



SUSTAINABILITY REPORT 2024.

ABOUT THE REPORT

The NEXE Group Sustainability Report was prepared for the reporting period January 1st, 2024 to December 31st 2024, on a consolidated basis and includes information on the NEXE Group companies: NEXE d.d., IGMA d.o.o., EKONEX d.o.o., LUKA TRANZIT OSIJEK d.o.o., Dilj d.o.o., NEXE INVEST d.o.o., CE - MA d.o.o., Tvornica opeke d.o.o. Sarajevo, NEXE d.o.o.

Sarajevo, NEXE BETON d.o.o. Sarajevo, N-INVEST d.o.o. Sarajevo (merged with NEXE BETON d.o.o. Sarajevo 08.02.2024), POLET-KERAMIKA DOO NOVI BEČEJ (acquired by AD POLET IGK NOVI BEČEJ on October 1st 2024) and NEXE BETON DOO NOVI SAD, unless otherwise indicated in the text.

The European Sustainability Reporting Standards (ESRS) were followed in preparing the sustainability report in order for NEXE Group to be prepared in time for the upcoming reporting obligation under the Corporate Sustainability Reporting Directive (CSRD). In future reporting periods, full compliance will be worked on. The report primarily covers the operations of the company, while impacts on higher and lower levels of the value chain are included in those segments where they are relevant and where data is available. The company applies ISO standards in its operations, and a detailed overview of the applied standards is available on page 30 of this report. Sustainability information was collected by the NEXE Group Sustainability Reporting Working Group, which included representatives of the organizational units responsible for managing material impacts, risks and opportunities. The report is prepared in PDF format and is available on the corporate website. NEXE Group invites stakeholders to read the report and send their comments, suggestions and questions to the following e-mail address:

nexe@nexe.hr

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Message of the President of the Board

NEXE Group looks back on another successful business year. Despite numerous challenges, our results once again confirmed the soundness of our strategic direction. The year 2024 will also be remembered as a milestone: after more than four decades of dedicated leadership, our long-time President of the Management Board, Ivan Ergović, passed the baton to a new generation. In his new role as Advisor to the Management Board, and with his continued unwavering support for the implementation of our strategic plans, we are confident in the sustained positive business momentum achieved during the reporting period.

For the year 2024, along with the Annual Report on Business, we are bringing the NEXE Groups third Sustainability Report in which we report on material environmental, social and management topics of NEXE Groups sustainable business. Sustainability is the basis of our business, and the Sustainability Report testifies to the steps we undertook during 2024. to reduce the impact on the environment, improve working conditions and strengthen responsible management. Although regulatory framework set new expectations, we recognized even before their application the importance of transparent reporting and integrating sustainability into our growth strategy. In 2024, NEXE Group continued with realization of its long-term strategy aimed at sustainable growth, resistance to market conditions changes and improvement of business process. Through continuous investments in reduction of carbon footprint and increase in energy efficiency, we further strengthen our position in the industry, ensuring stability and competitiveness in an increasingly demanding market.

These achievements are reflected in the financial results, which further confirm the soundness of our strategic approach. In the reporting year, total operating income reached EUR 218.513.844, representing a 2,2 %

increase compared to 2023. At the same time, total operating expenses amounted to EUR 177.305.911, a decrease of 2,8 % year-over-year. Within operating expenses, personnel costs saw a notable increase of 12,5 % compared to 2023, reflecting our ongoing commitment to improving the material working conditions of our employees.

As a result of these developments, consolidated EBITDA amounted to EUR 55.612.370, EBIT (profit from ordinary operations) reached EUR 41.207.933, and the Group's net profit stood at EUR 31.735.259.

Sustainability remains a key priority for our business, and progress is visible in all segments of ESG. In 2024, total energy consumption was reduced by 11,8 %, while total greenhouse gas emissions were reduced by 5,5 %. The share of renewable energy sources in our energy mix reached 13,7 %, with 100 % green electricity procurement for NEXE d.d. and Dilj d.o.o., as confirmed by the HEP ZelEn certificate. Through investments in energy efficiency and process modernization, energy intensity was reduced by 5,1 %. We particularly emphasize the continuation of activities on the implementation of the CO₂NTESSA project, which will enable climate-neutral cement production at our Našice factory by 2030.



The circular economy is also in the focus of our activities. Waste energy recovery continues with a growing trend and alternative fuels in the production of cement make up to 60,6 %, while the material recovery of waste fell slightly compared to the previous year. We continue with the optimization of the cement composition, in 2024. 84,2 % of total production accounted for types of cement with lower CO₂ emissions than industrial standard (0,822 t CO₂/t cement).

Further investments will be focused on additional increase in the share of substitute raw materials and the development of low-carbon products.

Our employees are the foundation of NEXE Group success. In 2024, we continued to invest in their safety, development and satisfaction – from improving working conditions to education and training programs. Group member NEXE d.d. has won the Equal Pay Champion certificate for the third time, a recognition from SELECTIO Group for companies that consistently promote equality, fairness and equity, which confirms that NEXE d.d. applies transparent pay systems and actively encourages an inclusive organizational culture. The NEXE Academy was a key place for professional development for 318 employees through 20 specialized workshops, with a total of 2.719

hours of training. More than 160.000 euros were invested in strengthening employee competencies, with 26 % of the workforce participating in some form of training. Improvements in occupational health and safety led to a reduction in the number of injuries, with the injury rate decreasing from 13,7 to 11,8.

Empowering local communities is part of our responsibility. We continued to invest in socially beneficial projects, supporting the development of sport, culture, education and civil society, and in 2024, EUR 3,02 million was allocated to these projects, representing a 1,7 % increase compared to the previous year.

Looking into the future, we continue with a responsible approach to sustainability and the operationalization of our strategic goals. In 2025, we want to further improve our ESG indicators, continue investing in modern technologies and innovative solutions, strengthen relationships with all of our stakeholders on all business locations, creating a stimulating and healthy working environment for our employees, while maintaining good trends in the financial indicators of our business. We believe this approach ensures long-term sustainability of our business, building a more stable and greener future for everyone.

ABOUT NEXE GROUP

NEXE Group is a business system of 14 companies operating in the Republic of Croatia, Serbia and Bosnia and Herzegovina consisting of:

- **Republic of Croatia:** NEXE d.d., IGMA d.o.o., EKONEX d.o.o., LUKA TRANZIT OSIJEK d.o.o., Dilj d.o.o., NEXE INVEST d.o.o., CE - MA d.o.o.,
- **In Bosnia and Herzegovina:** Tvornica opeke d.o.o. Sarajevo, NEXE d.o.o. Sarajevo, NEXE BETON d.o.o. Sarajevo, N-INVEST d.o.o. Sarajevo (attached to the company NEXE BETON d.o.o. Sarajevo on February 8th, 2024),
- **In Republic of Serbia:** AD POLET IGK NOVI BEČEJ, POLET-KERAMIKA DOO NOVI BEČEJ (attached to the company AD POLET IGK NOVI BEČEJ on October 1st, 2024) and NEXE BETON DOO NOVI SAD.

Core activity of NEXE Group is production of construction materials: cement, concrete, aggregates, concrete elements, roof tile and brick. Within the business system of NEXE Group there are also companies engaged in waste management and port services.



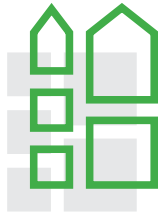
- COMPANY'S HEADQUARTERS
- REPRESENTATIVE OFFICE
- CEMENT
- CONCRETE
- WASTE MANAGEMENT
- BRICK
- AGGREGATES AND CONCRETE ELEMENTS
- ROOF TILE
- PORT SERVICES





NEXE products are used in almost all construction projects, from large public infrastructure projects to commercial buildings and residential properties.





| VISION

The vision of NEXE Group is to be a leading manufacturer of construction materials, recognized for socially responsible business practices and sustainable creation of new values for its customers, owners, employees, and the community.



| MISSION

The mission of NEXE Group is to responsibly build a better future. By investing in stable and growing markets, NEXE Group aims to create a portfolio that will ensure stable growth in the coming years in the markets within the region.

Values



STRENGTH OF NEXE GROUP is the source of business optimization of operations (quantitative synergy) and key to strategic development of companies (qualitative synergy).


TRUST AND EXCELLENCE in relationships with our customers and partners. NEXE Group aims to be a key actor in the construction market, serving as a platform that eliminates information asymmetry problems and acts as a factor of trust and excellence in every phase of the investment planning, realization, and utilization process.

PEOPLE AND KNOWLEDGE are key to achieving excellence. NEXE Group wants to build its future based on people and their knowledge and implement that knowledge to improve business operations.

RESPONSIBILITY is the foundation of long-term sustainable operations. The focus is on economic, environmental, and social responsibility.

UNIQUE DEVELOPMENT enables simultaneous construction of the present and the future. It is necessary to simultaneously develop existing business in the construction materials industry (exploitation of existing resources and competences through efficiency, excellence, and differentiation) and build new business opportunities in the construction industry (exploration of new opportunities by opening up the potential of the construction industry).

INNOVATION is the bearer of added value through forecasting market demands, overcoming limitations and prejudices, and implementing bold initiatives.



Creation of Sustainable Values

Creating sustainable value for stakeholders is a key goal of many companies. Sustainable value refers to the long-term creation of value for all company stakeholders, including employees, customers, and the local community in which the company operates. The way in which NEXE Group creates sustainable value for stakeholders is shown below.

WHY WE HAVE RESULTS?

PURPOSE

We build trust together

MISSION

Build better future responsibly

VALUES

- Strength of NEXE Group
- Trust and excellence
- People and knowledge
- Unique development
- Responsibility
- Innovation

WHERE DO WE CREATE RESULTS?

STRATEGIC ORIENTATION



Development of people and organization



Market orientation



Implementation of new technologies



Operative excellence

HOW THE RESULT IS CREATED?

OPERATIVE MODEL



Matrix organization



Support functions



Digitalization

TO WHOM WE CREATE RESULTS?

VALUE CHAIN



Employees



Customers and partners




Investors



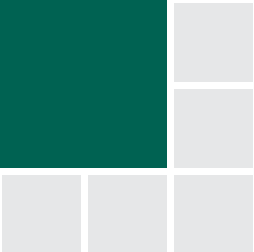
Local community

HOW DO WE CREATE RESULTS?

- Motivating working conditions that create satisfied employees
- Development and transfer of knowledge and competences
- Clarity of roles in organization and mutual relations
- Perspective of development of career paths
- Flexibility of business co-operation
- Trust in the excellence of materials and services
- Understanding the needs of customers and partners
- Support in achieving the goals of customers and partners
- Ensuring long-term sustainable development through simultaneous improvement of business efficiency and creating additional value through innovation
- Profit growth
- Managing key risks
- Support to economic development
- Local community partnership
- Decrease of negative impacts on the environment
- Health safety and protection at workplace



Members of the Management
Board of NEXE d.d. manage the
whole business of NEXE Group



1.1.

Structure and diversity of administrative, management and supervisory bodies

Governance

Until December 9, 2024 management of NEXE d.d. consisted of six members, and from December 10, 2024 - five members. Namely, by the decision of Ivan Ergović about leaving management to younger generations and in accordance with the decision of the Supervisory Board, from December 10, 2024, the position of President Management of NEXE d.d. is held by Josip Ergović, while the current President of the Management Board Ivan Ergović takes over the position of procurator and advisor to the Management of NEXE d.d.

Members of the Management Board of NEXE d.d. manage the whole business of NEXE Group. Every member of Management Board is represented by the Company individually and independently.

The share of women in the Management Board of the company NEXE d.d. in 2024 is 20 %, while there are no women in the Supervisory Board. The Workers' Council elected Marijan Baričević as the workers' representative, which means that the interests of the workers are also represented on the Supervisory Board. The members of the Management Board have acquired education in the fields of economics, finance and engineering, as well as many years of experience in the construction materials industry, which enables them to have a good understanding of and successfully manage the most significant business impacts, risks and opportunities. All members of the Management Board are familiar with the local opportunities and specificities of the locations where they operate.

NEXE d.d.
Management Board





JOSIP ERGOVIĆ graduated from the Faculty of Economics in Zagreb, and further improved his education in the field of economics by acquiring knowledge and competencies at international business schools.

He has been building his career since 2005 in the NEXE Group in various positions within the current scope of responsibility. Under his leadership, a new sales organization of the Group – Sales 2.0 was implemented with the aim of even greater focus on customers, strengthening the NEXE brand, and faster reactions and adaptation to market changes. In the context of achieving the strategic goals of the NEXE Group, his focus is on green, innovative products of the NEXE Group, as well as managing other areas of his responsibility that contribute to the strategic goals of the Group, the green transition and the operational excellence of its business.

Since December 2024, Josip Ergović holds the position of President of the Management Board of NEXE d.d. He coordinates the management of NEXE Group as a whole, and is also in charge of sales, marketing, CRM, procurement and the Management Office, as well as the internal audit and tourism department.



STJEPAN ERGOVIĆ is the Deputy President of the Management Board of NEXE d.d. and a member of the Management Board for Production and Technology. He is responsible for production, technology and product quality, and investments. He has spent his entire career, from 2008 to present at NEXE d.d.

After his internship, he worked as a maintenance engineer (2009-2011), and from 2011 to 2014 he was the Head of the Production Department. From 2014, he held the position of Director of the Production and Technical Affairs Sector, until his appointment as a member of the Management Board for Production and Technical Affairs on 1 October 2015. From November 1st 2019 to June 30th 2021, he held the position of President of the Management Board of NEXE d.d.

Since February 1st 2019, he has been a member of the Management Board for Production and Technology of Nexe Group d.d. Našice, and upon the merger of Nexe Group d.d. with Nexe d.d. on July 1st 2021, he has held the position of Deputy President of the Management Board and a member of the Management Board of Nexe d.d.



IVAN ERGOVIĆ graduated from the Faculty of Economics in Zagreb and additionally attended a series of trainings on the subject of change management, strategic management and organizational design as well as the Advanced Program in Business organized by the Institute for innovations.

He started his business career in NEXE Group in 2012 in position of expert associate for the treasury, then continued as the director of the Commercial Affairs in Nexe BETON d.o.o., assistant member Administration for commercial affairs in NEXE d.d., until becoming member of the Management Board of NEXE d.d. which he has held since 2019. He is in charge of strategy processes, real estate management processes, central management of projects, business development and IT Groups. In management positions, he made a significant contribution to business development, especially in creating the current NEXE Group Strategy for the period 2022-2030, which is focused on digital, energy and green transition, and is based on four strategic pillars: market orientation, implementation of new technologies, operational excellence and development of people and the organization.



IVANA ČEHULIĆ graduated in Business Administration from the Faculty of Economics in Zagreb, where she also completed postgraduate studies in Quality Management. She has attended numerous domestic and international training programs in financial management and successfully completed the Oxford Finance and Corporate Governance Programme at the Saïd Business School, University of Oxford. She began her career at Hrvatske autoceste, where she progressed to the role of Head of the Independent Department for Economic and Financial Affairs, overseeing company liquidity and cash flow management. This role involved close cooperation with banks, auditing firms, and other financial institutions. In 2014, she joined Tokić d.o.o. as Finance Director. Since June 2019, she has also served as a Member of the Management Board at Autocentar Marinići d.o.o., and since July 2019, as Director of Tokić d.o.o. Slovenia. In 2020, she joined NEXE Group as a member of the Management Board for Finance, and is responsible for the areas of finance, controlling, treasury and accounting, and business risk management at the NEXE Group level. Developments in the financial and EU ETS markets, monetary policy of central banks and challenges in the CEE region, climate transition and its challenges, as well as the impact of inflationary developments on the green and energy transition of companies, are special areas of her interest in the context of achieving the strategic goals of NEXE Group.



VELIMIR VILOVIĆ graduated from the Faculty of Economics in Zagreb, majoring in foreign trade, and completed his postgraduate studies in business management (MBA) at the IEDC Business School in Bled, Slovenia. Since 1998, he has been pursuing a business career in the building materials industry through various management positions in "Dalmacijacement" (later "CEMEX Croatia") - until 2005 as Regional Sales Director in charge of export, then from 2006 to 2007 as Sales Manager in Bosnia and Herzegovina and Montenegro, from 2008 to 2010 as Human Resources Director, from 2010 to 2017 as Sales and Logistics Director, and finally from 2017 to March 2022, he represents the Management Board as the company's director. Since September 2022, he has continued his career in the NEXE Group as a member of the Management Board of NEXE d.d., and his areas of responsibility include human resources, legal affairs, management systems, and occupational safety and health, and he is also responsible for process monitoring and sustainability reporting.

Procurator and Advisor of Management Board



IVAN ERGOVIĆ graduated from the Faculty of Mechanical Engineering and Naval Architecture in Zagreb. He began his career at the NEXE Group in 1983 and since then, by investing his knowledge and experience, he has contributed to the development of the company, which under his leadership has overcome numerous challenges and become a recognized regional manufacturer of construction materials. At the end of 2024, he moved from the position of President of the Management Board of NEXE d.d. to the position of Advisor to the Management Board of NEXE d.d., thus handing over the management of the NEXE Group to younger generations. His rich experience gained in more than 40 years of work and management of the company is an immense support to the work of the Management Board in achieving the business and strategic goals of the NEXE Group.

Supervisory Board



ŽELJKO LUKAČ graduated from Mary Hardin Baylor University in Belton, Texas, after which he completed a Master of Business Administration (MBA) at the University of Texas at Austin. In 2003, together with his partners, he founded and manages the first Croatian private equity fund – Questus Private Equity Kapital. He gained his extensive experience in the field of financial operations, and a large part of this experience was gained through his work at the European Bank for Reconstruction and Development, where he was responsible for various lending and equity investment projects in the sectors of construction materials, food industry, tourism and pharmaceutical industry.

In addition to the position of President of the Supervisory Board of NEXE d.d., which he has held for many years, Željko Lukač performs management functions in a number of other companies.

OTO OSTOVIĆ graduated from the Faculty of Electrical Engineering in Zagreb in 1980. He began his career at the RZ "Đuro Đaković" Slavonski Brod and the Center for Education and Vocational Training "August Cesarec" Našice, and in early 1989 he was employed at the brick factory in Našice, which is now part of the NEXE Group.

Since then, he has gained his rich experience in numerous management positions within the NEXE Group - from the Head of the Electrical Power Department at the cement factory, Director of the Brick Factory in Našice, Director of the Production and Technical Affairs Sector at NEXE d.d., Senior Advisor for Technical Affairs at NEXE Group, Director of the Cement, Lime, Concrete and Aggregate Division, President of the Management Board of NEXE d.d. to the position of Member of the Management Board of NEXE Group. Until his appointment as Deputy President of the Supervisory Board of NEXE d.d. in 2020, he held the position of Advisor to the President of the Management Board of NEXE d.d.

OLEG USKOKOVIĆ graduated from the Faculty of Law at the University of Zagreb and, with more than 20 years of professional experience, is a partner at the law firm Uskoković i partneri d.o.o.

His experience and expertise lie in areas of law essential to corporate clients. He has structured, implemented, and provided comprehensive legal support for numerous transactions, including acquisitions, mergers, demergers, recapitalizations, joint ventures, investments, and corporate restructurings. His work also spans public tenders, legal due diligence, securities issuance, a wide range of commercial contracts, as well as litigation and arbitration proceedings.

Oleg Uskoković has been a member of the Supervisory Board of NEXE d.d. for many years, and performs management and supervisory functions in a number of other commercial companies.

IVAN GEROVAC graduated from the Faculty of Economics in Zagreb and earned his Master of Science degree from the University of Rijeka.

He spent his entire professional career in the banking sector, specifically at Privredna banka Zagreb d.d., working in a wide range of areas — corporate lending, investment banking, foreign exchange operations, bank restructuring, risk management, accounting, and controlling. He held several high-responsibility management positions at the bank, including Executive Director, Assistant General Manager, Authorized Officer for Bank Restructuring, and Member of the Management Board. He concluded his banking career as a Member of the Management Board responsible for corporate clients, foreign exchange operations, and investment banking.

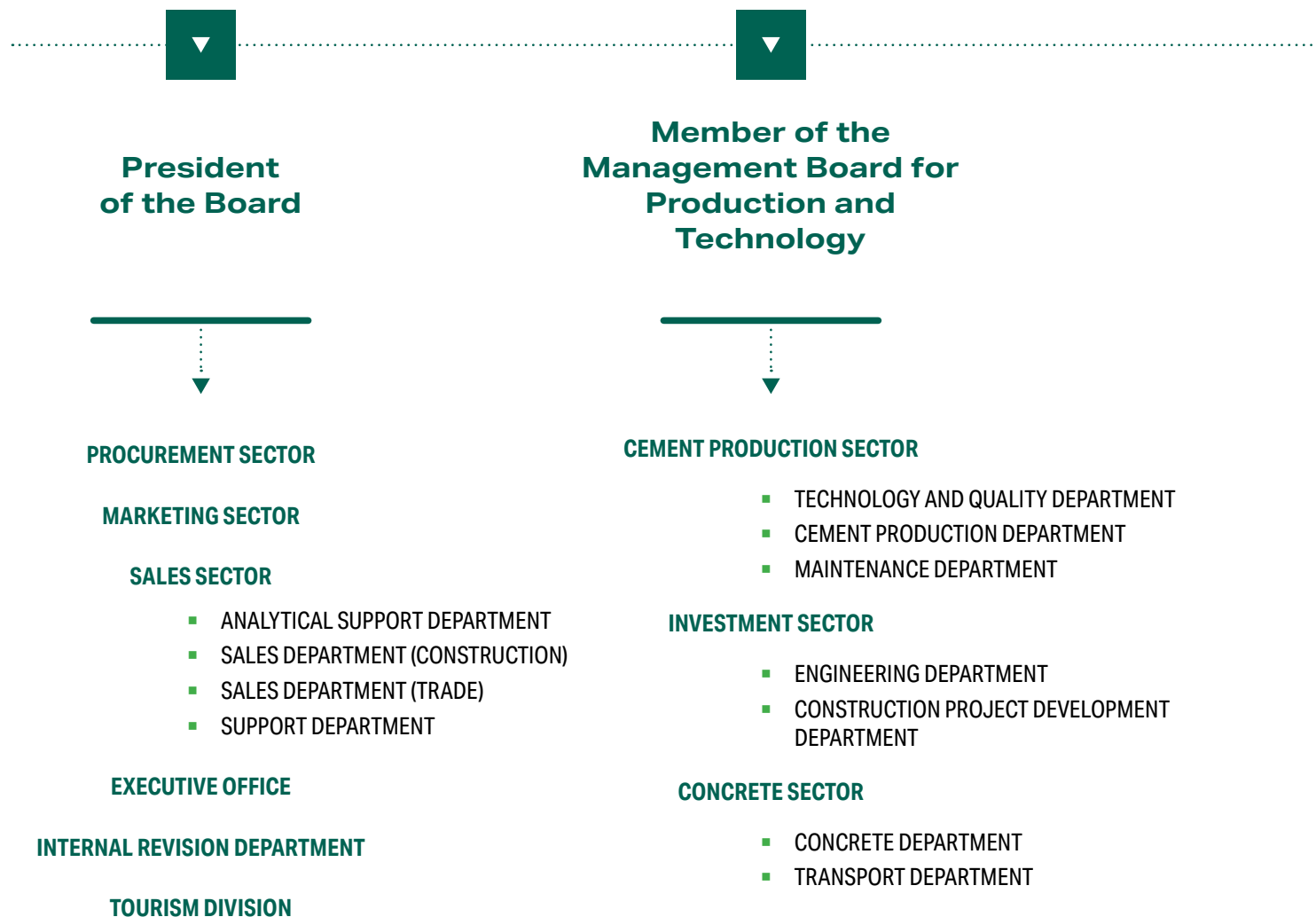
In addition to his roles at Privredna banka Zagreb d.d., over the past thirty years he has served on numerous supervisory boards across the industrial, tourism, and trade sectors. He has been a member of the Supervisory Board of NEXE d.d. since 2022.

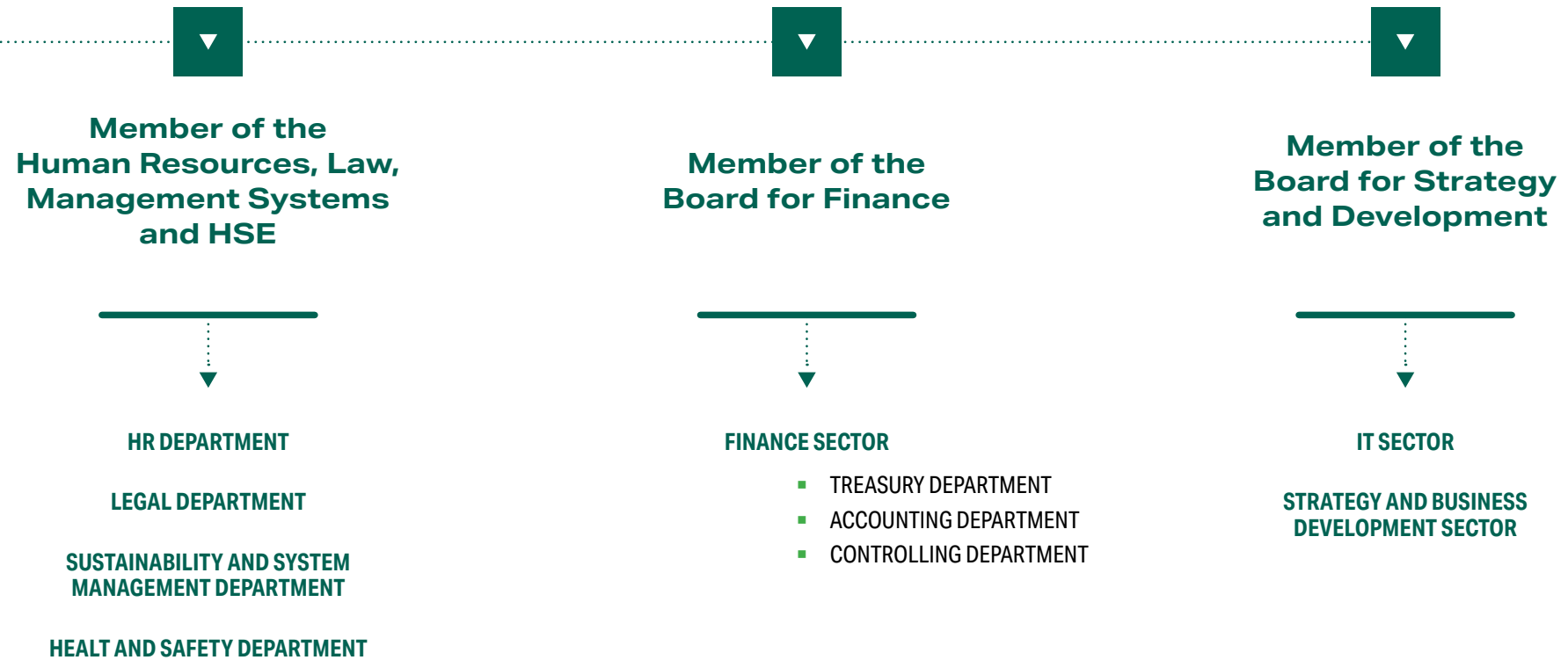
MARIJAN BARIČEVIĆ completed high school, majoring in electrical engineering, in Našice. He joined the Cement Factory in Našice in 1985 in the Electrical Maintenance Department as an electrician. By the decision on the appointment of employee representatives to the Supervisory Board of the Company in 2017, the Workers' Council appointed Marijan Baričević as an employee representative. He holds the position of chief union representative of the Croatian Construction Union - Union branch of NEXE d.d.



NEXE d.d. organization structure diagram

MANAGEMENT BOARD





Roles and Responsibilities in Managing ESG Topics

The management of NEXE Group, executive directors, sector directors, heads of departments and heads of divisions are responsible for managing impacts, risks and opportunities related to business. Members of the Board of NEXE d.d. are responsible for setting strategic guidelines, adapting the business model, and developing action plans and annual goals in order to reduce negative social and environmental impacts to the minimum possible, and achieve positive ones. Responsibilities are defined by their contracts and job descriptions, and business policies.

For key ESG areas, roles and responsibilities have been defined at the level of the Board and other organizational units, which is specified in the table on the following page.

Managers of organizational units assess and manage impacts, risks and opportunities, and report the results to the competent member of the Board.

In all member companies of NEXE Group, responsible persons have been appointed who collect data, monitor and report on the ESG indicators. Data collection and analysis are carried out through an internal IT system, which enables monitoring of key ESG indicators and reporting according to established processes. The Management Board actively participates in the Management Due Diligence (DMA) process, defining ESG objectives and KPI values, and oversees the implementation of action plans through regular internal controls and a reporting system.

KEY ESG-AREAS	RESPONSIBLE BOARD MEMBER	ORGANIZATIONAL UNIT	RESPONSIBLE PERSON IN MEMBER COMPANY
ENERGY AND GHG EMISSIONS	<ul style="list-style-type: none"> Board Member for production and technology Board Member for human resources, law, management systems, and work safety 	<ul style="list-style-type: none"> Production sector of member company Management systems division 	<ul style="list-style-type: none"> Production sector director in member companies Head of sustainability and management systems Senior Associate for Sustainability and Management Systems Electrical Engineer and Coordinator for Environmental Protection, Sustainability, and Management Systems
ENVIRONMENT PROTECTION (emissions, waste, and biodiversity)	<ul style="list-style-type: none"> Board Member for HR, law, management systems, and work safety Board member for production and technology 	<ul style="list-style-type: none"> Management systems division Production sector of member companies 	<ul style="list-style-type: none"> Production sector director in member companies Head of sustainability and management systems Head of management systems department and staff associates for environmental protection and management systems
HEALTH AND SAFETY	<ul style="list-style-type: none"> Board Member for HR, law, management systems, and work safety Board member for production and technology 	<ul style="list-style-type: none"> Work safety division Production sector of member company 	<ul style="list-style-type: none"> Manager of work safety and protection process, and staff associate for work safety and protection Employer's Authorized Representatives
EMPLOYEE MANAGEMENT	<ul style="list-style-type: none"> Board Member for HR, law, management systems, and work safety 	<ul style="list-style-type: none"> HR department 	<ul style="list-style-type: none"> Head of HR department and staff associate for HR in member companies
CONTRIBUTION TO THE LOCAL COMMUNITY	<ul style="list-style-type: none"> Board 	<ul style="list-style-type: none"> Executive Office HR department Management systems division 	<ul style="list-style-type: none"> Executive Office-Head Head of HR department Head of sustainability and management systems division Manager of sustainability and management systems

Management Systems In NEXE Group

In order to have the best possible overview of the impacts and risks, the Board of NEXE Group established management systems and defined responsible persons who regularly report on the achieved results.

Management systems enable easier movement through ESG-ri-
sks related to climate change, energy, environment and health
and safety, and represent the basis for business improvements
and improvements in these segments.

MANAGEMENT SYSTEMS AND CERTIFICATES IN NEXE GROUP

	NEXE d.d.	Dilj d.o.o.	IGMA d.o.o.	AD POLET IGK NOVI BEČEJ	Tvornica opeke d.o.o. Sarajevo	NEXE BETON DOO Novi Sad	NEXE BETON d.o.o. Sarajevo
ISO 9001 (SUK)	DNV	DNV	DNV	DNV	DNV	DNV	DNV
ISO 50001 (SUEn)	DNV	DNV	SGS	NA	NA	NA	NA
ISO 14001 (SUO)	DNV	NA	NA	NA	NA	NA	NA
ISO 45001 (SUZIS)	DNV	NA	NA	NA	NA	NA	NA

ESG goals derive from NEXE Group's strategy, and process owners are responsible for their achievement. When defining goals, the areas of greatest impact, stakeholder interests, and business risks and opportunities are taken into account. The set goals are specific, measurable, time-limited, and a responsible person is assigned to each goal. Process owners report to the Board on key performance indicators on a monthly basis, and annually each process owner submits a report to the Board on measures implemented, results achieved, progress in achieving goals, and plans for the future period. In this way, the Board is informed about progress towards the achievement of goals related to significant impacts, risks and occasions. ESG goals ensure that NEXE Group remains committed to sustainable business and responsible management resources.

ESG goals ensure that NEXE Group stays committed to sustainable business and responsible management of resources.

