Compliance with the stated standards implies the application of the most modern security equipment on vehicles, careful selection and training of employees, detailed work procedures and constant transport monitoring. The use of various databases that contain data on security incidents, secure parking, etc. and membership in various professional organizations and associations that provide the possibility of exchanging experience and information, is essential for the organization of safe and secure transportation.

The level of security achieved allows us to offer our customers high-value goods transportation services and quick adaptation to the security requirements designed by them. We share our knowledge and experience with partner companies whose capacities we use to provide services with the same level of security.

TARGETS:

- Achieve recertification for TAPA FSR and TAPA TSR safety standards in 2024, including the expansion of storage space by 30,000m2 and moving to a larger category when it comes to the number of vehicles
- Increase the number of subcontractors that are aligned and compliant with the TAPA TSR standard in 2024,
- Introduce Security Program in 2025, which will help to identify key risks for our business, potential initiatives and to strengthen our position on the market,
- In line with our digitalization Roadmap, Security Awareness training will be moved to LMS platform, ensuring every employee receives Certificate of achievement. This will come to life in 2026, with the aim of mitigating cargo losses and leveraging customer claims.
- Increase number of AEO Certified sites within Milšped Group members.

AEO, certified since May 2015.

We are especially proud for holding an AEO Certification, recognized by customs authorities demonstrating excellence in supply chain security and compliance. This Certification additionally validates our robust procedures, security measures and resilience, providing peace of mind to our partners and customers, knowing their goods are handled with utmost care and security. As an AEO-certified organization, we are recognized as a trustworthy and reliable partner in international trade.

KEY ACHIEVEMENTS:

- **Process improvement** – Creation of RPA governance model, team nomination and 10 unique processes automated using new technologies;
- **Improvement of IT incident management.**
- **Creation of team for continual improvement and automatization on order to recognize possibilities to track non-value-added steps and overall, positive impact on energy efficiency**

TARGETS:

- **Expand the scope of ISO 27001 certification to at least 3 new subsidiaries by the end of 2024. Our objective is to implement and certify Information Security Management System in every subsidiary till 2030.**
- **Transition of IT Security internal trainings to LMS platform by 2025,**
- **In order to better serve our clients and to protect our business from potential disruptions we plan to update our Business Continuity Plan (BCP) in 2024 and to upgrade it on location level until 2026,**
- **Transition of Anti-Bribery and Anti-Corruption training in new LMS platform by 2025.**



CYBERSECURITY

General functioning principles of information security management in Milšped are defined in accordance with the ISMS standard requirements. Since achieving ISO 27001 Certification in 2022 we have established Information Security Management System (ISMS) which incorporates framework and guidelines that are a subject of our continuous improvement process. In terms of cybersecurity, we secure Milšped's information assets from possible internal or external security threats, whether intentional or accidental. Our goal is to be consistent with cur-

rent IT risks, while looking for constant improvement of IT security, together with the training of employees on this topic.

We are aware of the increasing trend of cyber incidents in logistics and society overall, which forces us to adapt and become resilient to the ever-evolving cyber threats. However, we cannot ignore the multiple benefits that digitalization brings to us. Through continuous work in the fields of digitalization and automation, we improve our processes, making them more efficient, transparent, and accurate.

SUSTAINABLE PROCUREMENT IN MILŠPED

As part of its efforts to achieve long-term sustainability, Milšped places special emphasis on a responsible procurement process. Sustainable procurement in Milšped contributes not only to reduce the negative impact on the environment, but also promotes social responsibility through cooperation with local communities and supporting for socially vulnerable groups.

Choosing the transportation modes

One of the key aspects of sustainable procurement at Milšped is intently selection of vehicles for our logistics fleet. By considering implementing vehicles with minimal CO2 emissions in our fleet, such as those with low fuel consumption or electric drive, we are working to reduce direct emissions of harmful gases and reduce our ecological footprint. We are evaluating further possibilities and have started the usage of hybrid and fully electric vehicles, which will further improve our energy efficiency and enable transition to sustainable energy sources.

Changing the type of batteries used in internal transport

As part of our efforts to improve environmental performance, we are working on the replacement of batteries used for forklifts from acid batteries, which have been the regular choice until now, to lithium-ion (Li-ion) batteries. This change brings numerous advantages in terms of energy efficiency and reduction of harmful impact on the environment. Lithium-ion batteries are characterized by:

- **Better energy efficiency:** Li-ion batteries provide longer life, shorter charging times and less energy loss during use, increasing efficiency within our logistics centers
- **Less maintenance:** Unlike acid batteries, Li-ion batteries require less maintenance, which reduces operating costs and resources needed to service them
- **Reduced impact on the environment:** Compared to acid batteries, Li-ion batteries have a lower impact on the environment due to reduced emissions of harmful gases during their production and use cycle.

Cooperation with transport service providers

In addition to the internal optimization of the vehicle fleet, an important part of our sustainable procurement is cooperation with external providers of transport services. We work with suppliers to implement solutions that reduce emissions of harmful gases through the optimization of routes, the use of vehicles with reduced fuel consumption and the application of innovative technologies for monitoring and controlling emissions. We actively select partners who share our commitment to sustainability, ensuring that their work also contributes to the common goals - reducing environmental footprint. This cooperation includes:

- **Optimization of transport routes:** By reducing vehicle kilometers travelled and planning more efficient routes, we contribute to reducing fuel consumption and CO2 emissions.
- **Use of alternative fuel vehicles:** We encourage suppliers to use vehicles that use biofuels, natural gas or electric drives, which further reduces the negative impact on the environment.
- **Monitoring environmental performance:** Monitoring greenhouse gas emissions allows us to identify areas for improvement and work with suppliers to achieve emission reduction targets.

Using materials with at least 30% recycled content

Our commitment to sustainability extends to our choice of packaging materials and day-to-day operations. We are exploring possibilities for the use of plastic materials that contain at least 30% recycled content, which is an important step in reducing the use of primary resources. This step helps not only to reduce plastic waste, but also to preserve natural resources and reduce greenhouse gas emissions resulting from the production of new materials. By 2030 at the latest, we plan to completely switch to using packaging products made from recycled and biodegradable materials.

Cooperation with companies that employ people with disabilities

In accordance with our commitment to social responsibility, we have established cooperation with companies that employ people with disabilities, and that are engaged in the production of paper consumables, printed materials and protective clothing. This initiative not only contributes to local economic development, but also enables inclusion and equality in the working environment. In this way, our business not only becomes more environmentally responsible, but also more socially adjusted.

Plans to improve sustainable procurement

In the future, we plan to expand our sustainable procurement policy through the following activities:

- **Optimization of energy consumption:** Introduction of energy-efficient devices and technologies in logistics processes,
- **Use of ecological materials:** Increasing the participation of ecological and biodegradable materials in all phases of business, especially in packaging processes.
- **Circular business:** Implementation of a circular economy model, where all materials and equipment used in business will be regularly recycled or restored for further use.
- **Supply Chain Transparency:** Monitoring sustainability in the supply chain through collaboration with suppliers who are also committed to environmental and social standards.
- **Introduce Sustainable Procurement training on LMS platform in 2025.**





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