Informing Administrative, Supervisory and Management Bodies About ESG Topics

Material impacts, risks and opportunities are continuously discussed at all levels of NEXE Group during weekly meetings of sectors and services. Every week, the heads of departments and services inform the members of the Board about ESG topics. The interrelationship between sales-financial and ESG indicators is discussed at the meetings of the Board and the NEXE Group Board and at the extended Collegium of NEXE Group, which is usually held quarterly, and which includes managers responsible for environmental, social, and management (ESG) topics.

Reporting to the Board on the state of the quality management system, health and safety at work, environment, and energy is carried out once a year. The report to the Board contains ESG indicators, an overview of implemented measures and achieved results related to ESG topics. During the process, the Management Board and the Supervisory Board are informed about the views of stakeholders through sector reports and the results of stakeholder dialogue.

The Board integrates sustainability issues into the company's development strategy and bases decisions on major transactions on considerations of potential impacts on society and the environment, as well as financial consequences on operations. When making decisions, the Management Board and the Supervisory Board take into account risks and opportunities, analyze potential trade-offs between financial performance and sustainability, and monitor the implementation of the strategy in accordance with the company's long-term goals, relying on the analysis of relevant data, indicators, and reports.

In 2024, the Board and the Supervisory Board considered following ESG topics:

- circular economy
- GHG emissions
- energy
- environmental protection
- work health and safety
- EU taxonomy
- employee management
- contribution to the local community
- climate neutrality plan
- sustainability strategy

In the reporting period, incentive programs were not linked to sustainability factors.

Due Diligence Statement

NEXE Group continuously determines and evaluates the actual and potential impacts of its operations with the aim of preventing and, where this is not possible, mitigating the impact on society and the environment. The main elements of due diligence are linked to a series of announcements and are presented in tabular form for the purpose of making it easier to navigate for the users of the information.

DUE DILIGENCE ELEMENTS

PAGES IN THE REPORT

Embedding due diligence in governance, strategy,
and business model

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Engaging with affected stakeholders in all key steps
of the due diligence

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Identifying and assessing adverse impacts

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Taking measures to reduce or minimize negative
impacts

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Monitoring the effectiveness of efforts and
communication

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Risk Management and Internal Control Over Sustainability Reporting

Incomplete, inaccurate or unavailable data are key risks associated with sustainability reporting. In order to avoid and/or reduce such risks, management systems according to ISO 9001, ISO 14001, ISO 50001, ISO 45001 standards have been implemented in certain NEXE Group members and internal audits are carried out in accordance, which include continuous verification of the data. In company members which are not certified according to the aforementioned standards, data collection has been established according to the same methodology.

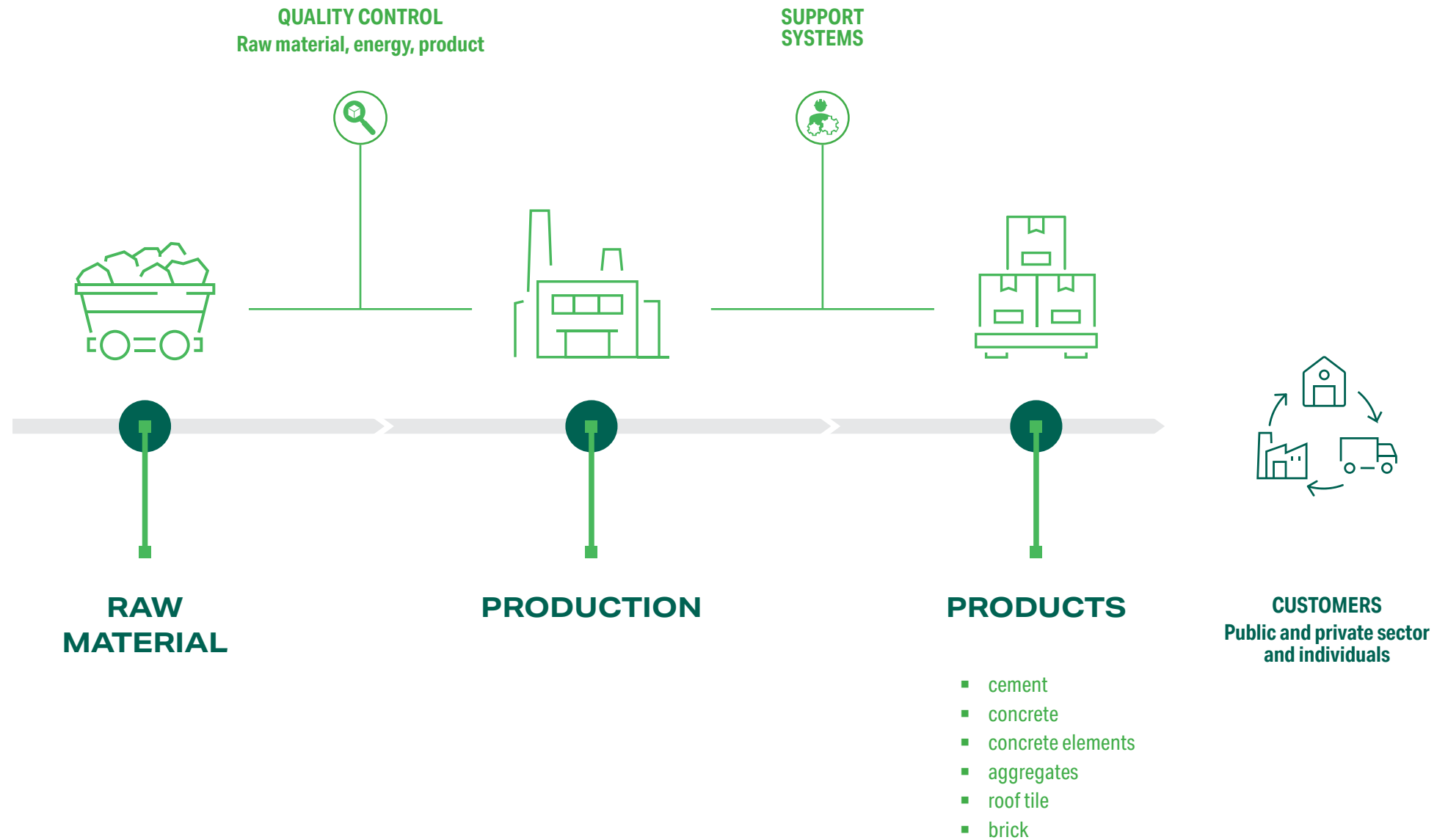
Data for sustainability reporting purposes is collected in accordance with legal regulations and industry practice continuously throughout the year, mainly with the help of IT tools. For the purposes of sustainability reporting, data collection responsibilities have been assigned to member representatives responsible for material ESG topics. The Sustainability and Management Systems Department coordinates data collection, consolidates and reviews the collected data. The "four eyes" principle minimizes the risk of human errors. The data collection methodology during 2024 and 2025 is aligned with the requirements of the European Sustainability Reporting Standards (ESRS).

| 1.2.

Sustainable Development Strategy Of NEXE Group

| Business Model and Value Chain

In 2024, NEXE Group's main products were cement, aggregate, concrete, concrete elements, roof tile, and brick – basic construction materials. NEXE Group sells its products to concrete plants, distributors, builders and sales warehouses. The quality and durability of building materials are key to meeting high standards of construction and building safety, which is why they are a priority in business. In order to be in line with market expectations, NEXE Group continuously monitors trends, preferences, and customer needs and adjusts its products. A distribution network that includes warehousing, transportation, and delivery ensures that products are available to customers in a timely and cost-effective manner.



Cement production includes preparation of raw materials and fuels, clinker production, preparation of mineral additives, cement grinding, and distribution. The technological process of brick and roof tile production comprises preparation of raw materials, shaping of products and drying, preparation of color and coloring, baking, sorting, packing, and dispatch. Quality control involves testing materials for strength, durability, and other properties to ensure they are suitable for their intended use.

Marly limestones and clay sands are used in the production of cement, and clay is used in the production of bricks and tiles. Raw materials are mined in surface mines located near the plant and are transported by trucks to the plant, where they are prepared for production. Natural gas is supplied by a transport system managed by a gas distributor, petrol coke is supplied by trucks or by rail, and coal, alternative fuels, propane-butane and diesel fuel are supplied by trucks.

In addition to raw materials and energy, NEXE Group also uses logistics services in operations. Products are delivered to end users by truck, rail and ship, either through our own logistics or partner carriers, depending on location, type of delivery and logistical capabilities.

Product quality has been a priority for NEXE Group from the beginning, especially in the construction industry, where durability and material safety play a key role. The company implements a Quality Policy, identifies and reduces risks, and ensures compliance with laws, standards, and customer expectations. The quality management system is certified according to ISO 9001 in most member companies, and quality is maintained by sourcing top-quality raw materials, optimizing production, and strict control.

Marketing and sales sectors continuously follow customer needs, and satisfaction research in 2024 it showed high results for all members.

Products and Markets

NEXE Group is a regional manufacturer of construction materials with plants and warehouses in the Republic of Croatia, Serbia, and Bosnia and Herzegovina. Top-quality products and services are aimed at five primary markets (Croatia, Serbia, Bosnia and Herzegovina, Hungary, and Romania) and eight secondary markets. In 2024, NEXE Group offered seven categories of products on the market in the building materials sector: cement, aggregate, tiles, concrete, concrete elements, bricks, and services.



NEXE d.d., Našice, cement factory

CEMENT

- Seven types of cement are produced depending on application
- Cement is used as a binding agent in concrete, as a second binding agent (e.g. mortars) and for the manufacture of other construction products.



1 cement plant

ANNUAL CEMENT
PRODUCTION CAPACITY:
1 100 000 t

CONCRETE

- Concrete ranging from compressive strength class C8/10 to C50/60 that can be conventional, sulfate-resistant, freeze-resistant and freeze and de-icing salt-resistant, self-compacting, wear-resistant, and colored.
- They are used in civil engineering and building construction.



14 concrete plants

ANNUAL CONCRETE
PRODUCTION CAPACITY:
1 048 000 m³

AGGREGATE

- Natural gravel, separated and grinded aggregates of various fractions (0 – 1 mm, 0 – 3 mm, 0 – 4 mm, 0 – 32 mm, 0 – 63 mm, 4 – 8 mm, 8 – 16 mm, 16 – 32 mm, 32 – 63 mm).
- Purpose: for production of fresh concrete, drainage, agricultural purposes, beach landscaping and other purposes, e.g. coatings, landscaping, sports fields etc.



1 gravel pit

ANNUAL AGGREGATE
PRODUCTION CAPACITY:
1 620 000 t

ROOF TILE

- Large and small size roof tiles, with corresponding ridge tiles and special elements intended for roofing various buildings.



2 roof tile plants

ANNUAL ROOF TILE
PRODUCTION CAPACITY:
5 700 000 m²

BRICK

- Four types of brick according to programs: classic bearing, thermal bearing, partition, and ceiling.
- Classic bricks are used in wall construction as well as thermo bricks with higher thermal insulation properties, partitions for internal walls (high strength, easy replacement and reconstruction, insulation and vapor permeability properties, fire resistance), while the ceiling program consists of bearing beams and ceiling block fillings.



3 brick plants

ANNUAL BRICK
PRODUCTION CAPACITY:
265 000 000 JNF

CONCRETE ELEMENTS

- Main products include BETEL paving blocks, concrete sewage system, concrete elements for arrangement of watercourses and for reconstruction and construction of railways.
- Purpose: road construction, yards, parks, bike paths, sewage systems, rail platforms.



SERVICES

- Mediation in organizing waste recovery and disposal, waste collection and transport, waste recovery and port transloading services.



Reference Sites

NEXE materials are used in the most significant building and civil construction projects in the region. Significant projects include both simple and various complex visionary projects of contemporary architects. NEXE Group is proud to be a participant in building a better future.





Strategy

Aware of the challenges of climate change and the European Union's strategic plan to achieve climate neutrality until the middle of the 21st century, NEXE Group in 2022 developed its strategy for the period until 2030, which is fully focused on digital, green and energy transition. By 2030 NEXE Group intends to implement many enabling technological solutions reducing the carbon footprint and increasing energy efficiency that will be completed by intensive digitization. Gathering and timely data analysis are key for successful business management.

As one of the planned strategic projects that would enable the neutralization of carbon dioxide (CO₂) emissions that cannot be avoided due to the production process, the CO₂NTESSA project stands out - an innovative carbon dioxide capture and storage project, which would demonstrate that net zero cement production is not only possible but also cost-competitive.

We base our strategic development on the long-term relations with customers and suppliers and active monitoring of market

trends. Such a proactive approach will enable the development of innovative products and positioning of NEXE Group on the market as a partner in decarbonization construction sector.

Modernization of plants, investment in research and development of low-carbon products and application of the best technological solutions will enable NEXE Group to achieve operational excellence and maintain a competitive advantage. However, decarbonization of business will not be possible without competent employees, which is why one of the strategic goals set for the coming period is precisely strengthening employee competence, knowledge and excellence in all processes. The sustainable development strategy of NEXE Group is based on four strategic pillars: market orientation, implementation of new technologies, operational excellence and development of people and the organization. The implementation of the set strategic pillars with the associated strategic objectives enables the creation of additional value and ensures long-term sustainable business.



MARKET ORIENTATION

STRATEGIC GOAL 1:

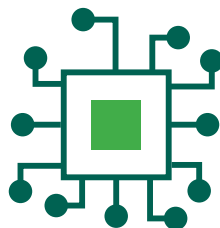
Proactive approach in utilizing market information to efficiently manage existing operations and identify potential opportunities for business expansion.

STRATEGIC GOAL 2:

Understanding the needs and supporting goals of customers and partners with the purpose of creating added value

STRATEGIC GOAL 3:

Optimizing the business portfolio (acquisitions and disinvestments) using market information



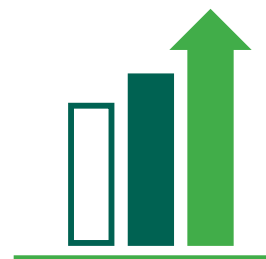
IMPLEMENTATION OF NEW TECHNOLOGIES

STRATEGIC GOAL 4:

Ensure long-term business sustainability (especially in the areas of CO₂ and energy) by investing in new technological solutions (modern equipment and digitalization)

STRATEGIC GOAL 5:

Utilizing the advantages of digitalization to optimize the business management system



OPERATIONAL EXCELLENCE

STRATEGIC GOAL 6:

Continuously optimizing costs of existing operations (actively monitoring industry standards) to increase business competitiveness.

STRATEGIC GOAL 7:

Targeted allocation of resources (in line with strategic direction and benefits/investment ratio) to enable more efficient implementation of business goals



DEVELOPMENT OF PEOPLE AND ORGANIZATION

STRATEGIC GOAL 8:

Improving organizational processes aimed at adapting to dynamic external environment and optimization of organizational activities

STRATEGIC GOAL 9:

Adjustment of management systems to increase efficiency and quality of decisionmaking

STRATEGIC GOAL 10:

Strengthening employee knowledge and competences to enable them to address changes in the external environment more efficiently and capitalize on market opportunities



Contribution of NEXE Group to the Sustainable Development Goals

The United Nations Sustainable Development Goals are a universal call to action to address global challenges. The business sector is called upon to contribute to achieving these goals by reducing harmful and creating positive impacts on the economy, society, and environment. NEXE Group aims to contribute to the global sustainability agenda by identifying areas where its actions have the greatest potential to make a real and lasting difference.

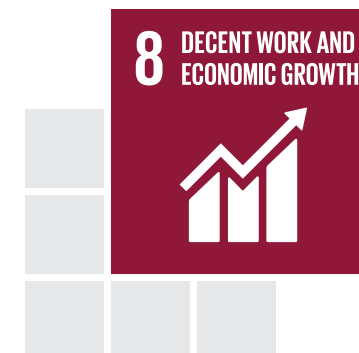
STATUS 2024.*

- 96,61 % of employees is employed for an indefinite period
- 36 injuries at work
- 11,81 rate of injuries at work (injuries per million working hours)
- 0 fatalities at work
- 34 % of women in top management
- 4,49 hours of education per employee

GOALS TILL 2030.*

- 0 fatalities at work
- 0 injuries at work

DECENT WORK AND ECONOMIC GROWTH (SDG 8)



With almost 1 700 employees and EUR 214 million in revenue, NEXE Group is responsible for creating safe and dignified workplaces. Employees expect job security, adequate income in line with the cost of living, protection from health risks, safety, and equal opportunities for professional development.

CONTRIBUTION

- We create new jobs, hire on a permanent basis, and provide competitive material working conditions.
- Health and safety in the workplace are our priority.
- We invest in protective equipment and new technologies that reduce the number of accidents, and we educate our employees about safe working practices.
- We ensure equality in the workplace and equal opportunities.
- We invest in the development of skills and knowledge of our employees through the NEXE Academy.

* Data for 2024 and targets until 2030 refer to NEXE Group.

STATUS 2024.*

- 11,81 % revenue from green** products

GOALS UNTIL 2030.*

- ↳ 99 % revenue from green products with CO₂NTESSA plant

INDUSTRY, INNOVATION AND INFRASTRUCTURE (SDG 9)



NEXE Group is a significant stakeholder in the construction materials industry, and very often a driver of economic growth in the areas where it operates. Changes in building standards, social expectations, and climate change call for companies to develop innovative solutions. NEXE Group takes a proactive approach to implementing new technologies and product development.

CONTRIBUTION

- We develop the industrial ecosystem in the areas where we operate by involving small entrepreneurs in our value chain.
- We continuously improve the quality of our products.
- We develop innovative, low-carbon construction materials to reduce the negative impact of the construction industry on the environment.

* Data for 2024 and goals till 2030 refer to NEXE d.d. In the previous reporting periods, data at the level of NEXE Group was shown for low-carbon products that imply more than 25 % less GHG emissions compared to the industry standard.

** Green products are defined as products that meet the criteria of the EU Taxonomy for the activity of cement production in terms of contribution to the goal of mitigating climate change (0,469 t CO₂e per ton of produced cement or alternative binder).

STATUS 2024.*

- 60,6 % of alternative fuels in production

GOALS UNTIL 2030.*

- 90 % of alternative fuels in production

RESPONSIBLE CONSUMPTION AND PRODUCTION (SDG 12)



Smart design and use of alternative fuels and alternative raw materials increases resource efficiency and implements transition according to the circularity of the construction materials industry.

CONTRIBUTION

- We use alternative raw materials instead of primary raw materials in order to reduce consumption of natural resources and CO₂ emissions.
- We use fuel from waste as an alternative fuel and thus reduce consumption of fossil fuels, CO₂ emission, and the need to dispose of waste.
- We use modern technology to increase efficiency of resource use in production processes.
- We reduce the amount of waste from our production.

* Data for 2024 and goals until 2030 refer to NEXE d.d.

STATUS 2024.*

- CO₂e emissions in scope 1: 545 357,58 t
- Share of energy from renewable sources: 16,17 %
- CO₂ capture and storage: 0 t

GOALS UNTIL 2030.*

- CO₂e emissions in scope 1: app. 0 t/year
- Share of energy from renewable sources: 25 %
- CO₂ capture and storage: > 700 000 t/year

CLIMATE ACTION (SDG 13)

Production of construction materials is an energy intensive industry, which is why it has a significant share in greenhouse gas emissions. Climate change is a global challenge that requires the contribution of all stakeholders, which is why NEXE Group continuously develops and applies innovative solutions with the aim of progressing towards a net zero future.

CONTRIBUTION

- We invest in the energy efficiency of our buildings and plants.
- We use electric energy from renewable sources.
- We reduce the carbon footprint of our products.
- We work on reducing greenhouse gas emissions in our business processes.
- We are developing innovative solutions for CO₂ capture and storage.

* * Data for 2024 and goals until 2030 refer to NEXE d.d.

** The planned amount of CO₂ capture and storage includes the emissions associated with BECCS (bioenergy with carbon capture and storage), the capture and storage of emissions generated by the use of alternative fuels.

STATUS 2024.*

- Total amount of donations and sponsorships: EUR 3,02 million
- Donations and sponsorships are planned annually according to the needs of the local community

SUSTAINABLE CITIES AND COMMUNITIES (SDG 11)

As one of the leading companies in the construction materials industry, NEXE Group accepts its responsibility in developing sustainable cities and resilient communities. NEXE products form the core of the most important city infrastructure, which is why they play an important role in urban development.

CONTRIBUTION

- We develop solutions that help cities reduce their negative impact on climate change and increase resilience to climate risks.
- By cooperation and support, we increase the social-economic value of the local communities in which we operate.
- We provide opportunities for young people who are just entering the labor market and provide them with mentoring.
- We communicate transparently about our impacts and how we manage them.

* Status refers to data for NEXE Group.

Interests and Standpoints of Stakeholders

Communication with stakeholders is extremely important in order to continuously receive feedback, be in line with expectations, and reduce negative impacts; therefore, NEXE Group regularly and proactively participates in dialogue with its stakeholders. Constructive dialogue with stakeholders enables NEXE Group to identify problems related to product quality, working conditions, safety, impact on the environment or the community in time, which enables it to take the necessary steps to resolve them. Through two-way and transparent communication, NEXE fosters trust among its stakeholders and upholds its reputation as a reliable neighbor, employer and partner.



RELATIONS WITH STAKEHOLDERS

STAKEHOLDERS	COMMUNICATION METHODS	INTERESTS AND STANDPOINTS OF STAKEHOLDERS	STRATEGY AND BUSINESS MODEL
EMPLOYEES	<ul style="list-style-type: none"> Regular management -employees meetings Discussions at Worker's council meetings, Health and Safety Committee meetings, and Union meetings about impacts on employees and suggestions for improvement Informing employees through intranet, e-mail and NEXE News Annual satisfaction surveys aimed at identifying areas for improvement and evaluating existing initiatives Teambuilding and socializing of employees as opportunities to strengthen organizational culture Channels for expressing concerns 	<ul style="list-style-type: none"> Appropriate working conditions and salaries Safe jobs Opportunities for knowledge and skill development and advancement Protection against discrimination and harassment in the workplace 	<ul style="list-style-type: none"> Improving material conditions Establishment and development of NEXE Academy Investing in protection and safety at work, protective equipment, training, plant modernization, etc.) Code of ethics and development of organizational culture
LOCAL COMMUNITY	<ul style="list-style-type: none"> Meetings with civil society organizations to find cooperation opportunities Environmental impact reports to inform the community Study visits and field trips in order to educate younger generations Official NEXE web sites and social media for information purposes Donations and sponsorships with purpose to provide financial support to local projects Public consulting regarding environmental impact 	<ul style="list-style-type: none"> Responsible management of the impacts on the environment with the aim of maintaining high air quality and prevention of soil and air pollution Supporting the work of civil society organizations through donations and sponsorships Stable workplaces, business opportunities for the local population, and support for young people during the transition to the labor market Responsible management of production aimed at preventing potential adverse impact on health or life quality The local community recognizes NEXE Group as a reliable and socially responsible partner that takes care of life quality and invests in the development of infrastructure, sport, education, culture, and art 	<ul style="list-style-type: none"> Environment management system and transparent reporting on environmental impact Reduction of air pollutants Investing in environmental protection measures and reducing impact on local communities (e.g. noise) Donations and sponsorships to organizations of civil societies and participation in humanitarian actions (e.g. voluntary blood donation) Permanent employment, integration of local suppliers into the value chain, professional practices and support for student projects

STAKEHOLDERS	COMMUNICATION METHODS	INTERESTS AND STANDPOINTS OF STAKEHOLDERS	STRATEGY AND BUSINESS MODEL
CUSTOMERS	<ul style="list-style-type: none"> ▪ NEXE official website ▪ Individual meetings ▪ Annual satisfaction surveys ▪ Annual event „Customer gathering“ 	<ul style="list-style-type: none"> ▪ High quality and reliability of products, and service satisfaction ▪ Finding solutions for construction challenges ▪ Innovations for sustainable construction ▪ Customers are satisfied with product quality and provided service and consider NEXE Group a reliable partner in business 	<ul style="list-style-type: none"> ▪ Quality management system ▪ Product development in line with market needs ▪ Development of green products for the reduction of the environmental impact
SUPPLIERS	<ul style="list-style-type: none"> ▪ Regular meetings ▪ Quality audits ▪ Satisfaction surveys 	<ul style="list-style-type: none"> ▪ Payments in line with agreed conditions ▪ Equal opportunities in the purchasing process ▪ Stable and long-term cooperation 	<ul style="list-style-type: none"> ▪ Development of stable and long-term relations with suppliers ▪ Audits aimed at controlling raw materials, products, and services
AUTHORITIES	<ul style="list-style-type: none"> ▪ Monitoring the activities of decision makers ▪ Monitoring of legal regulations ▪ Official letters ▪ Follow-up of official pages 	<ul style="list-style-type: none"> ▪ Compliance with the law ▪ Business operations in line with climate transition 	<ul style="list-style-type: none"> ▪ Monitoring and harmonizing operations with legal provisions and industry standards ▪ Investments in transition to low-carbon operations
INVESTORS	<ul style="list-style-type: none"> ▪ Regular meetings ▪ Financial reports ▪ Sustainability report 	<ul style="list-style-type: none"> ▪ Profit growth ▪ Avoiding negative impacts on the environment and society ▪ Business resistance to ESG-risks ▪ Long-term creation of added value 	<ul style="list-style-type: none"> ▪ Transparent reporting on sustainability ▪ Managing ESG-risks



LUKA TRANZIT OSIJEK d.o.o., Osijek

1.3.

Material Topics

Materiality Assessment

For the purposes of this report, NEXE Group has conducted a new materiality assessment process according to the methodology of the ESRS-1 Standard and the methodology of the EFRAG Materiality Assessment Handbook. Information on the social, environmental and governance impacts of the company represents one aspect of materiality. The second aspect of materiality refers to information necessary for understanding the development, business results and position of the company and refers to risks and opportunities arising from sustainability issues that may have an impact on the company's financial result. The identification and assessment of ESG impacts, risks and opportunities was carried out in 2024.

ESG impacts, risks and opportunities were identified based on business model and strategy analysis, environmental analysis, industry analysis of material topics, stakeholder analysis and internal expertise in the areas of quality management, environment, human resources and finance. ESG impacts, risks and opportunities are presented and described in more detail in each chapter. During this process, there were no stakeholder requests that would indicate the need for significant changes to the business model or strategy.

WORKING GROUP FOR DOUBLE MATERIALITY ASSESSMENT AND SCOPE OF ASSESSMENT

The working group for the double materiality assessment, appointed by the Management Board, includes department heads and subject-matter specialists. The materiality assessment included personnel in charge of the environment, production, quality, controlling, human resources, safety and labor protection, investments, strategy, and the legal department and the office of the Board. The members have a detailed insight into operational business, understand the interests and expectations of stakeholders, and know the financial aspects of business. In addition, they were educated on the dual assessment of materiality and sustainability reporting. With regard to these competences, it is considered they are capable and possess relevant information, professional knowledge and awareness of sustainability to recognise and assess impacts, risks and opportunities.

In the context of its own business, the impacts on people and the environment and the associated risks and opportunities arising from impacts, resource dependence or independent factors from the environment were analyzed. The materiality assessment also included the value chain, with the identification and assessment of impacts, risks and opportunities based on internal knowledge and focused on direct relationships. The affected stakeholders were not directly involved in the materiality assessment process, but their views were taken into account through information collected through regular channels of communication with stakeholders and according to the previously conducted dialogue with internal and external stakeholders (Management, employees, union representatives, suppliers, customers, financial institutions and local community representatives) which was conducted in the form of interviews or focus groups in the first quarter of 2023.

STEPS IN THE DOUBLE MATERIALITY ASSESSMENT

1. CONTEXT ANALYSIS

In a structured workshop with the working group, the business model was analyzed, NEXE Group's position within the value chain was defined, the operating sector was determined, and key stakeholders were identified. In order to determine the sustainability factors relevant for a more detailed assessment, expert sources (SASB, MSCI, S&P) for the Manufacturing of construction materials and mining sector and reports of companies from the industry were analyzed. In addition, the internal policies, previous business strategy and previous results of the materiality assessment were reviewed. This established the framework for the identification of effects, risks and opportunities. In the context of the business, it was determined that within the area of S2 Workers in the value chain there are no effects, risks and opportunities, which is why they were omitted from the further assessment of materiality.

2. IDENTIFICATION OF IMPACTS, RISKS AND OPPORTUNITIES

According to the list of sustainability factors from ESRS 1 AR16, based on a review of internal documentation, previous sustainability reporting, professional and sector publications and an analysis of industry reporting practices, an initial list of environmental, social and governance impacts, risks and opportunities was created. For all impacts, how they are linked to the business model, strategy and business relationships and how they affect society and the environment was described. It was also identified whether they are positive or negative impacts, actual or potential, and whether they are related to the company's own operations or value chain. In addition to resource dependencies, negative impacts were the starting point for risk identification. For risks and opportunities, how they can financially affect the business and in what timeframe they are expected were identified. The assessment included sustainability risks themselves, i.e. they were not compared and prioritized in relation to other business risks. The process of assessing the materiality of risks and opportunities in this reporting period was separate from the risk management system.

3.

**EVALUATION OF THE IMPACTS,
RISKS AND OPPORTUNITIES**

In the moderated workshop, the working group members analyzed the identified impacts, risks and opportunities in detail and assessed them according to the criteria established by the ESRS. Each positive impact was assessed based on its scale and scope, while the irreparability of negative impacts was also assessed. For potential impacts, the probability of their occurrence was also assessed. Risks and opportunities were assessed based on the scale of the financial consequences in the event of their realization and the probability of their occurrence. Each assessment of impacts, risks and opportunities is the result of internal team consultations. The methodology was applied in accordance with the ESRS standards and predefined assessment criteria was defined, ensuring equality of approach. A scale from 1 to 5 was used in assessing impacts, risks and opportunities, and the criteria used were qualitative in nature. Each impact, risk and opportunity were documented together with a description of their relevance to their materiality. Internal sources of information were used in assessing materiality. When assessing dual materiality, the time intervals established by ESRS 1 were applied.

4.

**CONSOLIDATION
OF RESULTS**

Based on the assessment of impacts, risks, and opportunities, a double materiality matrix was created. It consists of four areas and indicates sustainability factors that are material from the impact perspective, the financial perspective, or both. The materiality threshold, in accordance with business practice, is 12.5 (on a scale of 1-25, where the score is the product of severity and probability). If a sustainability factor is associated only with a material impact, then that factor is material only from the impact perspective. If a sustainability factor is associated only with material risks and opportunities, then that factor is material only from the financial perspective. If a sustainability factor is associated with material impacts, risks, and opportunities, it is considered a double material factor. In cases where no impact, risk, or opportunity has been identified within a sustainability factor and/or all impacts, risks, and opportunities have been rated below the materiality threshold, they are considered non-material.

5.

VALIDATION

The Board of Directors was informed about the results of the double materiality assessment and confirmed the materiality matrix. External stakeholders were not included in the double materiality assessment.

ENVIRONMENT

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(E1) 1. CLIMATE CHANGE ADAPTATION	Transition risks associated with decarbonization of the economy	Risk	The EU Green Deal requires companies in the EU to reduce their greenhouse gas emissions. For companies under the EU ETS, this means paying fees for emission allowances, which represents a significant burden for companies. As a carbon-intensive industry, NEXE Group depends on the introduction of CO ₂ capture systems, the production of energy from renewable sources, as well as reduction of energy consumption through process optimization and the transition to transport with a lower carbon footprint, which will require financial investments.	Own operations	Medium-term, Long-term
(E1) 1. CLIMATE CHANGE ADAPTATION	Acute physical climate risks (floods, fires, storms, heat waves...)	Risk	Climate change is causing extreme weather conditions that can damage assets owned by NEXE Group. Higher temperatures will require more energy to cool spaces, and lower temperatures will require more energy to heat spaces. Fire is identified as a medium risk in the CRVA analysis, due to higher temperatures that can cause spontaneous combustion. Plant maintenance is typically performed in the winter months, and when warmer winters bring higher expected demand for products, warehouses are emptied more quickly. Heavy rains can cause a drop in demand. In addition, heat waves can reduce production efficiency.	Own operations	Short-term, Medium-term, Long-term
(E1) 1. CLIMATE CHANGE ADAPTATION	Reduced demand for low-carbon products in countries outside of the EU	Risk	Low-carbon cements have less demand in countries like Bosnia and Herzegovina and Serbia. Due to the reduced proportion of clinker, the strength of concrete is lower, and concrete manufacturers refuse to use low-carbon cements.	Own operations	Short-term, Medium-term

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(E1) 2. CLIMATE CHANGE MITIGATION	Direct greenhouse gas emissions associated with fuel combustion and process emissions	Actual negative impact	During the carbonization process during the production of clinker, significant CO ₂ emissions occur. Direct emissions also include emissions from fuel combustion in the cement production process. Other emissions include vehicle fuel consumption, heating energy consumption and refrigerant emissions.	Own operations	Short-term, Medium-term
(E1) 2. CLIMATE CHANGE MITIGATION	Indirect emissions related to electricity consumption	Actual negative impact	In its own operations, NEXE Group uses electricity, which creates scope 2 emissions, which creates a negative effect on climate change	Own operations	Long-term
(E1) 2. CLIMATE CHANGE MITIGATION	Indirect emissions in the value chain (scope 3)	Actual negative impact	The most significant categories within scope 3 where GHG emissions occur include: purchased goods and services, capital goods, fuel and energy-related activities, transportation and distribution at the upper and lower levels of the value chain, waste generated during operations, employee travel to work and end-of-life.	Downstream	Short-term, Medium-term, Long-term
(E1) 2. CLIMATE CHANGE MITIGATION	Implementation of modern equipment and digitization	Opportunity	Optimal management of energy (optimization of the combustion process on the stove), and therefore emissions from the process can be reduced by implementing modern equipment and by digitization of the process.	Own operations	Medium-term
(E1) 3. ENERGY	Energy consumption from non-renewable energy sources	Actual negative impact	Energy consumption from non-renewable energy sources	Own operations	Short-term, Medium-term

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(E1) 3. ENERGY	Energy price increase	Risk	Rising energy costs caused by geopolitical situations, changes in supply and demand, supply chain problems, etc. can affect the growth of operating costs.	Own operations	Short-term, Medium-term, Long-term
(E1) 3. ENERGY	Application of renewable energy production systems	Opportunity	Producing own energy from renewable sources can reduce a company's indirect emissions related to energy production.	Own operations	Medium-term, Long-term
(E2) 1. AIR POLLUTION	Emissions of pollutants into the air	Actual negative impact	Emissions of gases and suspended particles from plant exhaust (SO ₂ , NO _{x2} , PM _{2,5} , PM ₁₀ , total particulate matter, ammonia, heavy metals, TOC are measured) can impair air quality.	Own operations	Short-term, Medium-term, Long-term
(E2) 2. WATER POLLUTION	Emissions of pollutants into the water	Actual negative impact	Polluting substances generated in the process of production and mining operations can reach the water (nitrogen, phosphorus, phenols, nickel, lead, cadmium, copper, zinc, chromium, cobalt and suspended matter)	Own operations	Short-term
(E3) 1. WATER	Water withdrawal and consumption	Actual negative impact	The cement production process itself does not require water, but water is used for cooling and washing machines, in the concrete production process, etc.	Own operations	Short-term, Medium-term, Long-term
(E4) 3. IMPACTS ON THE EXTENT AND CONDITION OF ECOSYSTEMS	Impact on habitats	Actual negative impact	Negative impact on ecosystems due to habitat reduction and fragmentation. The effect occurs when an area is converted into an exploitation field or when a facility is built. All changes in habitat have a negative impact on animals. Habitat reduction and fragmentation can have a significant impact on animals and their reproduction and behavior, as well as increase of mortality.	Own operations	Medium-term

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(E4) 3. IMPACTS ON THE EXTENT AND CONDITION OF ECOSYSTEMS	Negative impact on habitats and species due to mining activities	Actual negative impact	Negative impacts on animals arise from noise, vibrations, emissions, and similar factors generated during the extraction and production processes.	Own operations	Short-term, Medium-term, Long-term
(E4) Other specific topics - E4	Landscape alteration	Actual negative impact	In the process of unearthing mineral raw materials, a significant amount of material is removed and the landscape is irreversibly changed. Hollows are formed, and landscape cannot be restored to its original state by the prescribed rehabilitation measures. For example, in the locations of Mladje and Prosenica, the terrestrial habitat has been transformed into an aquatic one.	Own operations	Long-term
(E5) 1. RESOURCES INFLOWS, INCLUDING RESOURCE USE	Loss of natural resources through the use of raw materials of natural origin	Actual negative impact	Production process requires raw materials of natural origin such as limestone, clay and other materials mined in quarries and deposits, additional materials such as gypsum and all secondary ingredients for operations, and the use of primary fuels such as coal, petroleum coke and, to a lesser extent, natural gas.	Own operations	Short-term, Medium-term, Long-term
(E5) 1. RESOURCES INFLOWS, INCLUDING RESOURCE USE	Material and energy recovery from waste	Actual positive impact	In the production process, waste is used for material and energy recovery, which reduces the amount of waste in landfills and reduces the need for exploitation of raw materials.	Own operations	Short-term, Medium-term, Long-term
(E5) 1. RESOURCES INFLOWS, INCLUDING RESOURCE USE	Development of products with a lower carbon footprint	Opportunity	To monitor customer demands and maintain market competitiveness, NEXE Group sees an opportunity in developing products with a lower carbon footprint.	Own operations	Medium-term, Long-term

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(E5) 1. RESOURCES INFLOWS, INCLUDING RESOURCE USE	Increasing the share of alternative raw materials and fuels	Opportunity	By using alternative raw materials (e.g. construction waste, etc.), the consumption of resources from our own mines can be reduced and their lifespan extended, thus supporting the circular economy.	Own operations	Medium-term, Long-term
(E5) 2. RESOURCE OUTFLOWS RELATED TO PRODUCTS AND SERVICES	Development of products with a lower carbon footprint	Opportunity	By developing innovative product formulas, which is achieved by using alternative fuels and raw materials, applying the latest available technologies, and using energy from renewable sources in the process, the carbon footprint of the product can be reduced.	Own operations	Short-term, Medium-term
(E5) 3. WASTE	Generation of non-hazardous waste	Actual negative impact	Non-hazardous waste is generated in the activities of the NEXE Group.	Own operations	Short-term, Medium-term, Long-term
(E5) 3. WASTE	Generation of hazardous waste	Actual negative impact	Hazardous waste is generated in the activities of the NEXE Group.	Own operations	Short-term, Medium-term, Long-term

SOCIAL

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(S1) WORKING CONDITIONS	Job security due to permanent employment	Actual positive impact	Employment without a formal contract, temporary employment or disguised employment can bring financial benefits to the employer, but can also have negative effects on employees, as it creates uncertainty and the inability to plan other aspects of life.	Own operations	Short-term, Medium-term, Long-term
	Programs that ensure balance between the work and private life of employees	Actual positive impact	The company contributes to work-life balance by creating a business environment that supports a good balance between these aspects and enables employees to take advantage of this advantage through the adoption and development of specialized plans, programs and policies.	Own operations	Short-term, Medium-term, Long-term
	Regular cooperation with unions	Actual positive impact	Regular cooperation with unions has a positive impact on the workforce by ensuring better working conditions, increasing employee satisfaction and strengthening mutual trust.	Own operations	Short-term, Medium-term, Long-term
	Lack of qualified labor in the labor market	Risk	Labor shortages can occur due to the departure of labor abroad, the lack of appropriate educational institutions that would provide the necessary qualifications and knowledge, layoffs, sick leave, or a sudden increase in workload that cannot be kept up with an increase in the number of qualified workers. Labor shortages can negatively affect the safety and quality of the production process and the ability to deliver products.	Own operations	Short-term, Medium-term, Long-term

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(S1) HEALTH AND SAFETY	Occupational injuries and illnesses due to working conditions (of workers and subcontractors)	Potential negative impact	The most common causes of work-related injuries and illnesses are related to working with heavy machinery, working in dusty conditions, slips, falls, and related muscle injuries with strain and demanding tasks.	Own operations	Short-term, Medium-term, Long-term
	Loss of working days due to injuries and illnesses at work	Risk	Work-related injuries and illnesses can result in lost workdays and increased costs for the company due to delays in product delivery.	Own operations	Short-term, Medium-term, Long-term
	Secure workplace as a tool for retaining and attracting the workforce	Opportunity	Better conditions create a greater attraction factor for current employees who will not be encouraged to leave the company, and will also attract successful staff who want to work in a company that cares about its employees, ensuring the stability of a quality workforce that maintains high standards of the production process, eliminating the need to invest resources in searching for employees, and increasing productivity, which leads to greater profitability for the company.	Own operations	Short-term, Medium-term
(S1) EQUAL TREATMENT AND OPPORTUNITIES FOR ALL	Equal work is valued equally regardless of diversity (gender, nationality, religion, age)	Actual positive impact	NEXE Group treats all employees equally, without distinction based on gender. Differences in salary are a result of position, work experience, seniority and results. In this way, it promotes equality among its employees and creates a positive impact.	Own operations	Short-term, Medium-term, Long-term
(S1) TRAINING AND SKILLS DEVELOPMENT	Development of employee knowledge and skills	Actual positive impact	NEXE Group provides its employees with opportunities to develop knowledge and skills through external and internal education, knowledge transfer among employees (mentoring and internal professional meetings) and professional training. Every year, the Education Plan is drawn up according to the processes, and funds for education are planned in the budget. The educations that are planned are professional educations, educations in the field of occupational safety, educations in the field of law and compliance, quality management systems, environment and energy, and soft skills educations.	Own operations	Short-term, Medium-term, Long-term

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(S1) EQUAL TREATMENT AND OPPORTUNITIES FOR ALL	Promoting employee diversity and equality	Actual positive impact	NEXE Group encourages diversity in management bodies and among employees, and through policies, practices and programs that support diversity and inclusion at all levels and functions within the company.	Own operations	Short-term, Medium-term, Long-term
	Providing equal opportunities and protection against employee discrimination	Actual positive impact	NEXE Group all employees equally, regardless of gender, age, race, religion and other discriminatory factors.	Own operations	Short-term, Medium-term, Long-term
(S3) COMMUNITIES ECONOMIC, SOCIAL AND CULTURAL RIGHTS	Developing the local economy by creating jobs and opportunities for suppliers	Actual positive impact	NEXE Group positively impacts the local community through the generation of economic value and its distribution to employees, public bodies, suppliers and capital providers, which is linked to revenue generation and distribution through operating costs, employee salaries and benefits, tax payments and community investments.	Own operations	Short-term, Medium-term, Long-term

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(S3) OTHER SPECIFIC TOPICS	The impact of noise and emissions in production on the quality of life of the local community	Actual negative impact	The production process generates noise and emissions of pollutants that can contaminate soil, air and water, thus causing a negative impact on the health of the local community nearby.	Own operations	Short-term, Medium-term, Long-term
	Development of the local community through donations and sponsorships	Actual positive impact	NEXE Group strives to contribute to the local community through donations and sponsorships to associations, institutions and families in need, thereby creating a positive impact on their quality of life.	Own operations	Short-term, Medium-term
	Cooperation and partnership with local educational institutions	Opportunity	Proactive cooperation with local educational institutions, timely communication with young people, and provision of opportunities in the form of internships and apprenticeships can significantly increase the number of potential job candidates. This will make it easier to attract and retain quality workers, and a skilled and quality workforce will translate into better business results.	Own operations	Short-term, Medium-term, Long-term
(S4) ACCESS TO (QUALITY) INFORMATION	Quality assurance and production of high-quality products	Actual positive impact	All legal and project requirements, as well as the requirements of standards for construction products, are met, and a quality management and testing system is in place.	Downstream	Medium-term, Long-term
(S4) OTHER SPECIFIC TOPICS	An opportunity for digitization and innovation in business	Opportunity	Technological advances in the provision of digital information, such as applications for civil engineers and architects to assist in the selection and evaluation of cement quality, can increase the availability of information and help users make informed decisions.	Own operations	Short-term, Medium-term, Long-term

GOVERNANCE

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(G1) CORPORATE CULTURE	A strong corporate culture of responsibility and ethics in business	Actual positive impact	NEXE Group is committed to high product and process quality, as well as full compliance with legal regulations and industry standards. This approach helps prevent issues such as delays, poor quality, compromised safety, or incidents that could negatively impact stakeholders or the environment.	Own operations	Short-term, Medium-term, Long-term
(G1) PROTECTION OF WHISTLE- BLOWERS	Established system for reporting irregularities and protecting whistleblowers	Actual positive impact	Employees who notice irregularities and decide to report them can prevent a detrimental impact on other stakeholders, but may expose themselves to the risk of retaliation, damaged reputation and loss of income. NEXE Group takes all measures in accordance with the law to ensure a channel for reporting irregularities and the protection of whistleblowers.	Own operations	Short-term, Medium-term, Long-term

Material Topic	IRO Name	Type of IRO	IRO description	Location in the Value Chain	Time Horizon
(G1) MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS INCLUDING PAYMENT PRACTICES	Fulfilling financial obligations to suppliers	Actual positive impact	NEXE Group pays its suppliers within the deadlines agreed upon in the contract and in accordance with the law. In this way, NEXE Group has a positive impact on the suppliers' business, especially small and medium-sized enterprises.	Upstream	Short-term, Medium-term, Long-term
	Development of long-term relationships with suppliers	Actual positive impact	Cultivating long-term relationships with suppliers ensures business stability, which has a positive impact on small and medium-sized suppliers.	Own operations	Short-term, Medium-term, Long-term
	Introducing ESG analysis of suppliers through general business rules	Actual positive impact	The established Code of Conduct for Third Parties ensures compliance of external collaborators with the ethical standards of the organization, which improves professionalism, safety and responsibility in business relationships.	Own operations	Short-term, Medium-term, Long-term
(G1) CYBER SECURITY	Cyber attacks and data loss	Risk	Loss of valuable data can jeopardize market position, cause damage remediation costs, or penalties for disclosing confidential information.	Own operations	Short-term, Medium-term

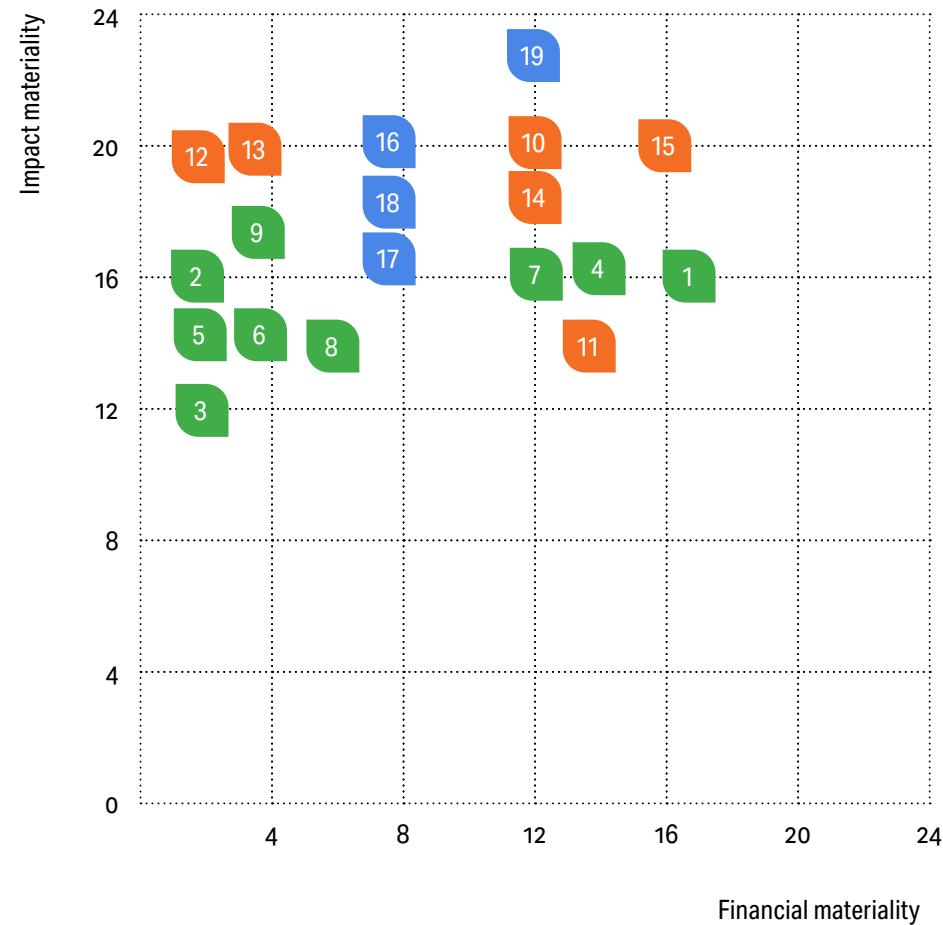


In the reporting period, a new materiality assessment was conducted, which resulted in the identification of a new topic - Consumers and end users as a material topic through positive impacts and opportunities, while minor changes in significance of topics was recorded for other topics. Material topics of NEXE Group are shown in the materiality matrix.

1. Circular economy
2. Transitionan climate risks
3. Physical climate risks
4. Energy
5. Air pollution
6. Water pollution
7. Climate change and GHG emissions

8. Biodiversity
9. Water withdrawal and consumption
10. Working conditions
11. Health and safety
12. Diversity
13. Training and skills development
14. Affected communities

15. Consumers and end-users satisfaction
16. Strong corporate culture
17. Protection of whistle-blowers
18. Management of relationships with suppliers
19. Cyber security





LUKA TRANZIT OSIJEK d.o.o., OSIJEK

ENVIRONMENT



NEXE Group continuously monitors and analyzes environmental impacts, and the following table shows how NEXE Group identifies, assesses, and monitors significant environmental impacts and risks.



EMISSIONS AND ENERGY

EMISSION MONITORING PLAN

NEXE d.d. and Dilj d.o.o. are part of the EU ETS system and have established procedures for monitoring and reporting on GHG emissions. In line with the Climate Change and Protection of Ozone Layer Act (NN 127/19), a report on greenhouse gas emissions and an annual report on activity levels are drawn up annually, as well as a Plan for monitoring greenhouse gas emissions.

In 2024, Applications for free allocation of emission allowances for the period 2026-2030 were submitted for the companies NEXE d.d. and Dilj d.o.o. based on Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 establishing transitional rules at EU level for harmonised free allocation of emission allowances. Climate Neutrality Plan was developed and submitted in 2024 for NEXE d.d. in accordance with Commission Implementing Regulation (EU) 2023/2441 on climate neutrality plans.

ENERGY INSPECTION

Energy inspections of buildings and the production process are conducted in accordance with the Energy Efficiency Act (NN 127/14, 116/18, 25/20, 32/21, 41/21). Energy indicators and an energy management system according to the ISO 50001 standard were established in member companies NEXE d.d. and Dilj d.o.o.

CRVA ANALYSIS

In 2023, a Climate Risk Vulnerability Analysis (CRVA) was conducted to assess vulnerability to climate change of most significant activities and to determine resilience with regard to adaptation measures. The analysis used climate scenarios according to the IPCC, which included a pessimistic scenario RCP8.5 and a moderate scenario RCP4.5.

TABLE: IDENTIFICATION, ASSESSMENT AND MONITORING OF ENVIRONMENTAL IMPACTS



POLLUTION

ENVIRONMENTAL PERMITS

Members of NEXE Group that are obligated to obtain Environmental Permits determine and monitor their impacts on the environment through the Environmental Permit issuance process, which includes an environmental impact assessment and prescribes the methods and frequency of measurement, evaluation, and monitoring and reporting obligations to the competent authorities. Issuance of the environmental permit is based on the application of the best available techniques (BAT).

WATER PERMITS

Wastewater management at the locations of NEXE Group member companies is regulated by the Environmental Permit for those liable for its discharge, and at other locations by water law permits.

ENVIRONMENTAL MANAGEMENT SYSTEM

NEXE d.d. has implemented and certified an environmental management system in accordance with the ISO 14001:2015 standard, based on which an internal methodology for assessing environmental aspect risks has been developed.



BIODIVERSITY

PROCEDURES FOR ENVIRONMENTAL IMPACT ASSESSMENT (PUO) AND ASSESSMENT OF THE NEED FOR ENVIRONMENTAL IMPACT ASSESSMENT (OPUO)

During the preparation of the Environmental Impact Study (for the purposes of the PUO procedure) and the Environmental Protection Study (for the purposes of the OPUO procedure), the authorized person conducted inspections of environmental parameters on field, including insights into the distribution and diversity of flora and fauna, whereby various plant and animal species were documented. Special emphasis is placed on identifying endangered species with the aim of ensuring their protection and preservation. These studies and reports provide a comprehensive analysis of the effects of planned activities on the environment and represent the basis for determining potential risks for business and making informed decisions about environmental protection.



WASTE

ENVIRONMENTAL IMPACT ASSESSMENT

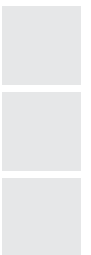
In the Environmental Impact Studies (made for the purposes of conducting the PUO procedure) and Environmental Protection Study (for the purposes of conducting the OPUO procedure), which were prepared by authorized persons, the environmental impacts related to waste management in NEXE d.d. were determined, and the environmental impact assessment procedures assessed that interventions are acceptable with the application of environmental protection measures and implementation of the environmental monitoring program. Five environmental impact assessment procedures were carried out, and three related to the use of alternative fuels.

WASTE MANAGEMENT PERMITS

NEXE d.d. holds waste management permits issued by the competent authorities.

MONITORING THE AMOUNT OF WASTE

Records on the generation and flow of waste in member companies on the territory of the Republic of Croatia are kept for the types and quantities of waste that are produced, handed over to authorized persons, stored and recovered, records on the generation and flow of waste. Record are kept in prescribed forms in the online application for keeping the Electronic Record Book on the generation and flow of waste by types of waste/key numbers. All the while, the relevant data on waste management from NEXE Group member companies in the territory of Serbia and Bosnia and Herzegovina was gathered from records on waste flows and waste management, which these member companies are required to maintain in accordance with the legal regulation that governs waste management. Data is entered post-haste and thoroughly after each change of state.



2.1.

EU Taxonomy

By Regulation (EU) 2020/852 the European Commission has established a common scientifically based classification system for identifying sustainable economic activities. Classification of sustainable activities is a key prerequisite for redirecting capital flows to achieve climate neutrality and environmental sustainability defined by the European Green Deal. Article 3 of Regulation (EU) 2020/852 defines criteria for determining environmentally sustainable economic activities. Economic activity is considered environmentally sustainable if:

- Substantially contributes to at least one environmental objective from Article 9 of Regulation (EU) 202/852
- Does not significantly harm other environmental objectives
- Is implemented in accordance with minimum protective measures established in Article 18
- Aligns with technical screening criteria established by the Commission in delegated acts for each taxonomy-eligible activity.

Reports on taxonomy-categorized activities and key performance indicators regarding the alignment of revenue, capital, and operational expenditures with significant contribution criteria to environmental objectives are mandatory for companies required to publish annual non-financial reports pursuant to Article 19a or Article 29a of Directive 2013/34/EU. Although NEXE Group was not subject to non-financial reporting obligations during the reporting period, it voluntarily chose to showcase its contribution to the environmental goals of the EU. The sustainability report covers all member companies of NEXE Group, while the taxonomy report in the following chapter shows only data for NEXE d.d.

Acceptability of Economic Activities

An economic activity is taxonomically acceptable if it is included in the delegated acts of the Taxonomy Regulation, i.e. if technical verification criteria have been announced for it.

The sustainability reporting work group conducted a review of the company's economic activities' eligibility according to the Delegated Regulation on climate change mitigation and regulation and has identified economic activity 3.7. cement production as taxonomy eligible activity.

Climate change mitigation is identified as the primary environmental objective to which NEXE d.d. significantly contributes. Cement production is considered a transitional activity towards achieving the goal of climate change mitigation according to Article 10 of Regulation 2020/852.



ALIGNMENT OF TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

If the activity is taxonomy-eligible, it is necessary to analyze taxonomy alignment based on technical screening criteria established by delegated acts.

CEMENT PRODUCTION AS THE PRIMARY TAXONOMIC ACTIVITY OF NEXE d.d.

The alignment analysis for cement production in NEXE d.d. was conducted by the sustainability reporting work group with support of external experts. For cement production to be considered environmentally sustainable, the specific greenhouse gas emissions during production must be lower than 0,722 t CO₂e per ton of grey cement clinker or lower than 0,469 t CO₂e per ton of produced cement or alternative binder. NEXE Group is working on development of low-carbon products, and in 2024 it had cement in its portfolio whose specific emissions of t CO₂e per ton of cement are less than the criteria established by the EU Taxonomy (0,469 t CO₂e per ton of produced cement or alternative binder).

For cement production, criteria for avoiding significant harm (do no significant harm – DNSH) to the achievement of other environmental objectives were also analyzed.

DNSH 2

Adaptation to climate change

In 2023, climate risk analysis for the cement production activity was carried out according to the requirements from Annex A of the Delegated Regulation, which showed that the activity is vulnerable to extreme air temperatures and fire, for which NEXE d.d. has already implemented effective adaptation measures, thus satisfying the DNSH criterion.

DNSH 3

Sustainable use and protection of water and marine resources

NEXE d.d. conducted an environmental impact assessment study for its cement production plant in accordance with Directive 2011/92/EU of the European Parliament and the European Council, which includes an assessment of water impact in line with Directive 2000/60/EC. The best available techniques were implemented for reduction of water consumption and prevention of pollution, and risks are continuously monitored and evaluated.

DNSH 4

Transition to circular economy

The DNSH criterion was not established. The relation of NEXE d.d. towards the circular economy was described in chapter 2.5. Circular economy.

DNSH 5

Prevention and control of pollution

The criterion for preventing pollution from Addendum C, Annex A of Delegated Regulation were analyzed, and it was concluded that NEXE d.d. complies with applicable EU Regulations in performing its activities, and this complies with DNSH criterion. During its activities, no substances listed in Annex C Addendum A of Delegated Regulation are produced, put on the market, or used.

DNSH 6

Protection and restoration of biodiversity and ecosystems

NEXE d.d. has conducted environmental impact assessments for its cement production facility in accordance with Directive 2011/92/EU of the European Parliament and of the Council. Best available techniques for preventing environmental pollution and protecting ecosystems have been implemented, and risks are continuously monitored and assessed.

In its operations, NEXE d.d. respects human and labor rights prescribed by international instruments and thereby meets the criterion of minimum protective measures.



KEY PERFORMANCE INDICATORS AND ACCOUNTING POLICIES

The Taxonomy Regulation determines 3 key performance indicators that must be disclosed depending on the proportion of taxonomy-eligible and taxonomy-aligned activities in the overall company activities:

- income
- operating expenditure (OpEx)
- capital expenditure (CapEx).

Key performance indicators for identified economic activity have been calculated and disclosed in line with Delegated Regulation on Disclosures (EU) 2021/2178.

TABLE: SHARE OF INCOME ALIGNED WITH TAXONOMY

ECONOMIC ACTIVITIES			Substantial contribution criteria							DNSH criteria						MSS (Y/N)	Share of income aligned with taxonomy in N (%)	Share of income aligned with taxonomy in 2023.	Share of income aligned with taxonomy in 2022.	Category (transitional activity)
	Absolute income (EUR)	Share of income	CCM (%)	CCA (%)	WTR (%)	CE (%)	PPC (%)	BIO (%)	CCM Y/N	CCA Y/N	WTR Y/N	CE Y/N	PPC Y/N	BIO Y/N						
A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)																				
A.1 Environmentally sustainable activities																				
3.7. Cement production	€11.961.189,00	8,09 %	100 %	0	0	0	0	0	/	Y	Y	Y	Y	Y	Y	8,09 %	3,52 %	0 %	T	
Income from environmentally sustainable activities A.1.	€11.961.189,00	8,09 %																		
A.2 Taxonomy-eligible, but not environmentally sustainable activities																				
3.7. Cement production	€101.259.085,76	91,91 %																		
Income from taxonomy-eligible, but environmentally non-sustainable activities A.2.																				
Total (A.1. + A.2.)																				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Income from taxonomy-non-eligible activities (B)																				
TOTAL (A + B)	€147.770.028,15	100 %																		

CEMENT PRODUCTION

The denominator includes net income from the sale of cement and Namal. Income includes incomes recognized in accordance with International Accounting Standard (IAS) 1, point 82 sub-point (a), also adopted by Commission Regulation (EC) no. 1126/2008.

The numerator includes income from cement and Namal, whose specific greenhouse gas emissions from the production of cement or alternative binder material are lower than 0.469 tCO₂e per ton of cement or alternative binder produced.



TABLE: SHARE OF CAPITAL EXPENDITURES ALIGNED WITH TAXONOMY

ECONOMIC ACTIVITIES			Substantial contribution criteria						DNSH criteria						MSS (Y/N)	Share of CapEx- aligned with taxonomy in N (%)	Share of CapEx-aligned with taxonomy in 2023.	Share of CapEx-aligned with taxonomy in 2022.	Category (transitional activity)
	Absolute CapEx	% CapEx	CCM (%)	CCA (%)	WTR (%)	CE (%)	PPC (%)	BIO (%)	CCM Y/N	CCA Y/N	WTR Y/N	CE Y/N	PPC Y/N	BIO Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)																			
A.1 Environmentally sustainable activities																			
3.7. Cement production	€5.842.378,46	32,54 %	100 %	0	0	0	0	0	/	Y	Y	/	Y	Y	Y	32,54 %	19,86 %	7,62 %	T
Capital expenditure and environmentally sustainable activity costs A.1.	€5.842.378,46	32,54 %																	
A.2 Taxonomy-eligible, but not environmentally sustainable activities																			
3.7. Cement production	€12.112.371,00																		
Capital expenditures from taxonomy-eligible but not environmentally sustainable activities A.2.																			
Total (A.1. + A.2.)																			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capital costs from taxonomy-non-eligible activities (B)																			
TOTAL (A + B)	€17.954.749,46																		

CEMENT PRODUCTION

The denominator includes increases in tangible and intangible assets in the financial year, before their amortization and remeasurements, including increases resulting from revaluations and impairments for the relevant financial year and excluding changes in fair value. The denominator includes increases in tangible and intangible assets that are the result of business mergers. Capital expenditures include costs that are calculated by applying: IAS 16, point 73.e), sub-point (i) and (iii), IAS 38 point 118.e) sub-point (i), IAS 40, points 76.a) and b) (for fair value), IAS 40, point 79.d) sub points (i) and (ii) (cost model), IAS 41, point 50 points b) and e) and IFRS 16, point 53.h), as stated in Annex I of the Delegated regulation on publications (EU) 2021/2178. In 2024, total capital expenditures of NEXE d.d. regarding cement production activity amounted to EUR 17 954 749,46 EUR (denominator) and are considered taxonomy-eligible, out of which 32,54 % of capital expenditures, i.e. EUR 5 842 378,46 (the numerator) is considered an investment aimed at ac-

hieving compliance with the taxonomy through the reduction of greenhouse gas emissions.

In 2024 capital investments in the greening of activities (CapEx numerator) included:

- energy renovation and RES in the NEXE cement factory
- extension of the storage space for prepared fuel from waste
- plant for receiving compressed natural gas
- CO₂NTESSA project.

The numerator of the key performance indicator for the cement production activity includes part of the investment in tangible and intangible assets during the current year, which are listed in the Annual Report of NEXE d.d. for the year 2024 under the position of Increase.



TABLE: SHARE OF OPERATING EXPENDITURES ALIGNED WITH TAXONOMY

ECONOMIC ACTIVITIES			Substantial contribution criteria						DNSH criteria						MSS (Y/N)	Share of CapEx- aligned with taxonomy in N (%)	Share of CapEx- aligned with taxonomy in 2023.	Share of CapEx- aligned with taxonomy in 2022.	Category (transitional activity)
	Absolute OpEx	% OpEx	CCM (%)	CCA (%)	WTR (%)	CE (%)	PPC (%)	BIO (%)	CCM Y/N	CCA Y/N	WTR Y/N	CE Y/N	PPC Y/N	BIO Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)																			
A.1 Environmentally sustainable activities																			
3.7. Cement production	€1.516.713,64	12,97 %	100 %	0	0	0	0	0	/	Da	Da	/	Da	Da	Da	12,97 %	0 %	0 %	T
Operating expenditures of environmentally sustainable activities A.1.	€1.516.713,64	19,97 %																	
A.2 Taxonomy-eligible, but environmentally not sustainable activities																			
3.7. Cement production	€10.175.937,63																		
Operating expenditures of taxonomy-eligible, but environmentally not sustainable activities A.2.																			
Total (A.1. + A.2.)																			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Operating expenditures from taxonomy-non-eligible activities (B)																			
TOTAL (A + B)	€ 11.692.651,27																		

CEMENT PRODUCTION

The denominator includes direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair and all other direct expenditures for daily servicing of real estate, plant and equipment performed by the company or a third party entrusted with these tasks, which are necessary for the proper functioning of these assets.

In 2024, total operating expenditures at the level of NEXE d.d. in the cement production activity amounted to a total of EUR 8 510 307.00.

In 2024, operating expenses aligned with the taxonomy amounted to €1 516 713.64.

Company NEXE d.d. applies international financial reporting standards. When calculating key performance indicators for reporting purposes following the requirements of the Taxonomy Regulation, an analysis of individual elements that needed to be included in the calculation of key performance indicators was carried out.





| 2.2.

NEXE Group and Climate Change

Climate change is one of the biggest challenges of the modern era, to which the building materials industry has contributed by significant greenhouse gas emissions. In order to stop the negative consequences of climate change in time and achieve climate neutrality, innovative and systematic solutions are needed. NEXE Group is committed to implementing solutions to reduce direct and indirect greenhouse gas emissions in the value chain of production and use of construction materials.

Impacts, Risks and Opportunities

The NEXE Group's business model is characterized by high energy intensity, which results in significant greenhouse gas emissions that are considered a cause of climate change. Decarbonization of business is recognized as a strategic goal for achieving long-term sustainability, which is why investments in energy efficiency and renewable energy sources, energy and material recovery, development of carbon products, and capture and storage of CO₂ emissions have been recognized as priority projects in the period up to 2030. By focusing on more efficient use of resources, modernization of equipment and digitalization, NEXE Group will create opportunities for operational savings and increased productivity, which will also have a positive impact on the value of the company.

The share of costs for energy, CO₂ and raw materials accounts for 50-70 % of total operating costs. The share of raw materials costs is more pronounced for concrete and aggregates, while for cement, roof tiles and

bricks, energy and emission units are particularly important. Due to the expected changes in the ETS system, the costs related to CO₂ emissions (up to 30 % of operating costs for cement) represent a future "weight" or competitive advantage for the business. This is precisely why NEXE Group is starting an intensive green and digital transformation of its business.

In 2023, a vulnerability analysis to climate risks was conducted, and the most significant climate risk which was highlighted is increase in extreme temperatures. NEXE Group will adapt its business to climate change, and in the coming period, additional solutions will be implemented to reduce business risk. One of the identified risks at the industry level is the dependence of construction activities on weather conditions. NEXE products are mostly used during outdoor construction activities, therefore unstable and extreme weather conditions, which are increasingly frequent due to climate change, affect planned quantities by up to 50 %.



IMPACT ON CLIMATE CHANGE

In its operations and value chain, NEXE Group creates greenhouse gas emissions that have a negative impact on climate change. Scope 1 includes GHG emissions from fuel production and combustion processes, company-owned vehicles and machinery, and emissions from cooling and air conditioning devices. Scope 2 includes emissions resulting from the production of purchased electricity. In the previous reporting period, NEXE Group started to determine indirect emissions in the value chain (scope 3).

In this reporting period, the scope of categories was expanded, and additional categories were included. For the purposes of this report, data was collected, and emissions were calculated related to purchased raw materials (category 1), capital goods (category 2), emissions from fuel production (category 3), raw material and energy supplies and shipping of finished products (categories 4 and 9), waste generated in business (category 5), employee commuting (category 7) and End-of-life (category 12). Compared to the previous reporting period for 2023, in this reporting period, the scope of Scope 3 categories has been expanded and two additional categories have been included (category 2 and category 12).

RISKS

During the process of identifying and assessing physical and transition risks, timeframes were defined according to the time horizon:

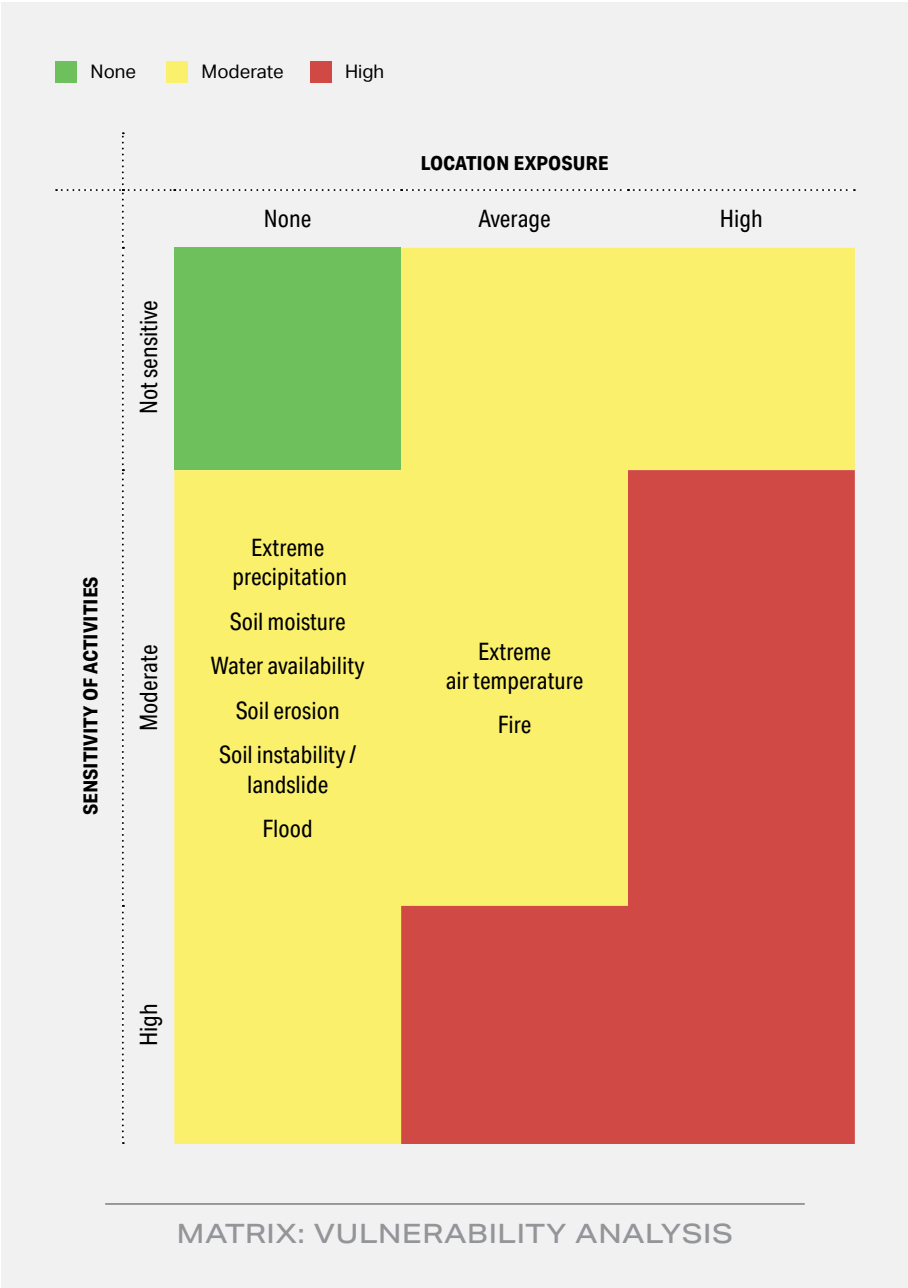
Time frame	Duration	Link with assets, strategic planning and capital allocation plans
Short-term	Up to 3 years	Includes operational plans, ongoing investments and plant maintenance to ensure uninterrupted production. In this period, the focus of strategic planning is on cost optimization and adaptation to market conditions.
Medium-term	3 to 15 years	Covers key investments in modernization and sustainability, including improving energy efficiency, increasing the share of alternative fuels, reducing greenhouse gas emissions and implementing an ESG strategy, to align with changes in the EU ETS system, including the phasing out of free emission allowances and the CBAM mechanism.
Long-term	More than 15 years	The long-term period focuses on the entire investment cycle of the cement plant, including planning for the replacement or reconstruction of key equipment and alignment with long-term regulatory and market trends. Key strategic investments relate to CO ₂ capture and storage technologies, ensuring a gradual adaptation of the business towards the goal of climate neutrality by 2050.

Time frames are aligned with EU regulations (Fit for 55, EU ETS reform) and business scenarios that take into account the growing costs of emission units, changes in the construction materials market and the need for technological innovation.



PHYSICAL CLIMATE RISKS FOR THE BUILDING MATERIALS INDUSTRY

A specific risk for the construction materials industry is the dependence of construction activities on weather conditions. Harsh winters with extremely low temperatures or large amounts of precipitation throughout the year can have a short-term negative impact on construction activity with direct consequences for NEXE Group's revenues and operational performance. Construction activities are up to twice as large in the May-October period, which strongly affects the organization of business activities and the company's liquidity. Considering that the level of construction activities is up to 50 % lower compared to the planned quantities during weather extremes, a potential risk for business is created if weather extremes occur in the period of the year when construction activities are usually the highest. Weather extremes caused by climate change have a negative impact on construction activities, which can potentially affect business liquidity.



PHYSICAL CLIMATE RISKS FOR CEMENT, BRICK, AND ROOF TILE PRODUCTION

In 2023, an analysis of the resilience and adaptation capabilities of economic activities to climate change was conducted in NEXE d.d. and Dilj d.o.o. The purpose of the analysis was to consider the vulnerability, sensitivity and resilience of the activities to physical climate risks throughout the value chain.

In the analysis, the RCP* 4.5 and RCP8.5 scenarios were applied, and the short, medium and long-term periods were considered. The analysis determined that the cement, brick and tile production activities are moderately vulnerable to extreme air temperatures, extreme precipitation, soil moisture, water availability, erosion and soil instability/landslides, fire and flooding.


Given that almost all climate variables to which the activity is moderately vulnerable have not been recorded in the observed, nor are they expected in future climate conditions at the locations of the cement, brick and tile production facilities, the risk assessment was conducted only for the climate variables extreme air temperatures and fire. These two risks are identified due to the observed increase in mean maximum air temperature in the baseline/observed climate conditions. Such climate changes may make operating conditions more difficult and increase energy consumption for cooling in the summer months.

* Representative Concentration Pathways, RCP

MANAGEMENT OF PHYSICAL CLIMATE RISKS

Climate risk	Description	Impact on operations	Risk Reduction Measures	Business resilience
Extreme air temperature	Further increase in maximum air temperatures can hinder human work, which is also part of the production process and an important factor in economic activity. This impact can reduce the efficiency of employees and thus reduce the monetary profit of economic activity.	<ul style="list-style-type: none"> Reduction of output (products) Decrease in monetary profit of economic activity 	<p>NEXE d.d.</p> <ul style="list-style-type: none"> For cooling rooms within cement factory premises cooling water chillers have been installed and if necessary, employees use mobile standalone fans. Thus, pleasant microclimate conditions are achieved for the work of employees in closed rooms. In extreme temperatures employees' working hours in the open are in the early morning and late afternoon, e.g. tasks in the quarry are carried out from 16:30 hrs till 19:30 hrs. For cooling, air conditioners are installed in the production plant, and all vehicles have air conditioners. For most of the buildings, the transition to a more efficient heating and cooling system using heat pumps has been carried out, which will reduce the consumption of electricity for cooling, the consumption of which increases in the summer months during high temperatures. External cladding with improved insulation properties has been installed on part of buildings and continues to be installed on other buildings within the NEXE d.d. plant. in accordance with the plan. This reduces the loss of thermal energy during low temperatures and enables better insulation during extremely high air temperatures. External joinery (PVC with double ISO-glass) with better thermal coefficient was installed on the administration building and the central command, maintenance, engineering and mining building, in order to reduce the heat loss of the space, but also to ensure better insulation from high temperatures in summer. Thermal insulation of the ceiling in the warehouse for finished products. 	Business is resilient to the risk of extreme air temperatures thanks to the implementation of a number of measures to reduce its impact. Although increased energy consumption for cooling cannot be completely avoided, the financial impact of this factor is reduced by the gradual introduction of energy production from renewable sources.

Climate risk	Description	Impact on operations	Risk Reduction Measures	Business resilience
Extreme air temperature	<p>Further increase in maximum air temperatures can hinder human work, which is also part of the production process and an important factor in economic activity. This impact can reduce the efficiency of employees and thus reduce the monetary profit of economic activity.</p>	<ul style="list-style-type: none"> Reduction of output (products) Decrease in monetary profit of economic activity 	<p>NEXE d.d. and DILJ d.o.o.:</p> <ul style="list-style-type: none"> In order to further reduce the consumption of electricity from conventional fossil fuel power plants required for the operation of heating and cooling systems, NEXE Group started with the installation of integrated and non-integrated photovoltaic power plants. By reducing electricity costs, the risk of a significant negative effect of extreme weather temperatures on the business result is reduced. <p>DILJ d.o.o.:</p> <ul style="list-style-type: none"> New wagons of tunnel furnace and robot were installed instead of the outdated automation for manipulation, which reduces product breakage and thus the specific energy consumption and CO₂ emissions per product. Modernization of the equipment and management of the tunnel furnace (reduction of the specific consumption of energy sources, and therefore CO₂ emissions). <p>Evaporative coolers are installed at workplaces with elevated temperatures.</p>	<p>Business is resilient to the risk of extreme air temperatures thanks to the implementation of a number of measures to reduce its impact. Although increased energy consumption for cooling cannot be completely avoided, the financial impact of this factor is reduced by the gradual introduction of energy production from renewable sources.</p>
Fire	<p>Further increase in maximum air temperatures can hinder human work, which is also part of the production process and an important factor in economic activity. This impact can reduce the efficiency of employees and thus reduce the monetary profit of economic activity.</p>	<ul style="list-style-type: none"> damage to property production reduction decrease of profit 	<p>Due to the characteristics of the production process, which involves high temperatures and entire range of flammable gases, the plant is equipped with a large fire protection system. The fire protection system consists of:</p> <ul style="list-style-type: none"> Internal and external hydrant network Foam fire-fighting equipment to protect the waste oils burning plant from fire Fire detection system Gas detection system Water sprinkler fire-fighting equipment (drencher) Fire extinguishers for initial fire extinguishing. 	<p>The activity is moderately resistant to fire risk since the facilities are equipped with protection systems that include detection and prevention and assist in extinguishing fires, thus ensuring a high level of safety and reducing the potential consequences of fire.</p>



The transition to a low-carbon economy is a global challenge, and failure to achieve the goals set in the Paris Agreement and the EU Green Plan would have a significant negative impact on NEXE Group's business results. Transition risks in the period of the global transition to a low-carbon economy were determined and assessed in order to manage them as successfully as possible. Transitional risks and opportunities are determined by an integrated risk management system at the level of NEXE Group.

POLICY AND LEGISLATIVE TRANSITION RISKS

The EU has committed to the ambitious vision of making Europe the first climate-neutral continent by 2050, with the goal of reducing greenhouse gas emissions by at least 55 % by 2030 compared to 1990s levels. In order to achieve this goal, the EU needs to implement comprehensive changes, with a special focus on energy-intensive industries where urgent action is needed, especially in industries such as cement production, among others, which are characterized by long-term capital assets and the risk of retaining CO₂ emissions even after 2050. The cement industry is one of the most important industrial emitters of CO₂, globally responsible for about 7 % of all CO₂ emissions and about 4 % of all emissions at the EU level. Decarbonization of the cement and other industries alone is not expected to contribute to the EU's climate goals, but it is necessary for the overall path towards climate neutrality.

Each year, member companies of NEXE Group that are part of the EU ETS system (NEXE d.d. and Dilj d.o.o.) are allocated CO₂ emission units, and their quantity is determined by the European Commission based on historical European emission analysis.

The allocation of free units is reduced every year in order to achieve climate neutrality in Europe by 2050. Considering the annual production and allocated units, NEXE d.d. must purchase units on the market to meet legal requirements. Dilj d.o.o. is currently using its free CO₂ emission units.

As a result of the above, in the medium and long term, a stricter regulatory framework has been identified as a risk, especially regarding permitted CO₂ emissions and emission unit prices. In the EU, existing and future regulations governing climate change and greenhouse gas emissions are expected to be tightened, especially in connection with the ambitions of the EU climate protection plan Fit for 55. Costs related to CO₂ emissions (up to 30 % of operating costs in cement production) due to the expected changes in the EU ETS system represent a risk for future business if activities to reduce CO₂ emissions are not undertaken on time.



The reform of the EU ETS, with the Carbon Border Adjustment Mechanism (CBAM), will expose energy-intensive industries to the full price of CO₂ by phasing out free allowances. That change forces industries to decarbonize or face financial penalties. CBAM will also require importers to pay for carbon certificates from 2026 to match EU carbon prices, preventing cheaper imports of high-emissions goods.

High costs associated with CO₂ could put European companies at a disadvantage compared to companies from third countries. This is precisely why it is important that the Carbon Border Adjustment Mechanism (CBAM) was introduced in 2023, intended to establish equal conditions between producers in the EU and importers by 2035 at the latest. Such a mechanism will certainly affect prices and business competitiveness.

With regard to the EU-level greening strategy and the growing preference of investors for green investments, there is a risk of higher borrowing costs if NEXE Group fails to achieve good ESG indicators and achieve its goals.

MARKET TRANSITION RISKS

One of the main market risks stems from a possible change in consumer preferences that may occur during the transition to a low-carbon economy. Such a change could lead to increased replacement of concrete with other construction materials considered to have a lower carbon footprint. As a result of increasingly strict legal norms for construction standards (share of recycled materials in the final product, requirements for low-energy buildings) and with the growth of GDP/c, the demand for “green” products grows, which can be a risk for business, but also an opportunity for NEXE Group to offer new, innovative and sustainable products on the market.

The second risk refers to the energy and raw materials market. The price of electricity and fossil fuels has been rising for several years, while substitute fuels and raw materials are increasingly difficult to obtain due to increasing demand on the one hand and decreasing availability on the other. The share of costs for energy and raw materials makes up 50-70 % of total business costs. The growth of these costs can significantly affect the business results of NEXE Group.

TECHNOLOGICAL TRANSITION RISK

New technologies are available on the market that affect business competitiveness. A passive approach to investing in new technological solutions, equipment modernization and digitalization will have a negative impact on the market position. That is why it is important to proactively start a green business transition, for which significant EU funds are available for investments in energy efficiency, reduction of CO₂ emissions and storage of carbon dioxide.

Technological risk in the transition to a low-carbon economy is investment in technologies that have not been fully industrially and commercially proven on the market. This risk exists especially in the context of innovative processes such as carbon dioxide capture, use and storage that may not be efficient enough in the future.

Without adequate solutions for transporting and storing CO₂, companies will be forced to buy permits, increasing costs without benefiting the environment. By the second half of this decade, industries must decarbonize or face penalties, making capture, use and storage a vital option for many to achieve large-scale decarbonization. Demand for CO₂ transport and storage is expected to rise sharply, driven by EU sustainability measures that require large companies to adopt a strategy compatible with the Paris Agreement.

Decisions need to be made today, and this implies significant investments that currently affect business operations.

TRANSITION CLIMATE RISKS MANAGEMENT

TRANSITION RISK	DESCRIPTION	IMPACT ON BUSINESS OPERATIONS	RISK MITIGATION MEASURES	BUSINESS RESILIENCE
Reduction of EU ETS units	The number of free emission allowances allocated to NEXE d.d. and Dilj d.o.o., as members of the NEXE Group within the EU ETS system, is gradually decreasing every year. This increases the need to purchase additional emission allowances, if significant reductions in greenhouse gas emissions are not achieved at the same time.	The financial impact of transition risks is estimated through increased costs of CO ₂ emission units (up to 30 % of cement production operating costs)	Reducing CO ₂ emissions through process optimization, increasing the share of alternative fuels and raw materials and developing new, low-carbon products in order to reduce the required number of emission units Investments in green technologies co-financed by EU funds, including CO ₂ capture and storage technologies	Business resilience of NEXE d.d. largely depends on the successful implementation of the CO ₂ NTESSA project, given its status as the main emitter of greenhouse gases within the NEXE Group. Failure to realize the project could significantly threaten long-term sustainability and compliance with regulatory requirements, which would increase the risk to the resilience of the business.
Rising energy and emission unit prices	The global energy crisis is leading to rising energy prices, while the price of emission allowances is rising due to the reduction in the allocation of free emission allowances.	Since energy represents a significant share of total business costs, as well as emission units, an increase in operational costs can significantly burden the business financially.	Proactive action regarding the reduction of emissions through investments in long-term projects that enable the reduction of the carbon footprint of business. Diversification of energy sources with the aim of reducing dependence on fossil fuels and mitigating the impact of energy price volatility.	By increasing the share of alternative fuels and producing own energy along with measures to reduce emissions, the resilience of the industry is significantly increased.
Reduced demand for low-carbon products in countries outside the EU	The limited market acceptance of low-carbon cement poses a challenge to its wider application, despite its environmental benefits.	If demand for low-carbon cements decreases, there could be a decline in revenue.	Developing innovative low-carbon products that will attract customers Informing customers about the benefits of low-carbon products	Although there is a potential risk due to weaker demand, by adjusting the strategy and investing in market education, NEXE Group is increasing its resilience to this challenge.

OPPORTUNITIES FOR GREATER RESOURCE EFFICIENCY

Projects which increase energy efficiency and reduce the share of non-renewable energy in the energy mix can result in operational savings and have a positive impact on the financial result. Energy efficiency is particularly important in the context of resistance to changing energy prices.

NEXE Group has already started implementing measures which increase efficiency of machines and equipment, heating and cooling, and increase the energy efficiency of buildings. Advances in technology enable additional impacts on CO₂ reduction through the implementation of:

- Industrija 4.0 digitalization project
- Implementation of the state-of-the-art equipment
- Opportunities for operating savings through new sources of energy.

Transition to a low-carbon economy also implies changes in energy sources. The cement industry is traditionally based on fossil fuels, and in order to reduce CO₂ emissions, NEXE Group has already started investing in its own capacities for the use of renewable energy.

NEXE d.d. has been successfully using alternative fuels as a replacement for fossil fuels for many years, and additional investments are continuously being made to enable further growth in the share of alternative fuels.



MARKET OPPORTUNITIES FOR THE DEVELOPMENT OF NEW PRODUCTS AND SERVICES

In recent years, the development of new generations of products with reduced CO₂ emissions has been accelerating on the market. Lower CO₂ emissions are possible due to changes in the structure of the raw material composition and the use of reactive substitutes. NEXE d.d. has developed so far several new generations of products that enable the reduction of CO₂ emissions compared to the industrial standard for cement production. NEXE d.d. sees the development of the market for green products as its opportunity.

Transition plan

Climate change is currently one of humanity's greatest challenges. It has been scientifically established that the leading causes of climate change are increased concentration of greenhouse gases in the atmosphere, primarily resulting from emissions caused by burning fossil fuels, intensive agriculture, and deforestation of tropical forests. The energy-intensive cement industry can and must achieve ambitious plans for decarbonizing its operations. This is not only necessary to mitigate climate change and stop the rise in average global temperature, but it is necessary for long-term financial sustainability.

On average, NEXE Group's operations cause annual emissions of around 700 000 tons of CO₂e emissions (Scope 1 and 2), which makes it one of the largest emitters of greenhouse gases. At the same time, more than 86 % of CO₂ emissions are related to the cement production process in NEXE d.d. in Našice. Direct and indirect CO₂ emissions are mostly related to:

- Direct CO₂ emissions related to use of fossil fuels
- Direct CO₂ emissions related to use of raw materials in the cement production process and
- Indirect CO₂ emissions associated with the use of electrical energy.



NEXE d.d., Našice, cement factory

The Paris Agreement is a global plan to stop climate change. The Republic of Croatia has been a signatory to the Paris Agreement since 2017, whereby it undertook to implement measures to reduce greenhouse gas emissions in accordance with the strategy of the European Union (EU). Through the document A Roadmap for moving to a competitive low-carbon economy in 2050, the European Union defined the goal of reducing greenhouse gas emissions by 80-95 % by 2050.

To keep the increase in global temperature below 1,5 °C, according to the Paris Agreement, it is necessary to achieve a carbon neutral economy by 2050. NEXE d.d., as a leader in the building materials industry in the region, wants to achieve climate neutrality as early as 2030.

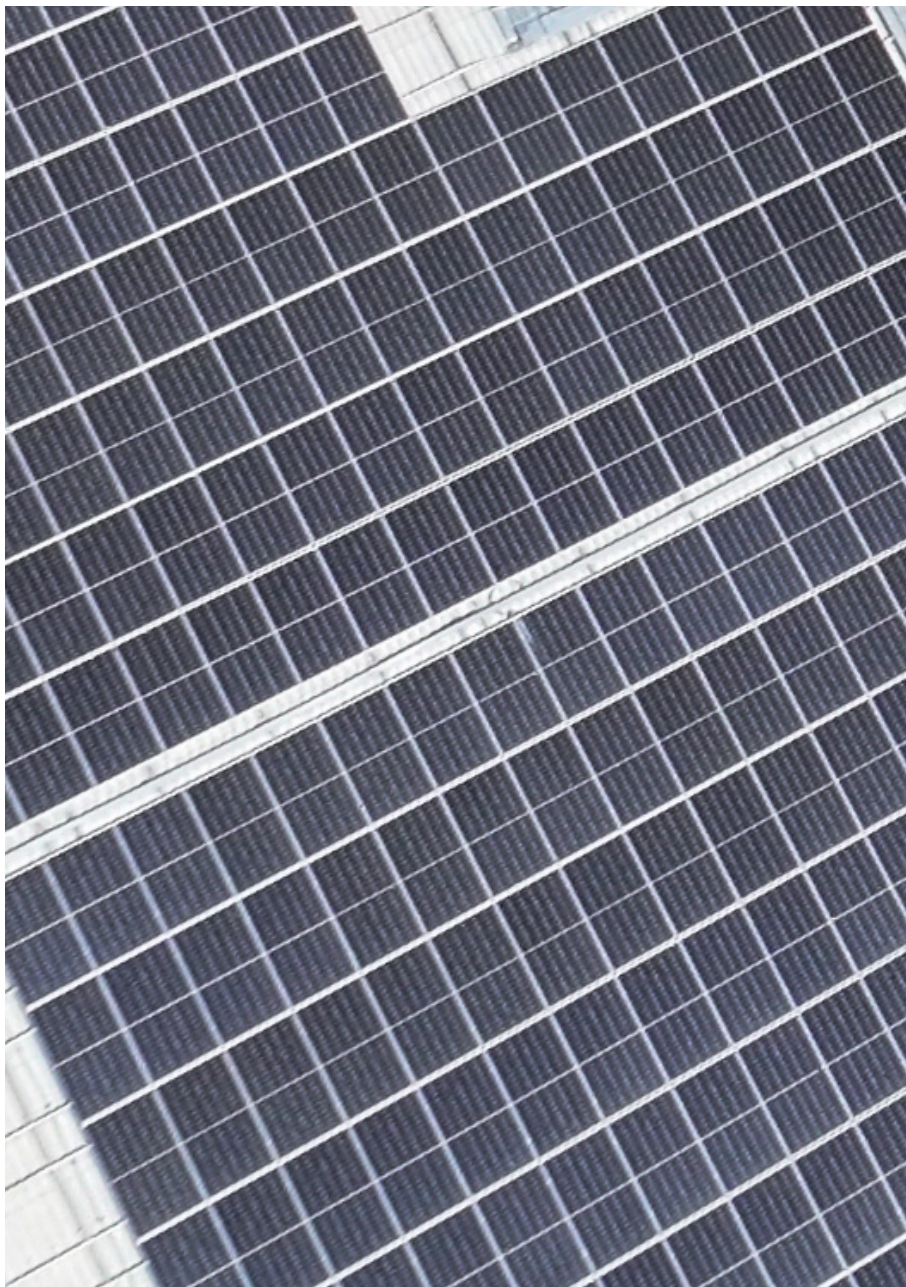
NEXE's path Towards CO₂ Neutrality

By 2030, the goal is to reduce specific CO₂ emissions per ton of cement to approximately 0 kg/t with the help of CO₂ capture and permanent storage technology. This will be achieved by:

- increasing the energy efficiency of production processes and assets
- increasing the share of energy from renewable sources in the total energy mix
- using alternative fuels
- using alternative raw materials
- developing new generations of existing products with reduced CO₂ emissions
- CO₂ capture and storage.

For the part of emissions that cannot be removed in other ways, the capture and permanent storage of CO₂ through a facility that would be built within the CO₂NTESSA project is the key, because without the application of this technology it will not be possible to achieve the set goals and climate neutrality.

NEXE d.d. has been actively managing CO₂ emissions through the EU ETS system for several years and implementing measures to reduce them. In the period until 2030, the intensification of business decarbonization activities is expected.



ENERGY EFFICIENCY AND USE OF RENEWABLE ENERGY SOURCES

In order to reduce energy consumption and related CO₂ emissions, NEXE d.d. implements measures of:

- increasing the energy efficiency of buildings and facilities
- implementation of the latest generation equipment
- construction of photovoltaic power plants.

At the same time, it is important to note that in this category of projects there are significant indirect impacts of reducing CO₂ emissions (e.g. production of renewable electricity for own needs). The implementation of these projects is planned continuously until 2030, and the planned investments in NEXE d.d. amount to 50 million euros. The direct impact of reducing CO₂ emissions would be even greater, but NEXE d.d. is already using electricity entirely obtained from renewable sources. Energy efficiency measures have an annual potential for reducing CO₂ emissions of about 470 t, while the annual potential for reduction by energy production from new solar power plants is about 5 000 t.

Given that NEXE d.d. already procures electricity from 100 % renewable sources, the measure will not reflect the reduction of the carbon footprint but will have a positive impact on decrease of energy costs.

USE OF ALTERNATIVE FUELS

Fuel from waste and other types of waste that can be used for energy recovery in the process of obtaining energy serve as a substitute for fossil fuels (coal, petrol coke and natural gas) in the clinker production process. NEXE d.d. is already successfully using alternative fuels as a substitute for fossil fuels, and the share of substitution in 2024 was 60.6 % in the cement factory, and the goal is to increase this share to more than 90 % through additional investments, i.e. to eliminate the use of fossil fuels in the cement production process as much as possible by 2030.

Investments in the amount of 29 million euros are planned, and the annual potential for reducing CO₂ emissions is up to 55 000 tons. The introduction of alternative fuels is also planned in tile and brick factories.

Biomass (sawdust, wood chips, waste biomass) is also used in the process of obtaining energy and for the purpose of substi-

tuting fossil fuels. During the burning of biomass, the resulting CO₂ emissions are of biogenic origin, that is, the CO₂ that the plant bound from the air during growth is released, which does not result in the creation of new CO₂ emissions. For the processing of sustainable biomass NEXE d.d. obtained the SURE certificate.

Fuel from waste that is used in production with the aim of energy recovery also contains a biogenic component, which means that no new CO₂ emissions are created. Considering that the decomposition of this waste in a landfill would lead to the creation of methane, which has 15 times greater impact on the greenhouse impact of CO₂, the use of waste to replace fossil fuels has a multiple positive impact. The non-biogenic part of CO₂e emissions that occurs during the combustion of biomass and alternative fuels (RDF, waste dry sludge) is reported with emissions in the EU ETS system.

USE OF ALTERNATIVE MATERIALS

Significant CO₂ emissions are caused from using raw materials containing carbonates, due to which CO₂ is released in the production process due to the decarbonization process of the raw materials. The reduction of CO₂ emissions can be achieved by using construction waste as an alternative raw material, given that these are already decarbonated materials, the recovery of which does not emit CO₂.

Although the capital investment value (mobile crusher) in relation to the benefits brought by construction waste is low, significant operational activities are necessary to ensure the quantity of quality construction waste. The planned quantity of construction waste that would be used as alternative raw materials by 2030 is up to 30 000 tons per year. Investments in the amount of 2 million euros are planned, and the annual potential for reducing CO₂ emissions is up to 10 000 tons.



DEVELOPMENT OF NEW GENERATIONS OF EXISTING PRODUCTS WITH REDUCED CO₂ EMISSIONS

In recent years, there has been an increased emphasis on the development of new generations of products with reduced CO₂ emissions. Lower CO₂ emissions are possible due to changes in the structure of the raw material composition and the use of reactive substitutes. NEXE d.d. has so far developed several products that have more than 25 % less greenhouse gas emissions compared to the industry standard.

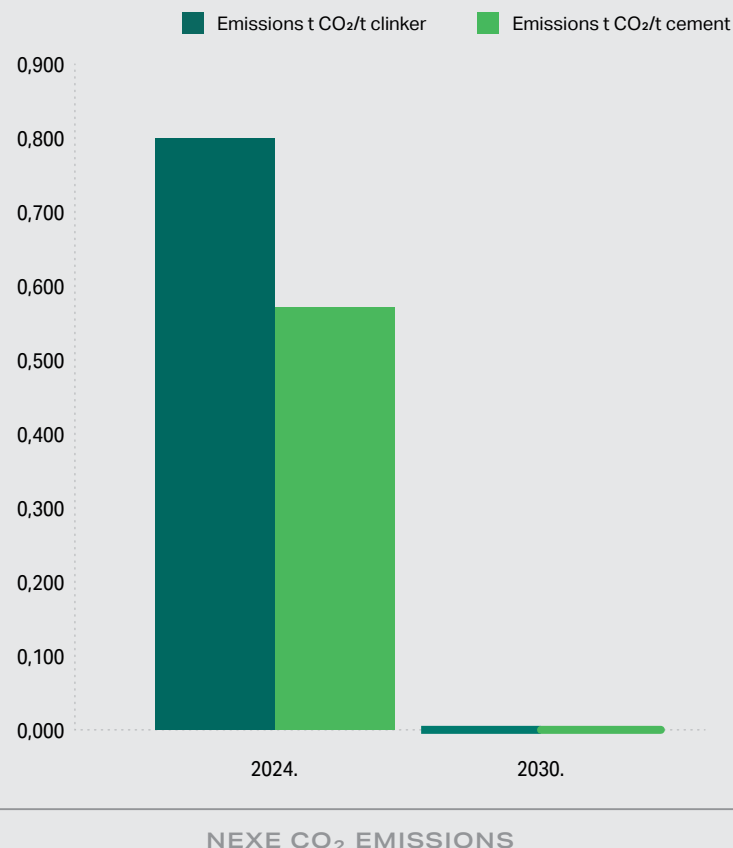
Further product development is aimed at reducing the average share of clinker in a ton of cement, with the goal of achieving a share of 60 % of clinker in a ton of cement by 2030.

NEXE d.d. already has the necessary infrastructure needed to implement the replacement of clinker in the cement production process, and significant additional investments will not be needed to improve the process.

The planned investment in the CO₂NTESSA project amounts to 400 million euros.

By 2030, investments worth more than 80 million euros are planned, which will enable annual CO₂ emissions to be reduced by 92 000 tCO₂.

The remaining emissions will be captured through the facility built as part of the CO₂NTESSA project and stored in the Boc-kovac-1 aquifer.



By 2030, the mentioned measures will enable the reduction of specific emissions of CO₂ per ton of clinker and CO₂ per ton of cement. It is expected that in 2030, CO₂/t clinker emissions will be approximately 0. Cement production will then, according to the technical verification criteria established by the EU Taxonomy, be considered an environmentally sustainable activity.

PLANNED MEASURES AND RESOURCES TO REDUCE CO₂ EMISSIONS IN NEXE d.d.

Decarbonization measures	Invested in the reporting period	Total planned investments	Planned annual reduction of CO ₂ emissions*	Planned implementation period
Energy efficiency and use of renewable energy sources	2,37 mil EUR	50 mil EUR	up to 2 000 t	2022. – 2030.
Substitution of fossil fuels by use of alternative fuels	1,97 mil EUR	29 mil EUR	up to 55 000 t	2022. – 2030.
Use of alternative raw materials	0 mil EUR	2 mil EUR	up to 10 000 t	2022. – 2030.
Development of new generations of existing products with reduced CO ₂ emission	0,016 mil EUR	2 mil EUR	up to 25 000 t	2022. – 2030.
TOTAL	6,88 mil EUR	83 mil EUR	up to 92 000 t	

* The maximum design values are given..

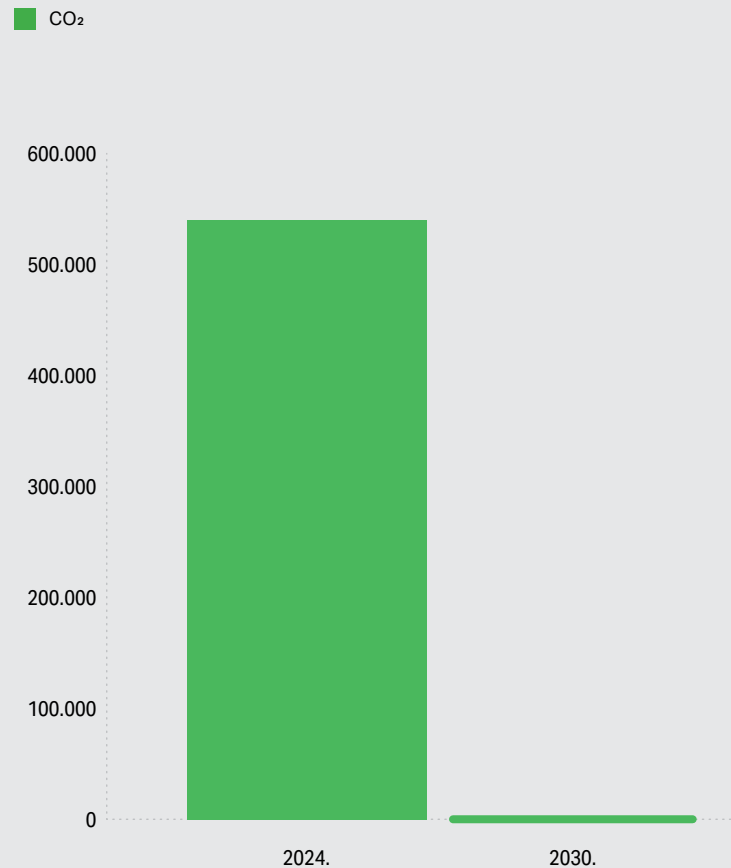
CARBON CAPTURE AND STORAGE

Despite all efforts to reduce CO₂ emissions, achieving CO₂ neutrality is currently only possible by building an innovative system with accompanying infrastructure that enables the capture of up to 100 % CO₂ emissions from the cement plants' production processes and use that CO₂ for industry (EOR) or permanent CO₂ storage in underground structures. The strategic project of NEXE Group in upcoming period is CO₂NTESSA, which involves the modification of the clinker production process based on the second generation Polysius PureOxyfuel technology and which will enable the capture of the remaining emissions that will not be possible to reduce by optimizing the portfolio and production processes. The project is one of the few in the EU that also has an effective solution for the disposal of captured CO₂ through a transport pipeline to the location of Bockovac-1 well, where the CO₂ will be injected into the reservoir – a saline aquifer.

It is predicted that CO₂NTESSA would be put into operation in 2030, which would make it possible to completely eliminate CO₂ emissions from 2030, which will make cement production in NEXE d.d. become a carbon-neutral activity, and the produced cement a green product compliant with the criteria of the EU Taxonomy for cement production.

The total investment amounts to 400 million euros. NEXE d.d. plans to apply the CO₂NTESSA project to the Large-Scale Innovation Fund during 2025, with the intention of implementing the project by 2030.

In 2022, the NEXE Group's Board adopted a new business strategy until 2030, which is based on green, energy and digital transition of business with the ultimate goal of achieving net-zero operations of member company NEXE d.d. in 2030. In the future period, own financial sources will be secured for decarbonization measures complemented by the support of financial institutions and the EU funds. External support will be necessary given the size and significance of the planned investments.

NEXE d.d. CO₂ EMISSIONS (EU ETS)

LOCKED-IN EMISSIONS

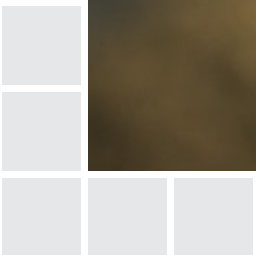
The risk of locked-in emissions for NEXE d.d. is largely linked to the success of the CO₂NTESSA project, as most of the cement emissions are related to process emissions, and any obstacles to project implementation could slow down the decarbonization process. NEXE has adapted its strategy for the transition to a low-carbon economy and is preparing major investments in key assets, including vehicles, production processes and heating and cooling systems, to enable the transition to a low-carbon option.

Since low carbon alternatives for key assets are already available, this approach reduces the risk of long-term emissions. In addition, by producing own energy from renewable sources, it reduces dependence on the purchase of certified green energy, thereby additionally increasing the resistance to risks associated with emissions in the event of insufficient availability of green energy, which would force NEXE d.d. to purchase electrical energy from non-renewable sources.



Energy and Emissions Management

Production of construction materials, especially clinker production processes and raw material and cement grinding require significant quantities of thermal and electrical energy. Fossil fuels, although their share is decreasing, represent a significant percentage in the total energy mix. Precisely because of the energy intensity of operations, the entire building materials industry significantly affects the climate in the form of greenhouse gas emissions that occur during production. NEXE Group recognizes its impact on the environment and is working on the implementation of measures to reduce CO₂ emissions. 86 % of all NEXE Group emissions are related to cement production activities in Našice. Therefore, most of this chapter will refer to measures and goals for reducing CO₂ emissions in cement production, however, it should be noted that NEXE Group also includes other activities in its policies and measures.





These policies are aligned with strategic goals of reducing the impact on climate change and reducing energy intensity and are publicly published on the website [www. nexe. hr](http://www.nexe.hr) so that they are available to all interested parties.

The policy is appropriate to the scope and activities of the Organization.

POLICY

The approach to energy and CO₂ emission measures has been established by NEXE Group through its policies: Quality Policy at the level of NEXE Group, Energy Management Policy in Dilj d.o.o. and Energy, Environment Protection and Health and Safety Policy at NEXE d.d. level.

In the coming period, plan is to expand these policies to include adaptation to climate change, thus ensuring fuller compliance with long-term sustainability strategies and the requirements of ESRS standards.

NEXE Group commits to permanently harmonize its activities with applicable legislation and assumed obligations in the field of energy management, and to constantly monitor, prevent and reduce air emissions by using and purchasing modern and energy-efficient, organizational, technical and technological solutions aligned with the best available techniques.

NEXE Group commits to rationally consume non-renewable resources and improve its energy indicators to reduce the negative impact of business operations on climate change.

The NEXE Group's Board is responsible for achieving the goals set in this policy, and the following sectors are responsible for the implementation of the measures:

- Production Sector
- Investment Sector and
- Strategy and Business Development Sector.

Monitoring of indicators and progress towards the achievement of goals is carried out by responsible persons appointed by the Board.

Environment Management System according to ISO 14001:2015 has been implemented and certified in NEXE d.d. since 2004. Environmental management systems have also been established in other companies of NEXE Group, although they are not currently certified. NEXE d.d., Dilj d.o.o. and IGMA d.o.o., as companies with energy-intensive production processes have decided to implement an energy management system, which is certified according to ISO 50001 as a further step in their operations and as an upgrade of existing management systems.



MITIGATION MEASURES AND ADAPTATION TO CLIMATE CHANGE

Projects in 2024 aimed at mitigating climate change included, in accordance with the transition plan:

- **increasing energy efficiency and increasing the share of renewable energy sources in total energy sources**
- **material and energy recovery of waste** (shown in the circular economy chapter)
- **development of new generations of existing products with reduced CO₂ emission** (shown in the chapter: Circular economy)

Energy Efficiency and Renewable Energy Sources

ENERGY RENOVATION AND RENEWABLE ENERGY SOURCES IN THE CEMENT FACTORY NEXE d.d.

The project included implementation of energy efficiency measures and renewable energy sources in production plant and energy renovation of buildings aimed at increasing energy consumption efficiency and reducing the share of conventional sources by introducing renewable energy sources in cement factory NEXE d.d. in Našice.

The measures implemented as part of the renovation of the production facility and auxiliary buildings include:

- installation of a system for solar energy production
- introducing more efficient electric motor drives
- replacement of compressors with more efficient ones
- implementation of technological and other measures and interventions in production/working process that result in a reduction of energy consumption and contribute to the energy efficiency of the process
- installation of smart meters and

devices for more detailed monitoring of energy consumption

- thermal insulation of the envelope of the central command building and the restaurant
- installation of a more efficient building ventilation system
- replacement of heating and cooling systems with heat pumps.

By implementing the above mentioned measures, savings in energy delivery were achieved by 1 560 336.24 kWh (64.73 %) compared to the initial state. The implementation of measures to use renewable energy sources will result in an increased amount of renewable energy in the gross final consumption of the project unit by 917 130.4 kWh. It is expected that the implemented measures will reduce CO₂ emissions by 471.4 tons per year compared to the scenario without interventions.

The total value of the project is EUR 3 495 267.30, and the project is co-financed by the European Fund for Regional Development.



Investment projects for the period up to 2030 are being prepared. The plan is to build three more photovoltaic power plants:

- **JALOVIŠTE**
a 9,7 MW photovoltaic power plant
- **VELIMIROVAC**
a 9,9 MW photovoltaic power plant
- **ŠIPOVAC**
a 4,2 MW photovoltaic power plant

In the reporting period, total investments in energy efficiency projects amounted to €172 374.43, including investments in solar power plants, building thermal envelopes, and replacement of heating and cooling systems.

Furthermore, the plan is to invest in a plant for the reception, storage and burning of wood biomass at the raw material dryer, a plant for the storage and dosing of waste dried sludge, a plant for the storage and dosing of liquid alternative fuels, a plant for the preparation, storage and dosing of RDF (fuel from waste), and the mentioned measures are described in more detail in the Circular economy chapter.

In order to adapt to climate change, new envelopes and ventilated facades were installed on the buildings of the central com-

mand, laboratory and restaurant of NEXE d.d. This will reduce the loss of thermal energy during cold weather and enable better insulation during extreme heats. The total expected savings on the central command and laboratory building come to about 67 MWh/year, and on the restaurant building about 32 MWh/year. Also, in order to adapt to climate change, heat pumps for heating and cooling, which belong to renewable energy sources, were installed. The measure included the replacement of all radiators with fan coils and the installation of heat pumps in the building of the central command, administration and restaurant. The expected total savings on the central command building come to about 95 MWh/year, on the administration building about 50 MWh/year, and on the restaurant building about 30 MWh/year.



MODERNIZATION OF THE BRICK FACTORY DILJ d.o.o. PLANT IN NAŠICE

The modernization of part of the plant for handling dry and baked products was completed, and the wagons of the tunnel oven were replaced with new ones. This reduces the breakage of the product, and thus the specific energy consumption and CO₂ emissions per product. The modernization of the process plants of the tunnel furnace and chamber dryer is currently in the preparation and planning phase.



ENERGY RENOVATION AND RENEWABLE ENERGY SOURCES IN DILJ d.o.o.

In 2024, the project "Investment in energy efficiency measures and investment in the promotion of energy from renewable sources of the company Dilj d.o.o.", which was subsidized by the Modernization Fund, was completed. The total value of the project is EUR 5 125 185.67, of which EUR 2 141 666.99 was subsidized by the Modernization Fund.

As part of the project, the following measures were implemented:

- installation of photovoltaic power plants (Našice Plant and Plant 1- Dilj)
- replacement of tunnel kiln wagons (Našice Plant)
- replacement of automation to reduce breakage (Našice Plant)
- replacement of compressors with more energy-efficient ones (Našice Plant and Plant 1- Dilj)
- modernization of lighting (Našice Plant and Plant 1- Dilj)
- installation of smart meters for monitoring energy consumption (Našice Plant and Plant 1- Dilj)
- replacement of vacuum pumps with a centralized system (Plant 1- Dilj)
- replacement of the purifier with a wheel mill (Plant 1- Dilj).

The total planned annual savings from the project "Investment in energy efficiency measures and investment in the promotion of energy from renewable sources of the company Dilj d.o.o." is 8 737.42 MWh/year, and the expected reduction in CO₂ emissions is 2 538.0 t CO₂/year.

The Našice plant is also continuing with a new project "Investment in energy efficiency measures at the Našice plant", and the project has been registered and funds from the Modernization Fund have been approved. The total planned value of the project is €4,951,031.51 + VAT. The total planned annual savings from the project are 5,156.06 MWh, and the expected reduction in CO₂ emissions is 2,304.49 t CO₂/year.

The project includes the following measures:

- Modification of kiln and dryer equipment to utilize waste heat in the tunnel dryer and tunnel kiln more efficiently
- Replacement of 3 diesel forklifts with electric ones

Našice Plant project "Clay transporter project across the Našice railway"

The project reduces the use of diesel fuel and CO₂ emissions through the following measures:

- Removal of trucks from use (savings on diesel fuel and reduction of CO₂ emissions)
- Reduced need for boiler room heating (2h instead of 6h, which would reduce diesel fuel consumption and reduce CO₂ emissions)

Slavonka Plant project "Improvement of production at the Slavonka plant"

The project includes the following measures:

- Tile buffer tank after the engobe chambers
- Automatic sound quality control of tiles



As mentioned above, in 2024, 2 electric forklifts were acquired in Plant 1, which replaced diesel forklifts. The expected energy savings in kWh is: 163,400 kWh/year, and the expected reduction in CO₂ emissions is 37 t CO₂/year.



INCREASING ENERGY EFFICIENCY AND RENEWABLE ENERGY SOURCES AT OPA KETER IGMA D.O.O.

In 2024, the project to increase energy efficiency and introduce renewable energy sources in the production facility of IGMA d.o.o. has been finished. The purpose of the project was to increase the efficiency of energy use and reduce the share of non-renewable energy sources. The measures that were implemented within the production facility include:

- implementation of technological and other measures and interventions in the production/working process that result in a reduction of energy consumption and contribute to the energy efficiency of the process
- installation of smart meters and devices for more detailed monitoring of energy consumption
- installation of new systems to produce electricity from solar energy
- replacement of the existing floating dredger with a new one and installation of a system of mobile conveyors instead of the current transport by freight vehicles.

The implementation of the project and measures will save the energy supply to the project unit of 547 725,74 kWh, with a CO₂ emission reduction of 192.17 t/year. The implementation of measures for the use of renewable energy sources will result in an increased amount of renewable energy and gross final consumption of the project unit by 112 113,23 kWh. The total value of the project is EUR 4 899 286,31, and if was co-financed by the EU Recovery and Resilience Mechanism.

Carbon Capture and Storage

CLIMATE NEUTRAL CEMENT PRODUCTION IN CEMENT FACTORY NEXE IN NAŠICE

The construction materials industry is reaching its limits in terms of reducing CO₂ emissions generated in production, which is why it is crucial to implement new solutions to achieve climate neutrality. Carbon capture and storage (CCS) is a key technology for the decarbonization of cement production, as the sector faces unavoidable process emissions.

These unavoidable process emissions result from the limestone decarbonation process and amount to 60-65 % of the total CO₂ emissions in cement production.

Carbon dioxide capture and storage is a process in which carbon dioxide is extracted from the flue gases of large stationary industrial sources, and then compressed, transported and injected into deep geological formations for permanent storage. This prevents CO₂ emissions from reaching the atmosphere.

In 2022, NEXE d.d. started the development of the CO₂NTESSA project, which involves the modification of the clinker production

process based on the second generation Polysius PureOxyfuel technology developed by the Thyssenkrupp group. It is currently the most economical long-term solution for the complete elimination of CO₂ emissions in cement production. The CO₂NTESSA project will enable the capture of more than 700 000 tons of CO₂ per year, thus bringing cement production closer to zero emissions. The technology that would be implemented in the plant focuses on capturing CO₂ at the source, unlike most other technologies that act only at the end of the production process. The innovativeness of the project enables greater cost efficiency of the process compared to other CO₂ capture technologies, ensuring the long-term competitiveness of cement products in the Republic of Croatia and abroad. The project is a leader in the scope of the industrial application of the mentioned technology and is one of the few in the EU that has an effective solution for the disposal of captured CO₂ through a transport pipeline to the location of Bockovac-1, where CO₂ will be permanently injected into the saline aquifer.



By capturing and storing CO₂, the concentration of CO₂ in the atmosphere is reduced, which contributes to the stabilization of the climate.



The geologically very suitable onshore storage location Bockovac-1 is only 38 km away from the cement plant, which enables energy and cost-effective injection of captured CO₂.

The project CO₂NTESSA would make NEXE d.d. the first user of the carbon dioxide transport and storage infrastructure that the Republic of Croatia is developing as part of the GT CCS project. The GT CCS project has been included in the EU list of projects of common interest (PCI), with the potential to become a regional hub for CO₂ storage, which will make the CO₂NTESSA project an important milestone in the development of carbon capture and storage in Croatia and beyond. The successful implementation of the CO₂NTESSA project would enable NEXE d.d. to become one of the first negative CO₂ emitters in the EU due to the use of substitute fuels with a biogenic component.

Carbon capture technologies in cement production require huge investments, making high costs the main barrier to widespread adoption of carbon capture solutions, so public funding is essential to achieve energy and climate goals in the cement industry.

The total cost of the investment in the CO₂NTESSA project will be EUR 400 million, which makes it one of the largest planned investments in the industry in Croatia.

The project has so far been awarded STEP SEAL, technical assistance for further project development (PDA) by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), and in September 2023 it was included in the list of strategic investment projects of the Republic of Croatia. The CO₂NTESSA project has already received broad support from local to EU levels with key industry stakeholders. With this project, NEXE d.d. continues its green transition and ultimately creates the prerequisites for the production of CO₂neutral cement.



GOALS

In order to transition to climate neutral operations, NEXE Group aligns with EU policies and recommendations at the level of construction materials production sector and sets goals and defines measures for their achievement accordingly. The plan for achieving climate neutrality is based on scientific research and guidelines to stay within 1,5 °C increase limit.

In the year 2023, the emission reduction and energy consumption goals have been set for the NEXE d.d. for cement production, considering it is the most carbon-intensive production. In the coming season, goals will be set for other members of the NEXE Group.

The most energy-intensive member company of NEXE Group, NEXE d.d., has strategically committed to achieving net zero emissions by 2030 and reducing CO₂ emissions by 9 % until 2026 compared to 2022. This goal will be pursued by increasing the share of renewable energy sources and alternative fuels and raw materials and by increasing energy efficiency of the plant and processes. By 2030, a modification of the clinker production process (CO₂NTESSA project) is planned, which will remove the remaining emissions from scope 1, which due to the nature of the process cannot be reduced, thus making the production carbon neutral.

Base year for goals of NEXE d.d. is 2022, and base values* are:

- Scope 1: 658 964 t CO₂,
- Scope 2: 0 t CO₂.

The goals of reducing CO₂ emissions are in line with limiting the growth of the average global temperature to less than 1,5 °C, according to which the economy should achieve carbon neutrality by 2050. NEXE d.d. plans to achieve carbon neutral operations by 2030. The goals were determined with regard to the legal regulations and the strategy of decarbonization of the EU economy. The starting point of EU defined through the document A Roadmap for moving to a competitive low-carbon economy by 2050 – carbon economy in 2050.

Goals for CO₂ emission reduction are based on the development and implementation of the CO₂NTESSA project, which will enable the complete removal of emissions from scope 1. NEXE will achieve CO₂ neutrality by 2030 through the implementation of the CO₂NTESSA project.

Scope 3 is not currently included in the CO₂neutrality plan of NEXEd.d. In this reporting period, the number of categories in the scope 3 was expanded, and in the next reporting period, setting targets for scope 3 will be considered.

* Bazne vrijednosti odnose se na NEXE d.d.

NEXE d.d. emission goal for 2030 in scope 1 and 2:

- **SCOPE 1:** app 0 t CO₂e. In 2030, all emissions generated in Scope 1 on outlet will be captured through the CO₂NTESSA system and transported and stored in saline aquifer Bockovac-1. Therefore, there will be no emissions released into the atmosphere from the production process.
- **SCOPE 2:** 0 t CO₂e. In 2030, there will be no emissions from electric energy consumption because energy will be obtained from renewable sources, for which NEXE d.d. has the HEP ZelEn certificate.
- **SCOPE 3:** NEXE d.d. is currently in the process of establishing a system for monitoring emissions from Scope 3, and targets for reducing emissions will be established in future reporting periods.

Limitations of scope 1,2 and 3 are defined according to standards of GHG protocols.

GOALS TO REDUCE CO₂ EMISSIONS FOR THE COMPANY NEXE d.d.

	BASE YEAR (2022)	REDUCTION POTENTIAL UNTIL 2030* (T/YEAR)	GOAL (2030)
GHG emissions (t CO ₂ e)	658 964 t CO ₂ e	/	0
Energy efficiency and use of renewable sources of energy		do 2000	
Substitution of fossil fuels with alternative fuels		do 55 000	
Use of alternative materials		do 10 000	
Development of new generations of existing products with reduced CO ₂ emission		do 25 000	
Implementation of CCS technologies			Približno 0 t CO ₂ e emisija**

* The maximum design values are given.

** Related to the expected BECCS, because we will have negative CO₂ emissions with it

Energy Consumption and Carbon Footprint

In 2024, the total energy consumption in NEXE Grup is 1,115,887 MWh, which is a decrease of 11.8 % compared to the previous year, while energy consumption from non-renewable sources decreased by 3.77 % compared to 2023. In 2024, the share of energy from renewable sources in total consumption was 13.68 %, which is an increase of 17.14 % compared to 2023.

Of the non-renewable energy sources in the energy mix, the most represented are alternative fuels (other fossil sources) and natural gas, each with a 30 % share in energy consumption. For the first time since their introduction, alternative fuels have taken the leading share in non-renewable fuel consumption, which clearly confirms NEXE Group's efforts to reduce the use of conventional fossil fuels. The rest of the energy consumption is accounted for by coal with a share of 26.67 % and to a lesser extent by oil derivatives and electricity from the energy mix.

The NEXE Group substitutes part of the energy from fossil fuels with alternative fuels. In 2024, a total of 292,312 MWh of energy, or 30.35 %, was generated by the use of alternative fuels.

The largest energy consumer in the NEXE Group in 2024 was cement production in NEXE d.d., which accounted for 70.7 % of the total energy consumption from non-renewable sources. This is followed by the production of tiles and bricks in ADPOLET IG NOVI BEČEJ with 15.09 % of the total energy consumption from non-renewable sources and the production of tiles and bricks in Dilj d.o.o.

ENERGY MIX

		2021.	2022.	2023.	2024.
(1) Consumption of energy from coal and coal products	MWh	292 100	298 018	271 322	256 935
(2) Consumption of energy from crude oil and oil products	MWh	247 039	254 426	153 942	98 408
(3) Consumption of energy from natural gas	MWh	374 775	392 413	365 253	292 176
(4) Consumption of energy from other non-renewable sources	MWh	261 174	266 177	295 253	292 312
(5) Consumption from nuclear sources	MWh	0	0	0	0
(6) Consumption of purchased or acquired electricity, heat, steam and cooling from non-renewable sources	MWh	145 914	35 722	35 045	23 458
(7) Total consumption of non-renewable energy	MWh	1 321 002	1 246 756	1 120 815	963 289
Share of non-renewable sources in total energy consumption	%	98,35 %	90,14 %	88,6 %	86,32 %
(8) Consumption of energy from renewable sources (including biomass, biogas, waste from non-fossil fuels, hydrogen from renewable sources, etc.)	MWh	0	0	21 512	26 483
(9) Consumption of purchased or acquired electricity, heat, steam or cooling from renewable sources	MWh	22 128	135 329	120 951	121 350
(10) Consumption of self-produced renewable energy without fuel	MWh	0	1103	1799	4 765
(11) Total consumption of renewable energy	MWh	22 128	136 433	144 262	152 598
Share of renewable sources in total energy consumption	%	1,65 %	9,86 %	11,4 %	13,68 %
Total energy consumption MWh	MWh	1 343 130	1 383 188	1 265 077	1 115 887

HEP ZELEN

Since 2022, member companies of NEXE Group NEXE d.d. and Dilj d.o.o. have started using electricity obtained solely from renewable sources, as confirmed by the HEP ZelEn certificate. The cancellation of a sufficient number of guarantees of origin of electricity in the register of guarantees of origin of electricity maintained by the Croatian Energy Market Operator (HROTE) proves that the electricity used by member companies of NEXE d.d. and Dilj d.o.o. is obtained exclusively from renewable sources. Isporuka električne energije s certifikatom HEP ZelEn

HEP ZelEn Electricity

2022.	2023.	2024.
135 329 MWh	120 029 MWh	115 523 MWh

ENERGY PRODUCTION

In 2022, NEXE Group started producing electricity from its own sources. In 2024, the total production amounted to 5,201 MWh, which is an increase of about 153 % compared to 2023. This is the result of investment in the construction of solar power plants at NEXE Group locations, and the solar power plant of the Slavonska facility contributes the largest share to RES production. In the coming years, investments in own capacities for the production of electricity from renewable sources will continue, and further growth is expected.

		2021.	2022.	2023.	2024.
Production from non-renewable energy	MWh	0	0	0	0
Production from renewable energy	MWh	0	1107	2054	5201



ENERGY INTENSITY

In 2024, the energy intensity associated with activities in the sector with a large impact on the climate amounted to 0,0051 MWh per EUR 1 of net income. NEXE Group recorded a decrease in energy intensity compared to 2023, when energy intensity was 0,0054 MWh per EUR 1 of net income. In the mentioned period, revenues decreased by 6,97 %, and energy intensity decreased by 5,12 %. The reduction in the energy intensity of operations is the result of investments in energy efficiency measures.

		2021.	2022.	2023.	2024.	% 2023./2024.
Energy intensity (total consumption of energy per net income) connected with activities in sectors with significant climate impact	MWh/ EUR	0,0073	0,0060	0,0054	0,0051	-5,12 %
Net income from activities in sectors with significant climate impact	EUR	183 333 570	229 600 508	235 494 250	218 923 615	-7,04 %

* Income of member companies of NEXE Group in sectors with significant climate impact. Income refers to member companies: NEXE d.d., Dilj d.o.o., IGMA d.o.o., EKONEX d.o.o., LUKA TRANZIT OSIJEK d.o.o., NEXE BETON d.o.o. Sarajevo, NEXE BETON DOO NOVI SAD, AD POLET IGK NOVI BEČEJ, POLET-KERAMIKA DOO NOVI BEČEJ and Tvornica opeke d.o.o. Sarajevo. These are sales revenues within the scope of individual Audit reports that are publicly available.

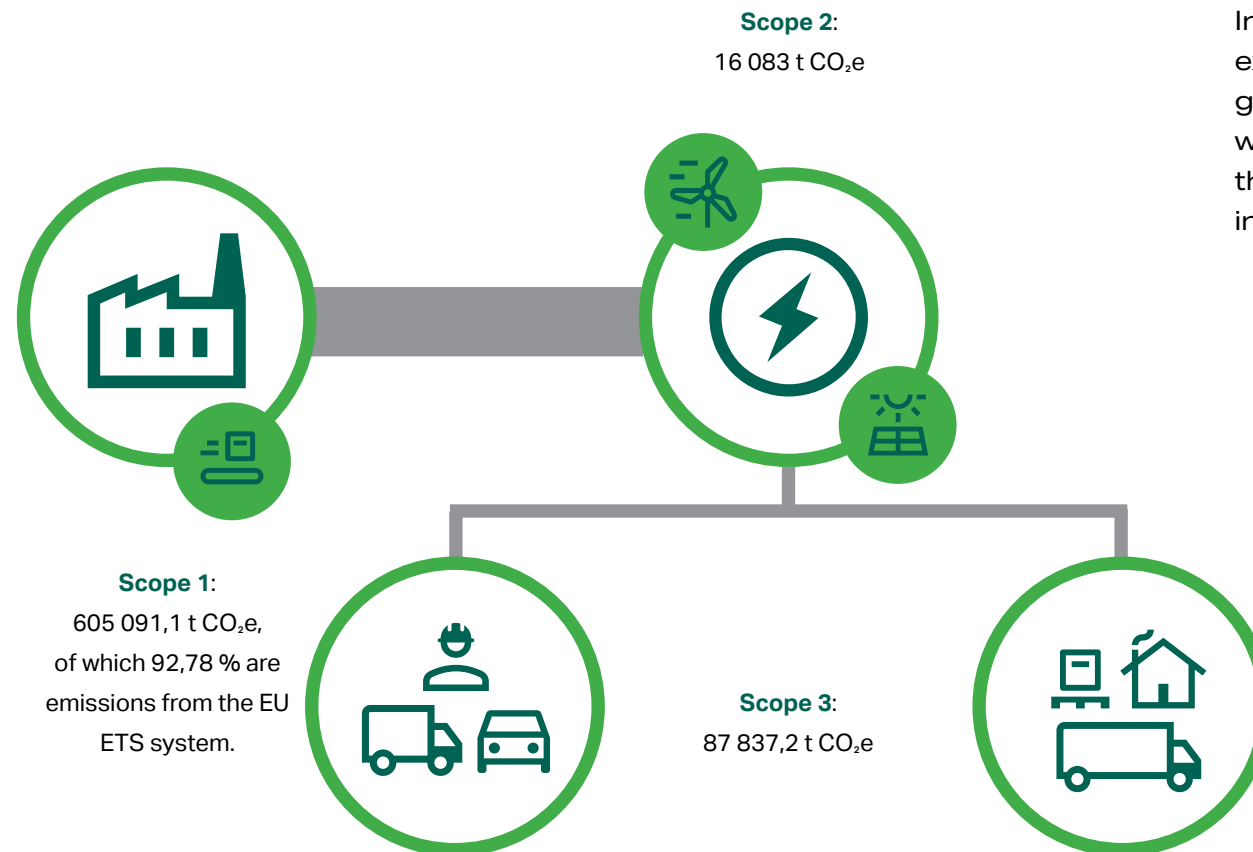


Carbon Footprint

Scope 1 includes emissions from the process of production and combustion of fuel, own vehicles and work machines and refrigerants.

Scope 2 includes emissions resulting from the production of electricity from renewable and non-renewable energy sources.

Scope 3 includes emissions from purchased products (category 1), capital goods (category 2), emissions from fuel production (category 3), delivery of raw materials and energy sources and shipment of finished products (categories 4 and 9), waste generated in business (category 5), employee's commute (category 6) and end-of-life treatment of sold products after use (category 12).



In this reporting period, scope 3 was expanded with two additional categories and the existing categories were additionally developed, which is the cause of the increase in emissions in scope 3 compared to 2023.

CARBON FOOTPRINT - NEXE GROUP

	Base year (2022)	2022.	2023.	2024.	%2024/2023.
Gross greenhouse gas emissions from scope1 (tCO ₂ e)	757 915,0	757 915,0	680 351,6	605 091,06	-11,1 %
Percentage of greenhouse gas emissions from EU ETS (%)	87,11	87,11	91,0	92,8	1,9 %
Gross greenhouse gas emissions from scope 2 based on location (tCO ₂ e)	41 839,1	41 839,1	35 957,5	31 448,0	-12,5 %
Gross greenhouse gas emissions from scope 2 based on market (tCO ₂ e)	24 803,0	24 803,0	20 098,9	16 083,4	-20,0 %
Total gross indirect greenhouse gas emissions from scope 3 (tCO ₂ e)	35 477,9	35 477,9	49 993,6	87 837,3	75,7 %
1 purchased goods and services	1056,8	1056,8	1955,7	5889,6	201,1 %
2 capital goods	N/A	N/A	N/A	2997,8	N/A
3 activities related to fuel and energy (not included in scope 1 or 2)	N/A	N/A	18 931,0	24 718,3	30,6 %
4 transport and distribution at higher level	10 969,5	10 969,5	7186,1	22 545,8	213,7 %
5 waste generated during operations	N/A	N/A	202,7	412,0	103,3 %
7 employee's commutes	1149,5	1149,5	1429,2	1474,1	3,1 %
9 transport at lower level	22 302,1	22 302,1	20 289,0	26 255,3	29,4 %
12 End-of-use	N/A	N/A	N/A	3544,4	N/A
Total emission of greenhouse gases (based on location) (tCO ₂ e)	835 232,0	835 232,0	766 302,6	724 376,3	-5,5 %
Total emission of greenhouse gases (based on market) (tCO ₂ e)	818 195,9	818 195,9	750 445	709 011,7	-5,5 %

Emissions based on location include total emissions without taking into account purchased certified renewable energy.

Emissions based on the market are the actual total emissions attributed to NEXE Group, as certified energy from renewable sources is purchased for part of the purchased electricity.

CARBON FOOTPRINT - NEXE d.d.

	Base year (2022)	2022.	2023.	2024.	% 2024./2023.
Gross greenhouse gas emissions from scope1 (tCO ₂ e)	658 964,3	658 964,3	601 721,9	545 357,58	-9,4 %
Percentage of greenhouse gas emissions from EU ETS (%)	99,59 %	99,59 %	99,49 %	99,51 %	
Gross greenhouse gas emissions from scope 2 based on location (tCO ₂ e)	17 728,1	17 728,1	14 011,6	13 826,68	1,3 %
Gross greenhouse gas emissions from scope 2 based on market (tCO ₂ e)	0	0	0	0	0
Total gross indirect greenhouse gas emissions from scope 3 (tCO ₂ e)	21 826,0	21 826,0	31 532,1	48 706,6	54,5 %
1 purchased goods and services	1056,8	1056,8	1923,9	4950,5	157,3 %
2 capital goods	N/A	N/A	N/A	2298,4	N/A
3 activities related to fuel and energy (not included in scope 1 or 2)	N/A	N/A	10 965,2	11 968,1	9,1 %
4 transport and distribution at higher level	8313,5	8313,5	5967,0	9707,1	62,7 %
5 waste generated during operations	N/A	N/A	32,3	245,8	661,5 %
7 employee's commutes	476,1	476,1	562,5	614,1	9,2 %
9 transport at lower level	11 979,6	11 979,6	12 081,4	17 104,2	41,6 %
12 End-of-use	N/A	N/A	N/A	1818,4	N/A
Total emission of greenhouse gases (based on location) (tCO ₂ e)	698 518,4	698 518,4	647 265,6	607 890,8	-6,1 %
Total emission of greenhouse gases (based on market) (tCO ₂ e)	680 790,3	680 790,3	633 254,0	594 064,2	-6,2 %

Cement production in NEXE d.d. has the most significant share of the carbon footprint of NEXE Group, which is why the emissions are shown separately.

For NEXE d.d. climate transition plan was adopted, which set emission reduction targets in scopes 1 and 2 and established planned decarbonization measures.

Activity/member company of Group		Total t CO ₂ /year			
		2021	2022	2023	2024
Cement and concrete production					
NEXE d.d.	Scope 1	637 262	658 964	601 722	545 358
	Scope 2	16 702	0	0	0
	Scope 3	18 854	21 826	31 532	48 707
Concrete production					
NEXE BETON DOO NOVI SAD	Scope 1	556	639	6	0,52
	Scope 2	123	123	181	270
	Scope 3	1 143	1 560	1 015	1 571
NEXE BETON d.o.o. Sarajevo	Scope 1	410	319	295	224
	Scope 2	112	103	89	83
	Scope 3	313	293	248	366

Activity/member company of Group		Total t CO ₂ /year			
		2021	2022	2023	2024
Brick and roof tile production					
Dilj d.o.o.Vinkovci	Scope 1	24 470	25 573	21 111	19 330
	Scope 2	8 831	0	0	0
	Scope 3	1 472	1 285	4 629	5 894
Tvornica opeke d.o.o. Sarajevo	Scope 1	10 657	11 472	10 619	8 719
	Scope 2	4 280	4 730	4 036	3 419
	Scope 3	551	512	1 088	2 248
AD POLET IGK NOVI BEČEJ	Scope 1	45 808	45 355	36 903	30 352
	Scope 2	14 995	14 971	12 632	11 822
	Scope 3	2 485	1 980	4 349	19 604
Polet-keramika d.o.o. Novi Bečej	Scope 1	13 294	14 127	8 110	0
	Scope 2	4 024	4 184	2 632	0
	Scope 3	1 043	1 287	1 708	0

Activity/member company of Group		Total t CO ₂ /year			
		2021	2022	2023	2024
Gravel and sand extraction					
IGMA d.o.o. Koprivnica	Scope 1	1 462	1 413	1 184	948
	Scope 2	684	692	498	464
	Scope 3	6 829	6 811	5 253	9322
Port and warehouse activities					
LUKA TRANZIT OSIJEK d.o.o.	Scope 1	9	9	364	131
	Scope 2	0	0	31	25
	Scope 3	80	62	157	61
Other activities					
EKONEX d.o.o.	Scope 1	33	28	38	28
	Scope 2	0	0	0	0
	Scope 3	3	10	14	5
N-INVEST d.o.o. Sarajevo	Scope 1	0	0	0	0
	Scope 2	0	0	0	0
	Scope 3	0	0	0	0

Activity/member company of Group		Total t CO ₂ /year			
		2021	2022	2023	2024
NEXE d.o.o Sarajevo	Scope 1	0	0	0	0
	Scope 2	0	0	0	0
	Scope 3	0	0	0	0
NEXE INVEST d.o.o., Našice	Scope 1	0	0	0	0
	Scope 2	0	0	0	0
	Scope 3	0	0	0	57
CE-MA d.o.o. Našice	Scope 1	0	0	0	0
	Scope 2	0	0	0	0
	Scope 3	1	1	1	1
NEXE GRADNJA d.o.o., Našice	Scope 1	16	15	0	0
	Scope 2	0	0	0	0
	Scope 3	33	36	0	0
TOTAL	Scope 1	733 976	757 915	680 352	605 091
	Scope 2	49 751	24 803	20 099	16 083
	Scope 3	32 807	35 664	49 994	87 837

GHG INTENSITY

In 2024, the GHG intensity of NEXE Group was 0.0029 t CO₂e per EUR 1 of net income. Despite the decrease in total greenhouse gas emissions, NEXE Group recorded an increase in GHG intensity of 1.63 % compared to 2023, when the GHG intensity was 0.0032 t CO₂e per EUR 1 of net income, and the increase in GHG intensity was the result of a decrease in income.

Compared to the base year 2022, when the intensity was 0.0036tCO₂e per EUR 1 of net income, the intensity in 2024 is 16.06 % lower.

GHG-INTENSITY BASED ON NET INCOME

NEXE Group	2021.	2022.	2023.	2024.	%2024/2023
Total GHG emissions (tCO ₂ e)	816 534	818 383	750 445	709 011	-5,52 %
Net income * from activities in sectors with high climate impact	183 333 570	229 600 508	235 494 250	218 923 615	-7,04 %
GHG-intensity (tCO ₂ e/eur)	0,0045	0,0036	0,0032	0,00324	1,63 %

* income of member companies of NEXE Group in sectors with big climate impact. Income refers to member companies: NEXE d.d., Dilj d.o.o., IGMA d.o.o., EKONEX d.o.o., LUKA TRANZIT OSIJEK d.o.o., NEXE BETON d.o.o. Sarajevo, NEXE BETON DOO NOVI SAD, AD POLET IGK NOVI BEČEJ, POLET-KERAMIKA DOO NOVI BEČEJ and Tvornica opeke d.o.o. Sarajevo. These are sales revenues within the scope of individual Audit reports that are publicly available.



METHODOLOGY OF DATA COLLECTION AND CALCULATION OF INDICATORS

Responsible individuals in member companies of NEXE Group, who are also members of the sustainability reporting team, collect data on energy consumption and document it in prescribed format. Data and indicators on energy consumption and greenhouse gas emissions are continuously collected, calculated and monitored in accordance with legal requirements, ISO standard 50001:2018 and EU ETS system.

Greenhouse gas emissions are calculated according to the methodology prescribed by the Greenhouse Gas Protocol (GHG Protocol) and EU ETS rules. Data refer to following member companies: NEXE d.d., Dilj d.o.o., IGMA d.o.o., EKONEX d.o.o., LUKA TRANZIT OSIJEK d.o.o., NEXE BETON d.o.o. Sarajevo, NEXE BETON DOO NOVI SAD, AD POLET IGK NOVI BEČEJ and Tvor-nica opeke d.o.o. Sarajevo.



| 2.3.

Air and Water emissions

Material Impacts, Risks and Opportunities

EMISSIONS OF POLLUTANTS INTO THE AIR

The main impact on the environment from the activities of the NEXE Group's business system is the emission of pollutants into the air, partly due to nature of the processes and high process temperatures, and partly due to powder components in the production process.

Emissions into the air occur at the production plants locations as a result of production activities, and are related to the production processes of cement, tiles, bricks, concrete and during the exploitation of raw materials. Emissions into the air that occur at the outlet of the rotary kiln and other outlets of dedusters and boiler rooms are: sulfur oxides (SOX), nitrogen oxides (NO_x), total organic carbon (TOC), hydrogen chloride (HCl), hydrogen fluoride (HF), ammonia (NH₃), dioxins, furans and heavy metals and particulate matter (PM₁₀, PM_{2.5}).

NEXE Group continuously improves processes by installing new and efficient devices while also applying new technological solutions which enable achieving results of air emissions lower than those prescribed by the law.



EMISSIONS OF POLLUTANTS INTO WATER

The production of construction materials can have a potentially negative impact on water resources if water is not managed responsibly. Water is categorized into: technological (for washing machines), cooling (cools the gases before they go to the furnace deduster and equipment), precipitation and sanitary. Pollutants like nitrogen, phosphorus, phenols, nickel and their compounds, lead and compounds, cadmium, copper, zinc, chromium, cobalt can get into wastewater. To prevent water pollution before discharge of wastewater into waterways or public drainage systems, wastewater treatment and regular control at the discharge points are carried out in accordance with the requirements of the environmental and water law permit. In member companies AD Polet, NEXE BETON DOO NOVI SAD at locations Batajnica and Ostružnica, LUKA TRANZIT OSIJEK d.o.o., Dilj d.o.o. plant Našice and IGMA d.o.o. the water is discharged into a natural recipient.

Risks Related to Pollution

FINES AND INCREASED BUSINESS COSTS DUE TO EXCEEDING EMISSIONS – exceeding the legally prescribed limit values for pollutant emissions into the environment can result in fines and increased costs due to remediation of the negative effect, which would affect business success.



POLICY

The approach to the management of negative impacts on the environment was determined by the NEXE Group's policies: the Quality Policy at the NEXE Group level and the Energy, Environmental Protection and Health and Safety Policy at the NEXE d.d. level.

With the policies, NEXE Group undertakes to permanently align its activities with the applicable legislation and other commitments in the field of environmental protection, and to constantly improve its management systems and processes that affect the environment. NEXE Group commits to use and procure modern and energy-efficient, organizational, technical and technological solutions aligned with the best available techniques, to constantly monitor, prevent and reduce emissions of pollutants into the air, water and soil, waste production and rational consumption of natural resources.

NEXE Group strives to encourage the development of awareness of energy consumpti-

on and environmental protection among its employees and external suppliers of goods and services, and to be a responsible and acceptable neighbor to the local community, open in communication with interested parties regarding its environmental impact and environmental indicators. As part of the documentation of the management system, procedures are prescribed for controlling and preventing air and water pollution, operation of devices for exhaust gas dust removal and wastewater treatment, and monitoring of air and water emissions.

Companies NEXE d.d., Dilj d.o.o. and Tvornica opeke d.o.o. Sarajevo are obliged to obtain an Environmental Permit. The Environmental Permit itself prescribes the method and dynamics of individual measurements, the evaluation of results and the obligation to monitor them and report them to the competent authorities. Measurement dynamics and emission limit values may thus be different from those prescribed in current legislation.

In order for a company to obtain an Environmental Permit, with regard to its activity, it must prove that it applies the best available techniques. According to the Environmental Protection Act, the best available techniques are the most advanced stage in the development of activities and their working methods, which shows the practical applicability of certain techniques as a basis for emission limit values and other permit conditions that are designed to prevent and, where this is not feasible, reduce emissions and impact on the environment as a whole.

The main goals of the policy are to prevent environmental pollution by limiting the emissions of pollutants within the limits prescribed by the environmental permit and the law, and to apply the currently best available techniques. The implementation of the policy is the responsibility of the production sectors and the persons responsible for the environmental protection process in the member companies, while the Board is responsible for achieving the goals.



Air Emission Management Measures

During the last decades, industrial air pollutant emissions in the European construction materials sector have significantly decreased. This was achieved precisely by applying the best available techniques such as modern dust filtering devices (bag dust collectors), closed systems for storage, transport and dosing of raw materials and fuel, online emission analyzers and optimization of process management, selective non-catalytic reduction (SNCR) to reduce emissions NO_x and a system for reducing SO₂ emissions – dry desulphurization. Member companies of NEXE Group have implemented the aforementioned solutions that enable low emissions of pollutants into the air.



MEASURES TO REDUCE EMISSIONS OF TOTAL POWDERY SUBSTANCES

In the cement industry, dust control is important for the health and safety of workers as well as for the local community and for protection of the ecosystem, that can also be negatively impacted by dust. NEXE Group consistently implements measures that prevent air pollution with dust.

DUST COLLECTION SYSTEMS: bag filters are installed at emission points in factories that capture dust particles preventing their release into the atmosphere.

REGULAR MAINTENANCE AND CLEANING: one of the simplest methods of preventing dust emissions is regular cleaning of machines and plants, which removes accumulated dust and prevents it from rising into the air.

PROPER MANAGEMENT OF WAREHOUSES: storage of raw materials or energy can result in dust if the warehouses are not properly secured. Procedures have been set up in the organization to ensure that warehouses are well secured with the aim of preventing dust emissions.

EMISSION MONITORING: dust emissions are continuously monitored at the discharge of the rotary kiln in NEXE d.d. and periodically in accordance with the requirements of the environmental permit and legal requirements at other discharges, and in case of unusually high values, monitoring is carried out by the operator and corrective measures are implemented.

MEASURES FOR REDUCTION OF POLLUTANT GASES

In NEXE d.d. various measures are applied to reduce sulfur dioxide (SO₂) emissions and nitrogen oxides (NO_x), which are harmful to the environment and human health.

USE OF LOW-SULFUR FUELS: By replacing traditional high-sulfur fuels, such as coal and petroleum coke, with low-sulfur fuels, such as alternative fuels and natural gas, SO₂ emissions are reduced. Low-sulfur fuels have a naturally lower sulfur content, which results in lower SO₂ emissions.

FLUE GAS DESULFURIZATION in the cement industry is based on adopting existing technologies from other industries. In NEXE d.d. a dry process was applied in which hydrated lime is used as a reagent.

APPLICATION OF CERTAIN PRIMARY MEASURES TO REDUCE EMISSIONS OF NITROGEN OXIDES: flame cooling, low NO_x burner, optimized automatic controlled process.

SELECTIVE NON-CATALYTIC REDUCTION (SNCR) for NO_x emission reduction: involves injecting a 25 % ammonia solution at predetermined locations within precalciner heat exchanger. Upon its injection and mixing with hot flue gases, a chemical reaction occurs between nitrogen oxides (of which nearly 95 % are NO_x oxides) and ammonia molecules, resulting in nitrogen and water vapor.

COMBUSTION OPTIMIZATION: Proper control of the combustion process in the furnace can reduce the formation of NO_x. Examples of measures include adjustment of combustion parameters, optimization of air flow, proper fuel distribution and use of combustion air preheating systems.

MONITORING AND CONTROL OF THE PROCESS: an automatic measuring device at the discharge of the rotary kiln continuously monitors the emissions of pollutants into the air, which enables a quick reaction in case of high values at other discharges in the plant.

INTERNAL MONITORING OF POLLUTANT EMISSIONS INTO THE AIR



The internal monitoring system enables constant monitoring of air emissions, pollution control and enables the implementation of operational measures to ensure compliance with air quality regulations.

Unlike other facilities where emissions monitoring and testing dynamics are primarily conducted according to legal obligations, for holders of Environmental Permits, the method and dynamics of individual measurements, result evaluation, monitoring obligations, and reporting to authorities are prescribed directly in the Environmental Permit itself. Consequently, the monitoring dynamics and emission limit values may differ from those specified in the applicable legislation.

In accordance with the legal requirements for monitoring the emission of pollutants from stationary sources, NEXE d.d. is the only member company of NEXE Group, obligated to continuously measure emissions of pollutants into the air from the smokestack of the rotary kiln. This is done using an automatic measuring system that ensures data on the concentration and emitted mass flow rate of pollutants in the waste gas during continuous operation of the stationary source, as well as data on the parameters of the waste gas (temperature, pressure, humidity, and others). The automatic measurement system for the continuous measurement of pollutant emissions includes: measuring instruments, recording and storage of all measurement results, relevant values of parameters of the state of waste gases and parameters of the mode of operation of a stationary source, evaluation of measurement results, i.e. values of established emission quantities and values of parameters of the state of waste gases, daily, monthly and annual reporting and continuous transmission to the information system on emissions monitoring managed by the competent Ministry of Economy and Sustainable Development.

Calibration and regular annual control of the automatic measuring system for continuous measurement is performed using prescribed reference measurement methods in accordance with HRN EN 14181. A report has been prepared on the results of calibration and regular annual verification of the measurement system. Continuous measurements of total particulate matter SO₂, NO₂, TOC, HCl, HF and NH₃ are carried out at the rotary kiln outlet, and occasional measurements of dioxins and furans, heavy metals, and mercury are also carried out.

On other outlets and in other member companies of NEXE Group, occasional monitoring of emissions of particulate matter and other gases is conducted according to their respective activities. Measurements of pollutants emission into the air are also carried out at outlets of the boiler rooms. Companies and locations that are not covered by the environmental permit monitor emissions of pollutants into the air in accordance with national legislation. All measurements are in accordance with legal requirements and are carried out by authorized testing laboratories.

AIR QUALITY MONITORING STATION IN ZOLJAN

Immissions are substances measured in a particular area, enabling the assessment of air quality. In order to enable the local community to monitor the impact of cement production on air quality in their town, NEXE d.d. established an air quality monitoring station in Zoljan in 2004. This decision was the result of an environmental impact assessment conducted for the transition from gas to coal at the NEXE d.d. clinker production plant. Since then, data from the station has been collected and verified according to legal and norm requirements referring to air quality monitoring, and air categorization is performed.

The exact location of the measuring station is determined by the Decision of the Ministry responsible for environment protection and based on the Environmental Impact Study, taking into account the wind rose at the factory premises. The station is macro-located between NEXE d.d. plant and Našice, 2200 m north of the plant at a slightly higher altitude in the direction of the predominant air flow and 6 km southeast of the city of Našice. In regards to micro-location the air flow is secured, as well as secure electrical and information infrastructure that enables its continuous operation.

The station is positioned in a way that it provides data on the highest concentrations of pollutants to which the population is likely to be exposed, directly or indirectly, during a period significant in relation to the averaging time of the limit values.

Continuous measurements of sulfur dioxide (SO₂), nitrogen dioxide (NO₂), and concentrations of particulate matter with an aerodynamic diameter <10µm (PM₁₀) are carried out at the automatic air quality monitoring station. Additionally, measurements are conducted to determine the quantity of total suspended particles (TSP) in the air and analyses of heavy metals in those particles. These measurements are performed according to accredited testing methods by external testing air quality monitoring laboratories: NZZJZ Andrija Štampar (TSP and heavy metals) and Ekonerg d.o.o. (gases and PM₁₀). Since the establishment of the monitoring station until today, the data from the Zoljan monitoring station have indicated Category I air quality in Našice. Monitoring of TSP and heavy metals is carried out in concrete plant Osijek, IGMA d.o.o. and Dilj d.o.o. (Našice plant).

Measures to Reduce Negative Impact on Water

DRAINAGE AND WATER TREATMENT SYSTEM

In accordance with the Environmental Permit and elaborated Rulebook on the Operation and Maintenance of Facilities and Devices in Function of Preventing Water Pollution, NEXE d.d. has developed a drainage, treatment, and water quality monitoring system for wastewater.

The drainage system of NEXE d.d. factory consists of rainwater, contaminated rainwater, and sanitary drainage. Industrial wastewater does not originate from the technological process itself at NEXE d.d. factory because the water intended for cooling the technological process is used in a closed recirculation system. Rainwater at the NEXE d.d. site is generated from rainfall and the melting of snow and ice from pavements, roof surfaces, surface mining areas for mineral extraction, and green areas within the factory premises and waste dumps. Contaminated rainwater, or rainwater-process water at NEXE d.d. factory, refers to water that is collected from washing facilities, trucks, machinery, and vehicles, as well as water from contaminated, traffic and handling areas.

Wastewater drainage at nexe d.d. is carried out through:

- Separate drainage system of buried pipes for sanitary water
- Separate drainage system of buried pipes for combined drainage of rainwater
- Separate drainage system comprising partially open earth excavations (channels) and partially buried pipes for rainwater drainage.

WASTEWATER TREATMENT AT NEXE d.d. IS CARRIED OUT THROUGH THE FOLLOWING PROCESSES:

PRIMARY TREATMENT, including the use of oil and grease separators, grease traps, sedimentation tanks, which are used to remove solid waste of larger dimensions, such as coal, sand, gravel, and similar substances, as well as the separation of fats and oils from water. It also involves the use of sand filters for removing oils and lubricants, emulsions, oil-water mixtures, greases from grease traps, and degreaser-water mixtures

SECONDARY TREATMENT involves the biological degradation of organic matter using BIO-DISK type purifiers.

INTERNAL MONITORING AND MAINTENANCE MEASURES OF FACILITIES AND DEVICES IN THE FUNCTION OF PROTECTING WATER FROM POLLUTION

Drainage systems are regularly maintained and monitored in every NEXE Group company with the aim of promptly detecting any discharged pollutants into the water. Before discharging, in line with obligations, wastewater and rainwater are treated using appropriate physical processes. At the Tajnovac 1 site (cement production), sanitary wastewater is treated in a biological treatment plant before being discharged into waterflows. Regular inspections are conducted at discharge points to monitor emissions of pollutants in accordance with Environmental Permit and Water Permits.

In NEXE d.d. waterproofing tests were carried out on various facilities, including separators, grease traps, coal clarifiers, sand filters and the BIO Module. All facilities met the standards HRN EN 1508:2007 and Rules for the accreditation of water supply and drainage system testing HAA-Pr-2/12. In 2024, NEXE d.d. carried out a watertightness test of the drainage system using the HRN EN 1610:2015 method, and the test determined the watertightness of the drainage system in question (Test Report KU-1703-24).

DRAINAGE AND WATER TREATMENT IN OTHER MEMBER COMPANIES OF NEXE GROUP:

Rainwater is drained into a water collection channel and oil and oil derivatives are removed in the grease/oil separator if they are present in the water.

At the exit from the separation, a settling tank is used, after which the water is discharged into the sewer or a natural recipient.

In order to improve water tightness, NEXE d.d. contracted works on the rehabilitation of the drainage system, which envisage the replacement of stormwater and fecal sewage pipelines with a total length of 434 meters in the period from 2022 to 2024. By the end of 2023, a total of 103.18 m of stormwater sewage and 103.18 m of fecal sewage were completed and located, in which 70,978.05 EUR was invested. In 2024, NEXE d.d. changed the installation of the drainage system from the port to the cement mill, resulting in the replacement of stormwater and fecal sewage pipelines with a total length of 365 m. The total investment value was 149,697.84 EUR.

In November 2024, the reconstruction of the parking lot of the administrative building, water supply network and drainage system began, and the works will continue in 2025. The total investment value is 273,000.00 EUR. As part of the investment in question, 373 m of storm and fecal sewage pipes and 459 m of sanitary and hydrant water supply systems were replaced.

In 2024, construction work was carried out at the Vinkovci Concrete Plant on the concrete production plant, handling surfaces and fences, as well as the water connection, sewage, handling surfaces and stormwater drainage. The total value of the approved investment is EUR 195,000.00.

Testing of the drainage system's water tightness was carried out in November 2023 and in all three Dilj d.o.o. member plants (Plant 1, Slavonka Plant and Našice Plant) using the "V" method according to the HRN EN 1610:2015 Standard.

Monitoring of the cement plant's wastewater according to the requirements of the environmental permit is carried out four times a year for sanitary and technological use and twice a year for stormwater and discharge into the Jelav stream. Analyses of Sesvete Concrete Plant's wastewater are carried out twice a year. All analyses are carried out by authorized laboratories.

PROCEDURE IN CASE OF AN EMERGENCY AT NEXE D.D.

Due to the presence of hazardous substances at the cement production site in NEXE d.d., a documented procedure for handling emergency events has been developed and implemented. In other members of NEXE Group, there are no hazardous substances, so they are not required to develop the mentioned planning documents. However, in other members of NEXE Group, the development of an Evacuation and Rescue Plan is mandatory.

Documents PL.B-4.1-01 Operational Plan for Protection and Rescue, PL.B-4.1-02 Plan and Program of Measures in Case of Emergency Events – Ionizing Radiation Area, and DP. B-4.1-12 Management of Emergency Situations in NEXE d.d. outline the prevention measures, procedures in case of emergency situations, and methods for mitigating potential negative environmental impacts in case they occur. The adequacy of these documents and the readiness of all personnel designated to participate in such situations are periodically verified through simulated emergency events, and additional training is conducted as needed, with necessary updates or modifications to the documents.

According to the Regulation on the Prevention of Major Accidents Involving Hazardous Substances (OG 44/14, 31/17, 45/17), NEXE d.d. falls into the lower class of facilities where hazardous substances are present in small quantities and must have an established Major Accident Prevention Policy. This policy is part of an integrated management system in which all hazards related to the handling and storage of hazardous substances are recognized, identified, and analyzed. All measures are taken to prevent major accidents that could endanger the lives and health of employees and suppliers, the environment, material assets, and the company's operations.

The mentioned Regulation prescribes the information which the operator is obliged to provide to the public in case of a major accident hazard. The Major Accident Prevention Policy and Public Information on the Safety Management System in NEXE d.d. are available on the NEXE Group's website.

For entities holding environmental and water permits, the mandatory requirement includes the preparation of an operational plan of measures in the event of extraordinary and sudden water pollution.



Indicators

AIR POLLUTION

The continuous goal of NEXE Group is to achieve values lower than the prescribed limit values for pollutant emissions and to reduce pollutant emissions into the air by applying the best available techniques. The emission limit values are prescribed by the Regulation on Limit Values for Pollutant Emissions into the Air from Stationary Sources (NN 42/2021) and the Environmental Permit for those obliged to obtain it. The goal is to preserve the highest, Category I, air quality in the vicinity of NEXE Group facilities.

The measurement method is prescribed by law, and all measurements are in accordance with the requirements of the legislation and NEXE d.d. has no influence on the choice of measurement method. Measurements of pollutant emissions into the air are carried out according to the frequency defined in the Environmental Permit and in accordance with legal requirements in all member companies.

Measurements, except for continuous air quality measurements, which have special legal requirements, are carried out on other stationary sources by authorized legal entities – a testing laboratory accredited according to ISO 17025:2017 and for methods of measuring individual pollutants. Calibration of the automated measurement system is performed at legally prescribed intervals by authorized calibration companies, which ensures measurement accuracy.

In 2024, no exceedances of air emission limit values were recorded for any pollutant.

In addition to meeting the legally prescribed air pollutant emission limit values, NEXE Group currently has no additional targets set in this area, but will consider introducing them in the future.

Emissions of pollutants into the air at the NEXE Group level

	2021. (t/year.)	2022. (t/year)	2023. (t/year)	2024. (t/year)
SO ₂ (sulfur dioxide)	759,92	794,73	661,38	558,75
NO _x (nitrogen dioxide)	781,56	942,54	809,62	734,08
TOC (total organic carbon)	307,79	376,02	367,26	260,78
PM _{2,5} /PM ₁₀ /total particulate matter	40,87	43,94	37,77	40,37
NH ₃ (ammonia)	42,49	48,23	45,14	40,3
Total heavy metals	0,18592	0,21846	0,21387	0,14174

At the measuring station Zoljan, in the reporting period, the number of hourly or daily limit values for pollutant concentrations (PM₁₀, NO_x and SO₂) that were monitored was lower than allowed in the calendar year, and the average annual concentration of the pollutant PM₁₀ was lower than the limit value.

Also, the results of measuring the amount of total precipitable matter (UTT) and analysis of heavy metals in it showed that the determined concentrations of heavy metals (lead, cadmium, arsenic, nickel, mercury and thallium) were below the limit values of emissions prescribed by legislation and the Environmental Permit. Data from the measuring station Zoljan show the first category of air quality in Našice.

Air quality monitoring based on UTT and heavy metals is also carried out at the Osijek concrete plant location, at the Našicetvrtka Dilj d.o.o. facility. and at the exploitation locations of the company IGMA d.o.o. According to the results of measuring the amount of total sediment and the amount of metals in it, the ambient air for the above locations during the testing period in 2021, 2022, 2023 and 2024 was of category I quality.



WATER POLLUTION

Environmental and water permits dictate the prescribed limit values and permissible concentrations of hazardous and other substances in wastewater. The continuous goal of NEXE Group is to achieve values lower than the prescribed limit values in above documents.

In the reporting period, measurements of pollutant emissions into water were carried out by an authorized and accredited testing laboratory at all locations of NEXE d.d. where there is a legal obligation to test pollutant emissions in wastewater before discharge into the public drainage system or natural watercourse. The tests carried out in 2024 showed that the emissions of pollutants in wastewater before discharge into the public

drainage system or natural watercourse were in compliance with the prescribed emission limit values and in accordance with the environmental permit, except for one sample of wastewater (taken at the Sesvete Concrete Plant) where one parameter (pH value) did not meet the prescribed emission limit values. In view of the above-mentioned exceedance, corrective actions were initiated and a sample was subsequently taken at the same location by an authorized person and the same was tested again by an authorized laboratory. By testing the sample taken again for the specified parameter (pH value) and all other required parameters, it was determined that the specified parameters were in accordance with the emission limit values prescribed in the Water Management Permit.

Emissions of pollutants into water during reporting period

	2021. (t/year)	2022. (t/year)	2023. (t/year)	2024. (t/year)
Total nitrogen	0,03094	0,07055	0	0,1077
Total phosphorus	0,00505	0,00667	0,01350	0,0206
Phenols	0	0,00008	0,00000	0,0077
Nickel and compounds	0,00041	0,00136	0,00042	0,0016
Lead and compounds	0,00083	0,00104	0,00049	0,0004
Cadmium	0,00001	0,00003	0,00000	0,0002
Copper	-	-	0,00055	0,37
Zinc	-	-	0,00106	0,1
Chromium	-	-	0,00041	0,229926
Cobalt	-	-	0,04648	0,6
Total suspended matter	-	-	-	2,724876
Low-volatility lipophilic substances (total oils and fats)	-	-	-	0,9116
Total Hydrocarbons	-	-	-	0,9116
Detergents, anionic	-	-	-	0,007912

METHODOLOGY FOR DATA COLLECTION AND CALCULATION

Within NEXE Group, designated individuals responsible for environmental protection organize monitoring of pollutant emissions into air and water. At the points of discharge, the authorized testing laboratory takes wastewater samples and conducts analyses in accordance with reference methods. The total amount of pollutants released into the environment is determined based on the presence of substances in the sample and the total amount of water released.

Compared to the previous reporting period, the report also added the amounts of total suspended solids, non-volatile lipophilic substances, and total hydrocarbons and anionic detergents.



Water management is covered by the Energy, Environmental and Health and Safety Policy, which is described under the topic "Pollution"

2.4.

Water Management

Impacts, Risks and Opportunities

WATER WITHDRAWAL AND CONSUMPTION – cement production is a dry process in which a small amount of water is used for cooling gases, equipment and washing machines. In NEXE Group, water is used in the raw material exploitation phase (gravel, clay...), for plant cooling, for dust prevention, in the process of producing concrete and concrete products, and for cleaning plants and property. In order to reduce drinking water withdrawal, water is recycled wherever applicable.


Measures

WATER CIRCULATION IN THE COOLING SYSTEM

Water use reduction measures are best shown in plant cooling where the same water circulates in the system. The existing room cooling system consists of a water cooler (chiller). In cooling units, the cooling water is heated by removing heat from the air, which consequently cools the space. The water cooler cools the cooling water again and sends it to the cooling units in the areas that need to be cooled.

CLOSED SYSTEM OF WATER USE IN CONCRETE PRODUCTION

In the production of concrete and concrete elements, a wastewater recycler is used, which is used in the production process and incorporated into the finished product. In the production of concrete, the water from the washing of truck mixers is used by purifying it on devices for extracting suspended substances and recycling it back into the production process. Water recycling is carried out in NEXE d.d., IGMA d.o.o., NEXE BETON d.o.o. Sarajevo and NEXE BETON DOO NOVI SAD. A total of 19 262,0 m³ of water was recovered in 2024.



In order to reduce water consumption in activities, NEXE Group strives to optimize the management system so that water is kept in the system as long as possible.

I Indicators

TABLE: WATER CONSUMPTION AND RECYCLING IN NEXE GROUP				
	2022. [m³]	2023. [m³]	2024. [m³]	2024./2023. [%]
Water withdrawal in m³	296 798	237 517	204 371	-14,0
Water discharge in m³	119 138	101 704	117 686,4	15,7
Total quantity of recycled and recovered water in m³	4 612	8 602,5	19 262	123,9
Total quantity of stored water	0	0	0	0
Changes in storage in m³	0	0	0	0
Total water consumption in m³	177 660	135 813	86 684,6	-36,2
Total water consumption in m³ in areas exposed to water risks including areas with severe water shortages	0	0	0	0
Water consumption intensity (total water consumption in m³/mil EUR net income)	773,78	576,71	395,96	-31,34 %



METHODOLOGY

Data on water use are collected through direct measurements via water meters, which record the amount of water withdrawn. Also, at the exits out of the purification system, measuring devices are installed that enable monitoring of discharged water. For members of Dilj, concrete plants NEXE d.d., TOS, AD Polet IGK and IGMA, which do not measure water discharge, a methodology is used to calculate water consumption based on the expert assessment of the production process manager on the amount of water used in production. Data on water recovery in concrete plants is obtained by measuring water, which after being used to wash the mixer and being purified in the recycler, is used for preparing concrete, thus ensuring the accuracy and completeness of information on water re-use. NEXE Group has not yet set goals in the area of water consumption and recycling, but in the next reporting period it will consider adopting goals for this indicator.



Author prof. dr. sc. Jelena Kralj, Institute of Ornithology in Zagreb, Croatian Academy of Sciences and Arts

| 2.5.

Biodiversity Protection

The exploitation of mineral raw materials and climate change have an impact on biodiversity, and it is extremely important that companies in the construction materials production sector responsibly manage their impacts and implement measures to protect and restore biodiversity. NEXE Group depends on the exploitation of mineral raw materials in its business, and this activity affects land conversion and landscape change. In its operations, it accepts its responsibility in the protection of biodiversity and is committed to the implementation of all prescribed measures for the protection of biodiversity and ecosystems during the exploitation of mineral raw materials, as well as the process of environmental rehabilitation after the end of exploitation.

NEXE Group's exploitation fields:



Material impacts, risks and opportunities


The exploitation of mineral resources is an integral part of the NEXE Group's business model and has a significant impact on the quality of the final product. At its production sites, NEXE Group indirectly impacts biodiversity through greenhouse gas emissions, air and water pollutant emissions, and increased noise levels. These impacts are described in the chapters "Climate Change", "Pollution" and "Our Contribution to the Local Community".

This chapter will focus on the impacts that arise during the process of exploiting raw materials at the exploitation fields.

HABITAT REDUCTION AND FRAGMENTATION – Negative impacts occur when converting an area into an exploitation field or when constructing a facility. All changes to habitat have a negative impact on animals. Habitat reduction and fragmentation can have a significant impact on animals and their reproduction and behavior, and can as well increase mortality.

LANDSCAPE CHANGE – In the process of mining mineral raw materials, a significant amount of material is removed and the landscape is irreversibly changed. The depth is reached, and the surface does not return to its original state with the prescribed massaging measures.

IMPACT ON HABITATS AND SPECIES DUE TO MINING ACTIVITIES – Activities carried out in the above exploitation fields cause temporary migration of animal species whose habitat is located in the area of the intervention during the exploitation period and after the completion of exploitation and land reclamation, the return of these species to these areas can be expected. In addition, noise and vibrations associated with production sites and exploitation activities can have a detrimental impact on wildlife, disrupting the natural patterns of behavior and communication of animals, which can lead to stress, resulting in a decline in the number of individuals and even the displacement of species from their habitats.



Conversion of terrestrial to aquatic habitat- during the exploitation of construction sand and gravel in the exploitation fields of Mladje and Prosenica, the conversion of terrestrial habitat to aquatic occurs, and it is precisely the loss of terrestrial habitat, due to the expansion of the lake surface, that represents the greatest change in the environment when it comes to bioecological features on the surfaces that were affected by mining operations.

MARGINALLY NON-MATERIAL TOPICS

These topics are related to the negative impacts of mining activities, but in the materiality assessment conducted, the negative impact did not exceed the materiality threshold, because the exploitation is carried out according to the rules and does not have a significant negative impact, which can also be recognized by the published indicators on page 206.

LAND CONVERSION – exploitation of mineral resources carried out by NEXE Group members requires the removal of vegetation cover, changes in the configuration of the terrain, changes in the landscape and deterioration of soil quality. At its locations, the NEXE Group undertakes all legally prescribed environmental protection measures and implements an environmental monitoring program. After the end of operation, the NEXE Group will carry out the rehabilitation of the locations and the recultivation of land with indigenous plants with the aim of returning the location to its original state. In the environmental impact studies prepared for the purposes of conducting an environmental impact assessment of the projects in question and in the supervision of environmental protection inspections, no significant negative effects of land use change on biodiversity were identified.

RISKS AND OPPORTUNITIES

Potential tightening of legal and other regulations that regulate the area of operation of exploitation fields would lead to increased operating costs for NEXE Group due to:

- increased reporting obligations on biodiversity and ecosystems
- the need to conduct more analyses, monitoring and reporting
- stricter environmental protection measures during exploitation and
- more demanding and expensive measures to carry out remediation after exploitation.

EXPANSION OF PROTECTED AREAS AND PROHIBITION OF EXPLOITATION – the consequences of climate change could further threaten biodiversity and ecosystems, which could tighten the criteria for approving new exploitation fields or completely banning activities in certain territories, especially since the EU Biodiversity Protection Strategy proposes expanding the area under protection.

MORE EFFICIENT USE OF RESOURCES – NEXE Group has been working intensively for some time on the development of new products that require fewer natural resources, in which substitute raw materials are used in certain proportions instead of primary mineral raw materials. By reducing the share of primary mineral raw materials used in the production of NEXE Group, the intensity of exploitation in the existing fields will be reduced, which will extend the working life of the existing exploitation fields and postpone the need for new exploitation fields.

RISK OF LOSING THE CONCESSION – the business model of NEXE Group depends on the availability of natural raw materials that are exploited in its own exploitation fields. The loss of the exploitation concession at a certain location would result in increased costs associated with the supply of raw materials from a third party and costs due to the opening of a new exploitation field.



Stakeholders were involved through regular meetings with the local community and through grievance mechanisms.

So far, there have been no concerns expressed by stakeholders regarding the impact on biodiversity and ecosystems, which confirms the adequacy of the existing measures and strategy of the NEXE Group.

STRATEGY AND BUSINESS MODEL RESILIENCE

Resilience of NEXE's strategy and business model Group risks related to biodiversity and ecosystems are based on the exploitation of raw materials exclusively in already approved exploitation fields, where it is assessed that the impact on biodiversity is not significant and that activities can be carried out safely. Given the long life of the exploitation fields, there will be no need for additional locations in the long term, which reduces the potential impact on ecosystems. Therefore, physical and transitional risks related to biodiversity do not have a significant impact on the business model and strategy.

The resilience analysis of the value chain shows that NEXE Group sources most of its mineral raw materials from its own exploitation fields, which gives it direct control over potential environmental impacts. Downstream, NEXE Group products are used in construction projects that may have some impact on the ecosystem. However, given the strict regulatory requirements, it is believed that these impacts are adequately controlled and minimized.

Key assumptions of the analysis include the stability of the regulatory framework, continued application of best practices in field management and adherence to environmental standards in the construction industry.

The periods analyzed in the resilience assessment are aligned with the long-term strategic plans of the NEXE Group, with operational impacts on existing fields being observed in the short term, potential regulatory requirements and adjustments in the medium term, and the sustainability of the business model in the context of environmental trends and market expectations in the long term.

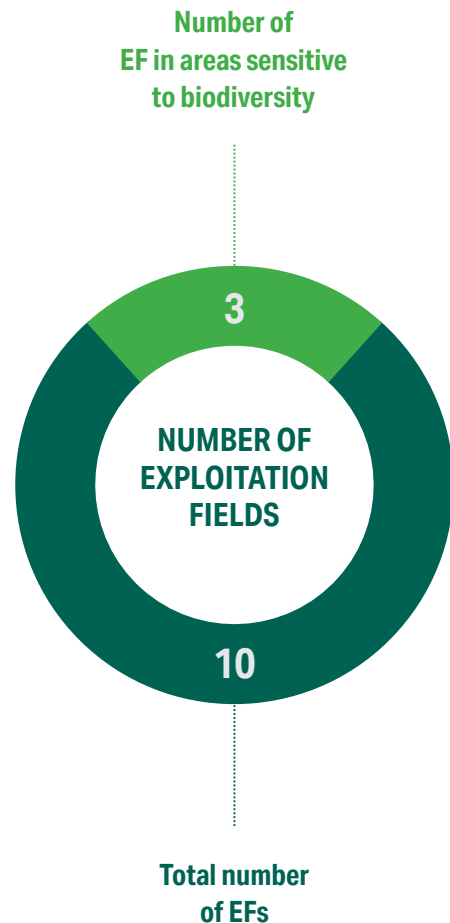
The results of the resilience analysis show that the key risks related to biodiversity and ecosystems are of low significance for the NEXE Group, thanks to existing regulatory approvals, long-term resource planning and controlled impacts in the value chain.

LOCATIONS ACCORDING TO ESTABLISHED IMPACTS ON BIODIVERSITY

	Location	Type of activity affecting biodiversity	EF area (in ha)	Determined impacts and dependencies	Ecological condition of the area	Area sensitive to biodiversity
AD Polet	Surface mine of clay raw materials „Stražilovo“	Clay exploitation	114,15 ha	Changing landscape, noise, degradation of agricultural soil	NA	NO
	Production buildings Sremski Karlovci	Production process	–	Noise, wastewater and gas emissions from production processes	NA	NO
Dilj d.o.o.	Production plant „Slavonka“	Production process	–	Noise, wastewater and gas emissions from production processes	NA	NO
	Exploitation field „Ervenica“	Clay exploitation	43,44 ha	Changing landscape and degradation of forrest soil	NA	NO
	Plant Slavonija IGM d.o.o.	Production process	–	Noise, wastewater and gas emissions from production processes	NA	NO
	Exploitation field „Kukljaš“ and „Kukljaš-I“	Clay exploitation	33,45 ha	Changing landscape and degradation of agricultural soil	NA	NO
IGMA d.o.o.	Exploitation field „Mladje-keter“	Exploitation of construction sand and gravel	78,71 ha	Noise, changing landscape and terrestrial habitat to aquatic, removal of wetland habitats occurred due to previous exploitation, pollution with heavy metals	NA	YES
	Exploitation field „Jagnježde 2“	Exploitation of construction sand and gravel	87,48 ha	Noise, changing landscape and terrestrial habitat to aquatic, pollution with heavy metals	NA	YES
	Exploitation field „Prosenica I“	Exploitation of construction sand and gravel	49,62 ha	Noise, changing landscape and terrestrial habitat to aquatic, pollution with heavy metals	NA	YES

	Location	Type of activity affecting biodiversity	EF area (in ha)	Determined impacts and dependencies	Ecological condition of the area	Area sensitive to biodiversity
NEXE d.d.	Cement factory NEXE d.d., Našice	Production process	–	Noise, wastewater and gas emissions from production processes	Good	NO
	Exploitation field „Bukova glava-Vranović“	Exploitation of mineral raw materials for cement production	249,69 ha	Changing landscape, dust, degradation of forest soil	NA	NO
AD Polet IGK	Clay pit „Garajevac istok“	Clay exploitation	44,68 ha	Changing landscape and degradation of agricultural soil	NA	NO
	Production plant AD Polet IGK	Production process	–	Noise, wastewater and gas emissions from production processes	NA	NO
Tvornica opeke d.o.o. Sarajevo	Brick factory Sarajevo	Production process	–	Noise, wastewater and gas emissions from production processes	Good	NO
	Clay pit „Rapailo“	Clay exploitation	4 ha	Noise, landscape change, degradation of soil	Good	NO

In this report, an error related to the surfaces of the exploitation fields "Stražilovo" and "Garajevac East" from the previous report has been corrected.



AREAS SENSITIVE TO BIODIVERSITY AND IMPACT ON PROTECTED SPECIES

The locations of the exploitation fields Mladje-keter, Jagnježde 2 and Prosenica I are considered areas sensitive to the preservation of biodiversity because they are located within the protected area of the Mura-Drava Regional Park and are integrated into the ecological network NATURA 2000. Natura 2000 are special areas of the ecological network of the European Union whose goal is to identify and protect habitats and populations of endangered and sensitive species in order to preserve biodiversity.

In the Mura regional park, where EF Mladje-keter, Jagnježde 2 and Prosenica I are located, economic activities are permitted that do not endanger its essential features and role. According to the Environmental Impact Studies, which were prepared for all three mentioned EFs, exploitation activities are allowed because only a small area is covered by the intervention in relation to the total area of the park and due to it being an activity that does not pollute the environment. According to the Environmental Impact Studies, no significant impact on the state of natural habitats is expected. Likewise, for the Mladje-Keter field, in accordance

with the Decree on Environmental Impact Assessment (NN 3/17, 61/14), the assessment procedure on the need for an Environmental impact assessment (EIA) was carried out for the modification of the planned intervention, as well as the Environmental Protection Study.

Based on the procedures for assessing the environmental impact of the interventions in question, which are prescribed by the Decree on Environmental Impact Assessment (NN 3/17, 61/14), the Ministry of Environmental Protection issued decisions establishing the need to implement biodiversity protection measures only at the locations of the Mladje-Keter and Prosenica I exploitation fields. Biodiversity protection measures are prescribed for exploitation in accordance with the Nature Protection Act (NN 80/13, 15/18, 14/19, 127/19, 155/ 23).

On locations of exploitation fields of NEXE Group, habitats of endangered species have not been determined. However, protected species have been observed in some locations, especially in locations located near or within ecological network belts.

MONITORING THE NESTING OF THE RED-BILLED TERN AND BLACK-BACKED GULL AT ŠODERICA

In the exploitation field Mladje-Keter, on an island on Lake Šoderica, the population of a protected bird species – the red-billed tern has been monitored for many years. IGMA d.o.o., a member of the NEXE Group from Koprivnica, in cooperation with the Institute of Ornithology, is participating in research as part of the project "Land or sea: ecological and genetic aspects of red-billed tern habitat selection".

Red-billed terns traditionally attempt to nest on the sandbanks of the Drava River, but due to unfavorable conditions they often continue their migration to Šoderica or nearby locations. In 2023, at least 35 pairs nested on the island of Šoderica, but the nesting was not successful, probably due to bird flu.

In 2024, unfortunately, terns did not nest again on Šoderica, except for perhaps two to three pairs on a low island that was crea-

ted after the Drava River flooded a gravel pit last year. Most of the colony moved to a nearby location in Hungary – Gyekenyes, where 35 to 40 pairs currently nest.

The islet on Šoderica itself has meanwhile become significantly overgrown, primarily with acacia, which makes it difficult for terns to return because they need open areas with gravel or low grass for nesting. To preserve potential habitat, the NEXE Group plans to repeat the vegetation removal campaign in order to ensure conditions for terns to nest.

The good news is that the black-backed gull has been recorded nesting again on Šoderica, the only known location for this species in Croatia. A nest with three eggs was found on a low islet, which confirms the importance of this area for the conservation of endangered birds.

STRATEGY AND BIODIVERSITY TRANSITION PLAN

The biodiversity transition plan has not been adopted at the NEXE Group level. NEXE Business Model depends on mineral raw materials and currently has no plans to stop the exploitation of raw materials. It is carried out in accordance with applicable legal regulations, which prevents significant damage to biodiversity. After the end of exploitation, land reclamation measures are implemented with the aim of returning it as close as possible to its original state.

In addition to land use and change of landscape, NEXE Group affects biodiversity through greenhouse gas emissions and other pollutants into the environment. In order to reduce the impact on this driver of biodiversity loss, a climate transition plan has been developed for NEXE d.d., which is described in the chapter "NEXE Group and climate change".

NEXE Group strives to integrate the protection and restoration of biodiversity into the development, management and rehabilitation of exploitation fields. The biodiversity approach follows a hierarchy of mitigation, emphasizing the avoidance, reduction and mitigation of impacts on biodiversity. This is ensured for projects (Exploitation of mineral raw materials) for which Annex I of the Regulation on Environmental Impact Assessment (NN 3/17, 61/14) prescribes the obligation to carry out the environmental impact assessment procedure through the preparation of an Environmental Impact Study, carrying out an environmental impact assessment, applying environmental protection measures and environmental monitoring programs prescribed by the Resolution. Environmental impact assessment procedure is implemented and measures for management, mitigation and reduction of impacts are applied. It is also carried out in accordance with the Study of Reserves and the Main and Supplementary Mining Projects.



POLICY

With Quality Policy at the Group level and Energy, Environmental Protection and Health and Safety Policy at the level of NEXE d.d., NEXE Group undertook to operate according to the principles of socially responsible business and sustainable development, responsibly managing natural resources and preventing pollution of all environmental components. With these policies, NEXE Group has undertaken to permanently align its operations with the applicable legal regulations and to implement obligations undertaken with regard to environmental protection.

For its exploitation activities, NEXE Group carries out environmental impact assessments and coordinates its operations at these locations with the prescribed environmental protection measures during the exploitation phase, including preparation, the exploitation process itself, and remediation procedures after the end of exploitation.

The policies have been published on the official website and have been adopted by the Board.

In the next reporting period, NEXE Group plans to expand its policies to more thoroughly cover the topic of biodiversity.

Measures for Biodiversity Protection

To avoid significant negative impacts on biodiversity and reduce the impacts associated with exploitation activities, NEXE Group implements environmental protection measures and an environmental monitoring program for its exploitation fields. These measures and the program were adopted by the competent authority through decisions on the environmental impact assessment procedure, which established that the interventions in question are acceptable for the environment with the application of prescribed environmental protection measures and environmental monitoring programs. In its activities, NEXE Group implements these additional environmental protection measures prescribed by law. After the end of exploitation, the fields will be rehabilitated and recultivated with the aim of returning them to their original state.



ENVIRONMENTAL
IMPACT
STUDY



ENVIRONMENTAL
IMPACT
ASSESSMENT



ENVIRONMENT
PROTECTION
MEASURES



ENVIRONMENTAL
MONITORING
PROGRAM



REHABILITATION
AND RECULTIVATION
AFTER CLOSURE



ENVIRONMENTAL IMPACT ASSESSMENT (EIA), ASSESSMENT OF THE NEED FOR ENVIRONMENTAL IMPACT ASSESSMENT (EIA) AND ENVIRONMENTAL IMPACT STUDIES (EIA)

NEXE Group, in accordance with the legal requirements, where necessary, through authorized individuals carried out an Environmental Impact Study (EIS), carried out the process of assessing the impact of the intervention on the environment and assessment procedure on the need for an environmental impact assessment (EIA) and prepared an environmental protection study (EPS). In the preparation of the aforementioned documents, reviews of environmental parameters were carried out in the field, including insight into the distribution and diversity of flora and fauna, where various plant and animal species were documented. Special emphasis is placed on identifying endangered species with the aim of ensuring their protection and preservation. The study and preparation provide a comprehensive analysis of the impact of planned activities on the environment and represent the basis for determining potential risks for business and making informed decisions on environmental preservation.

ENVIRONMENTAL PROTECTION MEASURES ON EXPLOITATION FIELDS

Environmental protection measures are continuously implemented in the exploitation areas for prevention of air and water pollution.

PROTECTION AGAINST NOISE – Care is taken that the sound power of working machines and production plants remains within the limits defined in the studies. Regular controls and maintenance of machines and plants actively prevent an increase in noise emissions, thus ensuring compliance with prescribed environmental protection standards.

RESPONSIBLE HANDLING OF WASTE – All types of waste generated during exploitation are disposed of in marked containers prepared for that purpose, placed around the exploitation field, and handed over to an authorized waste collector.

PROTECTION AGAINST DUSTINESS – In order to reduce dust and preserve the environment during dry periods, roadways and handling areas are sprinkled with water as needed. When transporting powdery raw materials, the cargo space is covered with a tarpaulin, or the raw material is pre-moistened with water to prevent the spread of dust during transport.

PREVENTION OF AIR AND WATER POLLUTION

– In order to prevent the emission of pollutants into the air, mining machines and equipment are regularly maintained and have the necessary technological devices in accordance with the standards. Fuel and lubricants are poured into mining machines on a covered, impermeable surface.

SOIL PROTECTION – Humus and tailings generated during discovery are deposited within the exploitation field so that they can be used in the rehabilitation and recultivation phase. On the marginal parts of the pits from the edge of the slope, by planting plant varieties, a zone under the meadow, trees and bushes is provided as a transition zone with the aim of reducing the erosion of the surrounding soil.

BIODIVERSITY PROTECTION – To reduce the negative impact on animal species, vegetation is removed outside the reproductive cycle of animals in the area, and water surfaces suitable for the development and settlement of wetland flora and fauna are formed in certain locations. If it is prescribed, invasive species are regularly removed at the location of the EF.



REHABILITATION AND RECULTIVATION OF LAND AFTER EXPLOITATION

Recultivation programs are focused on the restoration of degraded areas with the aim of returning to the most natural state possible and restoring damaged ecosystems. This process includes a number of activities such as replanting native plant species, shaping the terrain to restore natural topography, and establishing sustainable water systems. In addition to contributing to the restoration of biodiversity, recultivation also contributes to soil preservation and erosion prevention. With careful planning and implementation of recultivation programs, it is possible to achieve the sustainability of the exploitation of natural resources and the preservation of the environment.

RECUITIVATION

Recultivation can be carried out in three phases:

TECHNICAL – bringing materials and humus, creating slopes and leveling the terrain according to the rehabilitation plan.

AGROTECHNICAL – introduction of phosphate and mineral fertilizers to prepare the soil for the cultivation of agricultural crops.

BIOLOGICAL PHASE – after covering the surface with humus, according to the biological recultivation plan, autochthonous species are planted that will prevent soil erosion, ensure soil stability and provide a habitat for animals.

Technical recultivation is carried out only on EFs Garajevac Istok and Stražilovo. In most cases, the deposited soil is preserved so that it can be used in recultivation after the works are completed. Over time, the soil loses its properties and when it is returned, it is no longer suitable for agriculture.

CONTRIBUTION TO PRESERVATION OF ARCHAEOLOGICAL FINDINGS

AD POLET IGK from Novi Bečej conducted archeological research and protective works at sites within the exploitation field "Stražilovo" in Sremski Karlovci. Three phases of preservation works were carried out at the sites, including geophysical surveying, manual excavation, and preservation of archaeological material, which was handed over to museums for further preservation and study. These researches, worth more than 100 000 EUR, enabled the preservation of archaeological sites and further exploitation of raw materials in the area.



YOUNG STORK RESCUED IN THE PORT OF TRANZIT OSIJEK

In early September, employees of the Port of Osijek Transit noticed a young stork stuck in a bulk cargo bin at a height of 10 meters. Due to the inaccessible location, the Osijek Zoo was consulted, and then the fire department was called.

Members of the Osijek Public Fire Department successfully rescued the stork, which was then transported to the Osijek Zoo for examination. It was determined that both wings were injured as a result of trying to escape and that it was in a state of shock and dehydration. After initial immobilization, it was placed in an aviary, where it is successfully recovering and waiting for spring when it will be returned to nature.

The Osijek Zoo confirmed that the stork population in Croatia is stable, but each individual plays an important role in preserving the ecosystem. This action shows how cooperation and timely response can significantly contribute to the protection of wild animals. NEXE Group is grateful to the employees of LukaTranzit Osijek, firefighters and employees of the Osijek Zoo for their engagement in this campaign.

LAND USE

The total land used by NEXE Group amounts to 799.46 ha in 2024. The area covered by buildings, facilities and areas covered with asphalt, concrete and similar materials cover a total area of 90.22 ha.

INDICATORS

	Total land use (ha)		Total sealed area (ha)		Total nature-oriented area on site (ha)		Total nature-oriented area off site (ha)	
	2023.	2024.	2023.	2024.	2023.	2024.	2023.	2024.
AD Polet	116,15	116,15	2	2	0	0	0	0
AD Polet IGK	49,68	49,68	5	5	0	0	0	0
Dilj d.o.o.	113,6	113,6	36,69	36,69	0	0	0	0
IGMA d.o.o.	218,8	218,8	2,99	2,99	0	0	0	0
NEXE d.d.	285,23	285,23	35,54	35,54	0	0	0	0
Tvornica opeke d.o.o. Sarajevo	16	16	8	8	0	0	0	0

This report corrects an error from the previous report regarding the total land use for AD Polet, AD Polet IGK and NEXE d.d.

LOCATIONS WITHIN OR NEARBY PROTECTED AREAS

The following table shows the number, name and size of sites located within or near protected areas. At all locations, environmental impact studies and environmental impact assessments were carried out by competent authorities, prescribed measures were implemented, and there were no incidents of environmental pollution. Valid permits confirm that there is no significant negative impact on biodiversity at these locations.

	Protected area	No of locations	Name of locations	Surface area (ha)
Near protected areas	Special reserve Slano Kopovo	1	Production plant AD Polet	2 ha
	National park Fruška Gora and Special reserve Koviljsko – petrovaradinski rit	1	Surface pit of clay raw materials Stražilovo	114,15 ha
Within protected area	Regional park Mura-Drava (Natura 2000)	2	EF Mladje-keter EF Prosenica I EF Jagnežde 2	215,81 ha

CONVERSION OF LAND COVER IN THE REPORTING PERIOD

In the exploitation fields of mineral raw materials, as the exploitation process progresses, it is inevitable to remove the cover on new parts of the field, during which the land cover is temporarily repurposed. EF Bukova glava-Vranović is, for example, forest land, during the exploitation of which it is necessary to remove parts of the forest. During the exploitation of gravel and construction sand in the exploitation fields of IGMA d.o.o., EF Mladje-keter, EF Jagnježđe 2 and EF Prosenica I, the terrestrial habitat is transformed into an aquatic one, while in other locations it is predominantly agricultural land and meadows. The removal of the cover is postponed as long as possible; once exploitation ends in certain parts of the field, and provided that technological and safety conditions are met, the exploitation field is rehabilitated to allow the area to be recultivated and returned to nature.

The table shows the areas of land conversion by location for 2023 and 2024.

Activity	Member company	Area (ha)	
		2023.	2024.
Conversion of land cover	NEXE d.d.	0	0
	AD POLET IGK	3,5	0
	Dilj d.o.o.	0	0
	IGMA d.o.o.	0	0
	Tvornica opeke d.o.o. Sarajevo	0	0

NEXE Group has not set target values related to biodiversity and ecosystems, and will consider introducing them in the coming period.

| 2.6.

Circular Economy

In a linear economy, large amounts of waste are created that end up being incinerated or dumped in landfills, thereby wasting non-renewable materials and potential energy. NEXE Group recognizes its responsibility and actively works to find a solution to the problem of linearity. With innovative product design and energy and material recovery of waste, NEXE Group can significantly contribute to the transition to a circular economy. Thus, NEXE Group contributes to a more sustainable future and reduction of the amount of waste faced by communities.

Monitoring and analysis of the market concluded that there is a change in the demand for traditional products of construction materials. Due to the stricter legal norms and building standards (share of recycled materials in the final product, requirements for low-energy buildings) and the growth of GDP/c, the demand for "green" products is also increasing. NEXE Group follows such changes in the market with the development of low-carbon products in the cement segment.

Material Impacts, Risks and Opportunities

GENERATION OF WASTE AS A RESULT OF OPERATIONS

– NEXE Group's activities result in the generation of its own waste as a result of activities, that is, as a result of the technological process of production and maintenance, as well as waste generated in the offices of individual members and other activities for which the Group's members are registered. In NEXE Group, the main categories of waste that arise as a result of production and maintenance activities are: waste steel and iron, paper, plastic, electronic waste, EE waste, waste tires, waste oil, packaging contaminated with dangerous substances, concrete, and bulky waste. Types and amounts of generated waste vary on an annual basis, and significant changes in amounts are the result of maintenance. NEXE Group takes a responsible approach to waste management, which includes temporary storage, sorting, waste recovery and handing over the generated waste to authorized companies.

USE OF NATURAL RESOURCES IN PRODUCTION – NEXE

Group uses gravel, clay and water for the production of cement, concrete, tiles and bricks. For the production of cement, around a quarter of the raw materials are procured from own exploitation fields, and the rest in the value chain, while for the production of concrete, bricks and tiles, all raw materials are procured through own operations..

RECOVERY OF WASTE AS SUBSTITUTE FUELS AND RAW MATERIALS

– In member company NEXE d.d. alternative fuels and raw materials are used in the production of cement. The aforementioned results in savings of basic fossil fuels and raw materials for the production of clinker. Due to energy and material recovery, the consumption of natural resources is reduced, and the environment is freed from waste, which contributes to the global reduction of CO₂.



RISKS AND OPPORTUNITIES

Slow acceptance of green products in the market – Companies in the building materials industry strive to reduce their negative impact on the environment, especially in terms of greenhouse gas emissions. However, consumers have not yet developed a high level of awareness, nor are they under the regulatory pressures of the EU to reduce their carbon footprint, which is why high demand for such alternatives hasn't yet developed.

Competitiveness of green products on markets outside the EU – Increasingly strict European regulations are encouraging companies to reduce the negative effects of their products on the environment. This usually means higher costs in the short to medium term, which reflects the competitiveness of those products in markets that are under such regulatory pressures.



POLICY

NEXE Group continuously strives to use the advantages of material and energy recovery of waste. The approach to waste management is determined by the NEXE Group's policies: the Quality Policy at the NEXE Group level and the Energy, Environmental Protection and Health and Safety Policy at the NEXE d.d. level. NEXE Group focuses on the reduction, reuse and recycling of waste materials in order to reduce environmental impact and increase resource efficiency. As part of the building materials industry, all NEXE Group members adhere to strict environmental regulations and guidelines regarding waste management. This includes proper handling, storage, handover to authorized persons for collection, and recovery/disposal of waste. The goals of the policy are to rationally consume non-renewable resources and constantly monitor, prevent, and reduce the amount of waste. The production sectors and persons responsible for the environmental protection process in member companies are responsible for the implementation of the policy, and the Board is responsible for achieving the goals.



ENERGY AND MATERIAL RECOVERY

The European Union Action Plan for the Circular Economy promotes better waste management practices according to the waste management actions hierarchy by encouraging the reuse of waste or by-products of an industrial process in the creation of new products.

By developing awareness of environmental protection and opportunities to reduce operating costs related to energy and emissions, NEXE Group recognized the importance of substituting natural materials and fossil fuels with waste (substitute fuels) and provided the necessary infrastructure and obtained the necessary permits for waste management in order to be able to reduce the amount of waste which ends up at the landfill and to energetically and materially recover the waste.

REUSE OF WASTE MATERIALS

The mineral raw materials required for the production of clinker can be replaced by raw materials that are by-products or waste from other production processes, and that, due to their chemical composition, can be incorporated into clinker. Substitute raw materials used in production are: steel slag, pyrite slag, waste sand, various ashes, and dust. The material recovery of substitute raw materials increases the efficiency of the entire production process, improves the chemical composition of clinker, reduces the consumption of energy sources and reduces the emission of greenhouse gas CO₂. This practice reduces the need to use natural raw materials and provides a sustainable solution for waste management. In 2024, 76 274 tons of waste were materially recovered.



CONVERTING WASTE INTO ENERGY

Fossil fuels have traditionally been the main source of energy in the building materials industry. Given that the burning of fossil fuels significantly contributes to climate change, which has become a global challenge, the cement industry had to find a way to reduce the share of fossil fuels in production. Alternative fuels appeared as a solution, i.e. the burning of waste materials such as waste dry sludge, waste oil, waste liquid alternative fuels, and fuel from waste for the purpose of obtaining energy. Energy recovery of waste (recovery process R1) is performed by co-incineration in a rotary kiln in the clinker production process. It should be pointed out that even the ash produced by burning of fossil fuels and waste is incorporated into the semi-product clinker.

Waste that is currently used as fuel for energy recovery, including hazardous waste, is temporarily stored in a closed space so that it does not endanger the environment and human health, and is labeled in accordance with the regulations of the Republic of Croatia and the EU.

In 2024, the following substitute fuels were used: fuel from waste, waste dry sludge, waste oils I. and II. categories and sustainable biomass. The substitution rate of alternative fuels in the reporting period was 60,6 %, which is higher than in 2023, when the substitution rate was 51 %. The goal of NEXE Group is to increase the rate of energy substitution to 90 % by 2030. To achieve this ambitious goal, investments are being made to increase the amount of waste that can be recovered. New operations are planned at facilities for the preparation, storage and dosing of alternative fuels. Planned investments are aimed at increasing the substitution of fossil fuels and thus reducing operating costs and avoiding the dependence of business results on volatile movements of fossil fuel prices on the market.

Planned measures to improve energy recovery at NEXE d.d.

Measure	Implementation Period	Investment	Investments in the reporting period	Expected reduction of CO ₂ e emissions*
Construction of facilities for receiving, storing, transporting and dosing processed non-hazardous waste – dried sludge	Planned beginning: 2024 Planned ending: 2025	3 000 000,00 €	792 172 €	Up to 10 659 t/year
Construction of a new plant for the reception of liquid fuels and dosing to the main burner of the rotary kiln	Planned beginning: 2024 Planned ending: 2025	2 500 000,00 €	1 103 726 €	–
Construction of a new plant for chlorine reduction in the production process and transport and dosing to cement mills	Planned beginning: 2024 Planned ending: 2026	10 819 060,00 €	1 958 000,91 €	–
Construction of a new plant for the preparation and processing of RDF materials, storage space and transport and dosing to the heat exchanger	Planned beginning: 2024 Planned ending: 2027	19 000 000,00 €	126 117,65 €	Up to 47 805 t/year

* The highest possible design values are listed.

In 2024, a total of 135 744 t of waste was recovered, of which 43,81 % was energy recovery, and 56,19 % was material recovery.

Fuel from waste (RDF/SRF), waste oil of I and II categories, waste sludge and hazardous waste are energetically recovered in accordance with the Waste Management Permit, while waste sand, construction waste, ash and slag are materially recovered.

Recovered quantities of waste are increasing from 2021 to 2023, and in 2024, a decrease in the amount of material recovery of 3.07 % was recorded compared to the previous period due to lower production of clinker by 8.74 %, and cement and Namalaz by 3.3 %.

	2021.		2022.		2023.		2024.	
	t	%	t	%	t	%	t	%
Energy recovery	54 345	50,48	56 554	48,29	58 209	41,56	59 470	43,81
Material recovery	53 321	49,52	60 554	51,71	81 843	58,44	76 274	56,19
Total	107 666	100	117 108	100	140 052	100	135 744	100

COOPERATION WITH THE LOCAL COMMUNITY

Why is the use of waste in the cement industry better for the environment than disposal at a landfill or ordinary burning in waste incinerators?

Using waste as fuel instead of dumping it in landfills reduces greenhouse gas emissions. Namely, by dumping 1 ton of waste in landfills, 0.27 t of CO₂ is released, and from 1 ton of waste, around 400 kg of fuel can be produced from waste. By producing fuel from waste reduces the amount of disposed waste, and a global reduction in CO₂ emissions is also achieved.

In comparison to the incineration in the incinerators, in the process of energy recovery of waste in the production of cement clinker, there are no residues in the form of ash or slag, because all the combustion products are incorporated into the final product - clinker.

How do you ensure that energy use is safe for people and the environment?

Waste treatment in cement production is carried out depending on the physical and chemical properties of the waste, the possibilities of waste manipulation, the impact on the process and product quality, the impact on the environment, and the impact on the health and safety of employees. The operator of the clinker production process is obliged to monitor all parameters of the production process and maintain the process within the preset values of key process or emission parameters. In the event of temperature disturbances or exceeding air emissions at the outlet of the rotary kiln or any disturbance that may lead to environmental pollution, the operator stops the dosing of the waste and reduces production capacity.



MANAGING OWN WASTE

Main categories of waste generated in NEXE Group as a consequence of activities are (production, maintenance etc.): waste steel and iron, paper, plastic, electronic waste, waste tyres, waste lubricants and wax, packaging polluted by hazardous matters, and bulky waste.

In NEXE Group the following waste categories and EWC codes are generated:

Hazardous waste:		Non-hazardous waste:	
WASTE CLASSIFICATION	EWC CODES	WASTE CLASSIFICATION	EWC CODES
1. Printing toner	08 03 17*	1. Printing toner	08 03 18
2. Wastes from gas purification	10 01 18*	2. Thermal process waste	10 01 02, 10 12 99
3. Waste waxes and fats	12 01 12*	3. Ferrous metal filings and turnings	12 01 01
4. Used oil and liquid fuel waste	13 01 10*, 13 02 05*, 13 02 08*, 13 04 01*, 13 05 08*, 13 07 01*, 13 07 03	4. Waste packaging, absorbents, wiping cloths and filter materials	15 01 01, 15 01 02, 15 01 03, 15 02 03
5. Waste packaging, absorbents, filter materials	15 01 10*, 15 02 02*	5. End-of-life tyres and refractory waste	16 01 03, 16 11 06
6. Batteries, electronic equipment and other not otherwise specified waste	16 01 07*, 16 02 13*, 16 06 01*, 16 07 09*	6. Construction waste	17 02 03, 17 04 01, 17 04 02, 17 04 05, 17 04 07, 17 04 11, 17 06 04, 17 09 04
7. Construction waste	17 06 03*, 17 06 05*	7. Plastic and rubber	19 12 04
8. Municipal waste	20 01 21*, 20 01 23*, 20 01 33*, 20 01 35*	8. Municipal waste	20 01 01, 20 01 02, 20 01 11, 20 01 36, 20 01 39, 20 03 07

Quantities of hazardous and non-hazardous waste of NEXE Group

CATEGORY	2021.		2022.		2023.		2024.	
	t	%	t	%	t	%	t	%
Total quantity of generated waste	1209,88	100	768,4	100	6719,77	100	9188,5	100
Non-hazardous waste	1131,90	94,37	721,51	93,97	6594,72	98,14	9022,2	98,2
Hazardous waste	67,57	5,58	46,32	6,03	125,05	1,86	166,3	1,8
Total quantity of radioactive waste	0	0	0	0	0	0	0	0

Method of waste disposal

CATEGORY	2021.		2022.		2023.		2024.	
	t	%	t	%	t	%	t	%
Recovery	1204,13	99,52	721,45	94,01	5897,53	87,77	8823,9	96,03
Disposal	5,79	0,48	45,94	5,99	822,14	12,23	364,6	3,97

In NEXE Group's plants measures are carried out that enable separation of various types of waste at the very source. That enables better management and appropriate waste handling. Waste that is separated is easy to sort and collect in the following phases.

A system of separate collection and temporary on-site storage of the following types of waste has been established at all locations: municipal waste, paper and plastic in the form of green islands. Waste that cannot be recycled internally or needs to be disposed of in another way is handed over for disposal, recovery or final processing to authorized collectors, recovery operators and waste disposers, while respecting the order of priority of waste management. In NEXE d.d. in 2024, a total of 8823,9 t of waste was submitted for recovery. In 2024, a total of 3,24 % of the waste generated in the production of cement was recovered in the organization, given that NEXE d.d. has valid permits for waste management. The total amount of generated waste in NEXE Group is significantly higher in 2024 compared to the amount of produced waste specified in the Sustainability Report for 2023, due to the inclusion of waste concrete which was generated at the locations of the NEXE d.d. concrete plant in 2024.

Non-hazardous waste accounts for 98.2 % of the total waste generated by the NEXE Group, of which 96.03 % was recovered within the organization or handed over for recovery to an authorized intermediary.

Quantities of recovered and disposed hazardous and non-hazardous waste of NEXE Group

CATEGORY	2024.	
	(t)	(%)
Total amount of generated waste	9188,52	100,00
Non-hazardous waste	9022,24	98,2
Recovery (R)	8679,06	96,2
Disposal (D1)	343,18	3,8
Hazardous waste	166,28	1,8
Recovery (R)	144,89	87,14
Disposal (D1)	21,39	12,86
Non-recycled waste*	509,46	5,54

METHODOLOGY FOR DATA COLLECTION AND CALCULATION

Data on the types and amounts of waste generated and the manner of waste management were collected for member companies of NEXE Group from the territory of Croatia based on data from the Record Book on the generation and flow of waste from the e-ONTO on-line application, while the subject data on waste management in member companies of NEXE Group from the territory of Serbia and Bosnia and Herzegovina were collected from the records on waste flows and waste management that these members are obliged to keep in accordance with the legal regulations governing waste management. Data related to waste management is entered post-haste after each change in state and for each type of waste separately. The data is continuously collected and monitored by responsible persons in NEXE Group members, and the calculations for the purposes of this report were prepared by the working group for reporting on sustainability.

Since the producers of mixed municipal waste with the EWC 20 03 01 are not required to keep registers on the generation and flow of waste for the mentioned waste, its estimate was based on the volume of the container and the number of removals of such waste. 300 kg/m³ was used as the conversion coefficient for EWC 20 03 01.

* Since, under the law, waste collectors are no longer required to specify the recovery method (recycling, energy recovery, etc.) in the accompanying waste documentation, it is assumed for the purpose of calculating the amount and share of non-recycled waste that all non-hazardous waste sent for recovery has been recycled.



PRODUCTS WITH REDUCED CARBON FOOTPRINT

The development of low-carbon products, according to the principles of the circular economy, plays a key role in the EU's green transition. Namely, low-carbon products have a smaller carbon footprint during their life cycle compared to conventional products, which contributes to the goal of mitigating climate change. The production of low-carbon products requires changes in every phase of production:

- a greater proportion of recycled material is incorporated into low-carbon products
- natural resources are replaced by waste materials
- fossil fuels are replaced by energy from renewable or alternative sources.

CEMENT

Low-carbon cement is a type of cement that has a reduced carbon footprint compared to conventional cement. The production of conventional cement generates significant greenhouse gas emissions, primarily carbon dioxide (CO₂), which makes it a significant source of air emissions in the construction industry. A large proportion of CO₂ emissions are released during the chemical calcination reaction in the production process of clinker, the main component of cement.

Low-carbon cement was developed with the aim of reducing CO₂ emissions throughout the product's lifetime. This is primarily achieved by reducing the proportion of clinker and replacing fossil fuels.

The production of clinker requires high temperature and energy, which results in significant CO₂ emissions. Low-carbon cement reduces the proportion of clinker in the mixture by using substitute materials, and fossil fuels are replaced by substitute fuels. This reduces CO₂ emissions associated with cement production.

In 2024, the share of clinker in a ton of cement was 71,02 %, which is less compared to the previous reporting period when the share of clinker in a ton of cement was 73,21 %. The goal is to reduce the share of clinker in a ton of cement to 60 % by 2030.

Share of clinker per ton of cement	2022.	2023.	2024.
Production of products with reduced clinker content	76,8 %	73,21 %	71,02 %
Share of products with reduced emissions in total shipped cement	24,17 %	66,72 %	84,18 %
Share of products with reduced emissions in total Group's revenue	23,94 %	65,94 %	82,48 %

PRODUCTS WITH LESS CO₂e EMISSIONS COMPARED TO THE INDUSTRY STANDARD

NEXE Group has been working for many years on the development of products that have lower CO₂ emissions compared to the industry standard. In the reporting period, NEXE Group produced 84,18 % of cement, which has more than 25 % less emissions compared to the industry standard (0,822 t CO₂/t cement).

Products with more than 25 % less emissions compared to industry standard

- CEMII/B-M(P-S) 32,5R
- CEMII/B-M(V-S) 42,5N
- CEMII/B-S42,5R
- CEMIII/B32,5N SR-LH
- CEMIII/A42,5N LH
- MASONRY CEMENT MC 5

Production of green products	2022.	2023.	2024.
Share of clinker per ton of cement	76,8 %	73,21 %	71,02 %
Share of green products in total shipped cement	2,71 %	3,37 %	14,69 %
Share of green products in total income of NEXE d.d.	2,74 %	3,52 %	11,81 %

GREEN PRODUCTS

Green products in the 2024 sustainability report are defined as products that meet the criteria of the EU Taxonomy for the activity of cement production in terms of contribution to the goal of mitigating climate change (below 0,469 t CO₂e per ton of cement produced).

Green products

- CEM III/A 42,5N LH
- CEM III/B 32,5N SR-LH
- MASONRY CEMENT MC 5

In 2024, green cement accounted for 14,69 % of the total shipped cement, and in the revenues of NEXE d.d. it was represented by 11,81 %.

CEMENT GRAND E+

Following global development trends of the cement industry, as well as the European guidelines related to decarbonization, technology and quality sector experts of NEXE Group developed low-carbon cement GRAND e+ using optimal ratio of the mixture of additives to obtain properties that fully meet the requirements of modern construction.

Composition:

- at least 65 % of Portland cement clinker
- up to 35 % of mixed additive, a combination of silicon fly ash (V) and blast furnace slag (S)
- binding regulator (natural gypsum).

A smaller proportion of clinker in cement is the key to reducing CO₂ emissions given the energy intensity of its production. Ash from coal-fired power plants and slag from blast furnaces are used to replace clinker.

ENSURING PREREQUISITES FOR THE PRODUCTION OF A NEW BRAND OF CEMENT

In order to ensure the prerequisites for the production of the new brand of cement CEM II/B-M(V-S) 42.5N (GRAND e+) with a reduced share of clinker, which replaced the existing brand CEM II/A-M(S-V) 42.5N, a total of EUR 502 227,61 was invested in new equipment and reconstruction of the existing one. The project was completed in April 2024, and the expected (maximum projected value) emission reduction is 19 958 t CO₂e/ year.

CONCRETE

Concrete is a material that has several properties that make it suitable for a circular economy.

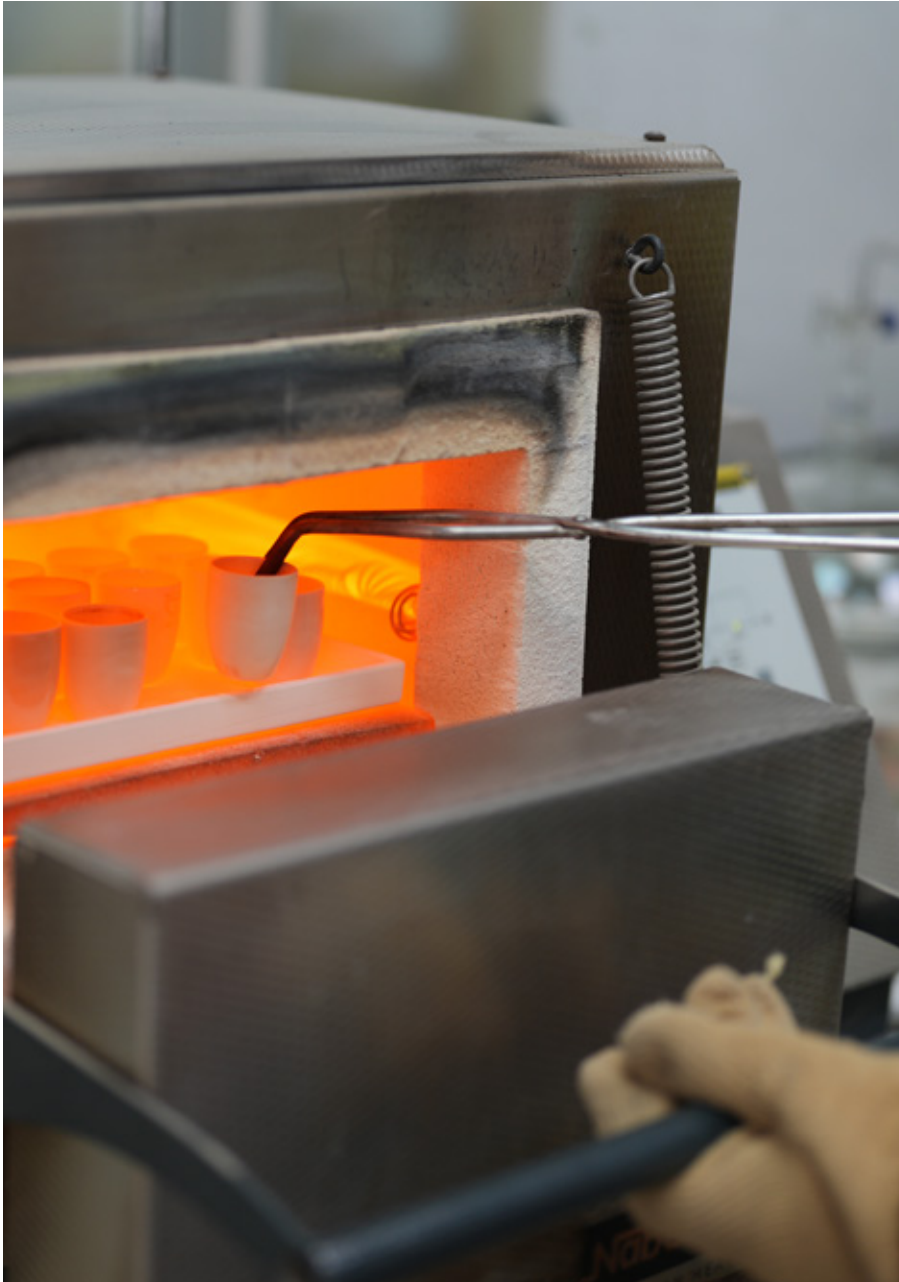
Endurance and durability: Concrete is an extremely durable material with a long service life. Quality concrete can last for decades without losing its basic properties.

Recycling and use of recycled aggregates: Concrete can be recycled and used as an aggregate in a new concrete mix. The process of concrete recycling involves the crushing of waste concrete and the use of crushed concrete as a substitute for natural aggregates. This reduces the need to extract new raw materials and reduces waste that ends up in landfills.

Use of by-products: In concrete mixtures, waste materials from other industries can be used as a substitute for parts of traditional concrete mixtures.

Innovative formulas for longer life: The development and mixing of admixtures can improve the properties of concrete and enable greater efficiency in the use of resources. Application of such technologies can reduce the amount of cement required, improve wear resistance and extend the life of concrete structures.

In order to reduce impact on the environment, NEXE Group uses green cement in concrete production, that is, cement that has a reduced carbon footprint. Green cement is used in the production of concrete in all concrete mixers of the NEXE Group, and the share of green cement in the total consumption of cement for concrete production is 32.6 %.



GOALS

Although NEXE Group has not set clearly defined quantitative reduction targets, the focus up to 2030 will continue to be on:

- Work on the development of innovative product design according to circular principles so that NEXE products support the transition to a circular economy.
- Increase the share of substitute raw materials in products in order to reduce the use of natural raw materials.
- Increase the share of alternative fuels in production in order to reduce the use of non-renewable fossil fuels.
- Use more recycled materials (e.g. in the production of concrete).
- Increase the share of income from low-carbon products.

In the coming period, the setting of quantitative targets within the framework of the circular economy will be considered.

SOCIAL INFORMATION

In 2024, NEXE Group had 1679 employees in its member companies in Croatia, Serbia and Bosnia and Herzegovina. NEXE Group employees are the foundation of our success and make us one of the leading companies in our sector. Therefore, it is crucial to provide them with the best working conditions and equal opportunities. As a manufacturing company, we give particular importance to protecting the health and safety of our employees.





| 3.1.

Responsible Human Resource Management

At the end of 2024, NEXE Group employed 1679 employees, providing them with stable employment, development opportunities and competitive working conditions. One of the strategic guidelines for the development of NEXE Group is the continuous adaptation of the management system, including the health and safety management system, to minimize the negative impact on the health and safety of employees. On the other hand, NEXE Group has recognized the importance of investing in the professional development of employees. Strengthening the knowledge and competencies of employees creates a positive impact on employees but also allows NEXE Group to more effectively utilize market opportunities and successfully implement the green transition.

A potential challenge for NEXE Group in terms of workforce is the lack of quality and professional candidates on the market. Namely, older employees are slowly retiring, and production and professional activities are becoming less attractive to new generations. NEXE Group achieves a positive image as an employer and gains an advantage in attracting workforce through competitive working conditions, care for employee health and safety, and opportunities for knowledge and skill development. In addition, NEXE Group actively works on the development of cooperation with local educational institutions in order to create a base of potential employees with appropriate knowledge and skills.

Material impacts, risks, and opportunities

The most significant impacts on employees have been identified based on the dialogue with employees and union representatives, as well as through discussions within the sustainability reporting working group. Some of the negative impacts stem from the company's business model (e.g. health and safety risks), while many positive impacts stem from NEXE Group's business strategy, which is based on competent and satisfied employees.

SKILL DEVELOPMENT – Every employer has a responsibility to invest in the development of their employees and provide them with support in their professional and personal development. Through career development programs, internal and external training, transfer of knowledge among employees (mentoring and internal professional meetings), professional training and opportunities for advancement within the organization, NEXE Group has a positive effect on its employees. The planned training covers professional training, training in the field of occupational safety, training in the field of law and compliance, quality management systems, environment and energy, and soft skills training.

EMPLOYEE HEALTH AND SAFETY – The construction materials industry is particularly exposed to health risks associated with workplace noise, airborne dust, heavy lifting, internal transport hazards and the potential for inhalation of crystalline silica (RCS), which if left unchecked can cause long-term health problems. Safety risks need to be managed to minimize the potential workplace accidents and injuries. Given the nature of the industry, NEXE Group employees may be potentially negatively impacted, but this impact is managed through the implementation and continuous development of the occupational health and safety management system and initiatives of employee health improvement. NEXE Group places great importance on protecting the health and safety of its employees and subcontractors covered by the system. If an organization does not implement a consistent and quality occupational health and safety policy, the number of injuries at work could increase and, consequently, the number of days lost due to sick leave. The status of occupational health and safety has a significant impact on the ability to attract investment and successfully apply for key business projects. For this reason, NEXE Group continuously invests in its own facilities and arranges workplaces, conducts education and training for managers, directors and workers, conducts increased control of protective measures at work, and thus increases the level of safety culture. Compliance with measures and understanding of work are encouraged.

WORKING CONDITIONS – In order to retain its employees and continuously maintain their satisfaction at a high level, NEXE Group consults with the works council and trade unions when designing working conditions and in this way strives to meet the expectations of employees. NEXE Group continuously strives to provide its employees with security, adequate income and working hours, and additional material and non-material benefits in order to achieve a positive impact and satisfaction of all employees. The signing of permanent contracts is also encouraged in jobs that allow this, and they make up a significant volume of jobs, which is why the share of employees with permanent contracts is very high. Employment without a formal contract, employment on a fixed-term or disguised basis can bring financial benefits to the employer, but can also have negative effects on employees, as it creates uncertainty and the inability to plan other aspects of life. If NEXE Group did not invest in employee benefits, an organizational culture of equal opportunities and the development of a career management system, there would be a risk of employee dissatisfaction growing, which would result in leaving the organization. High turnover rates would also mean increased costs of attracting and training new employees and reduced productivity during the transition period.

COLLECTIVE BARGAINING AND SOCIAL DIALOGUE – NEXE Group employees can negotiate collectively, and the agreed conditions are respected and applied to all employees covered by the collective agreement. Meetings are held with unions and constant and continuous communication is carried out with representatives of all unions. Regular cooperation with unions has a positive impact on the workforce by ensuring better working conditions, increasing employee satisfaction and strengthening mutual trust.

DIVERSITY AND EQUAL OPPORTUNITIES – NEXE Group's workforce is characterized by gender, age, ethnic, cultural and religious diversity, which is highly valued and respected. NEXE Group treats all employees equally, and differences in salary are a result of position, work experience, seniority and results. All employees are sought to be protected from discrimination and harassment in the workplace and provided with equal opportunities. This promotes equality among employees and creates a positive impact.

WORK-LIFE BALANCE – Considering the manufacturing activity and the strict rules that protect health and safety in the workplace, NEXE Group cannot provide greater flexibility in terms of workplace or working hours for a large part of its jobs, i.e. in production, but working hours are regulated and work is carried out in agreed shifts. The introduction of flexible working hours for the administrative part of the company is under consideration, which would further contribute to the work-life balance. NEXE Group provides all employees with family care leave (in the event of a new baby, adoption or care for a family member in serious health condition) and strives to create a business environment that supports employees in taking advantage of their private life by developing specialized plans, programs and policies.

LABOR SHORTAGE – Given the decreasing interest in manufacturing occupations, the possibility of layoffs, sick leave, a sudden increase in workload and a decrease in the population, NEXE Group could potentially face a labor shortage, which would make it difficult to achieve business results, but could also negatively affect the safety and quality of the production process. In a highly competitive labor market, where the attractiveness of manufacturing industries and vocational occupations is decreasing, it is important to proactively cooperate with educational institutions, communicate with young people, and provide opportunities in the form of internships and traineeships, as this can significantly increase the number of potential candidates for jobs. This will make it easier to attract workers, thereby reducing the risk of labor shortages. NEXE Group is working to reduce the aforementioned risk through various activities such as increasing the employee satisfaction pillar and retaining existing employees, intensifying relations with educational institutions, internships, and employer promotion.

LOST WORKING DAYS DUE TO INJURIES AND ILLNESSES AT WORK

– Poor management of hazards and risky situations is not only harmful to the employees involved, but also to the financial result of the NEXE Group, since sick pay, lost working days and accident remediation are reflected in increased costs due to delays in product delivery. An increased number of injuries at work could also affect the reputation of the NEXE Group as a desirable employer on the labor market. An additional problem is the composition of work shifts, which in the case of many sick days cannot be organized due to a lack of people. Because of this risk, occupational safety is an integral part of every process and the reason why numerous measures, as well as training and education, are developed to increase safety..

SAFE WORKPLACE AS A TOOL FOR RETAINING AND ATTRACTING THE WORKFORCE

– The cement industry, with its perception of an unsafe workplace, is drawing away potential workforce and is a problem in the long term. NEXE Group therefore sees and wants to seize the opportunity by establishing a reputation as a safe company that cares about its employees. By ensuring conditions and protection in the workplace, a perception is built that helps attract new workers, as well as retain the current ones. In this way, a competitive advantage would be created and the financial position of the NEXE Group would be improved in the long term.

Workforce structure

In the reporting period, NEXE Group had a total of 1679 employees. Given the nature of the industry, it is common for the workforce to be more male than female. In 2024, in NEXE Group, men made up 82,91 % of the workforce, while women made up 17,09 %. NEXE Group offers equal employment opportunities to both men and women, however, the fact is that a large proportion of jobs are manual jobs for which men mainly apply. Such a workforce structure is common for companies in the construction materials industry.

In 2024, a total of 193 employees left NEXE Group, and the total number of employees decreased by 0,77 %. The turnover rate for 2024 is 12 %. In 2024, 68,31 % of employees were employed by NEXE Group members headquartered in Croatia, 25,61 % of employees were part of members in Serbia, while 6,08 % of employees were part of NEXE Group members in Bosnia and Herzegovina.

Data on the structure of the workforce was collected during 2024 for each individual member. At the beginning of the month, the human resources specialist in each NEXE Group member determines the number of employees (as of the last day of the month) for the previous month and the number of employees is broken down by qualification structure, age and gender structure, type of employment, type of job and country. The number of new employees during the month for which the report is being prepared and the number of employees who left the NEXE Group are also recorded, including data on the reason for leaving, type of employment, age and gender structure and qualifications. The data presented refers to the situation on 31/12/2024. In the reporting period, there were no workers who were employed in companies whose primary activity is defined by NACE code N78 (agency workers) or employees who had signed contracts with member companies of NEXE Group and which do not fall under employment contracts (self-employed workers).

S1-6 WORKFORCE STRUCTURE (BY GENDER)

Gender	NUMBER OF EMPLOYEES							
	2021.		2022.		2023.		2024.	
Male	1447	82,12 %	1477	81,83 %	1405	83,04 %	1392	82,91 %
Female	315	17,88 %	328	18,17 %	287	16,96 %	287	17,09 %
Other	0	0	0	0	0	0	0	0 %
Total	1762	100 %	1805	100 %	1692	100 %	1679	100 %

S1-6 WORKFORCE STRUCTURE (BY COUNTRY)

Country	NUMBER OF EMPLOYEES							
	2021.		2022.		2023.		2024.	
Croatia	1104	62,65 %	1143	63,32 %	1136	67,14 %	1147	68,31 %
Serbia	556	31,56 %	556	30,80 %	454	26,83 %	430	25,61 %
Bosnia and Herzegovina	102	5,79 %	106	5,88 %	102	6,03 %	102	6,08 %
Total	1762	100 %	1805	100 %	1692	100 %	1679	100 %

Occupational Health and Safety

The World Health Organization and the International Labor Organization estimate that approximately 3 million workers die each year from work-related accidents, with 395 million workplace injuries, an increase of more than 5 percent compared to 2015. There is also a significant number of occupational diseases. Agriculture, construction, forestry, fishing and manufacturing are the most dangerous sectors, accounting for 63 percent of all fatal work-related injuries. One in three fatal work-related injuries worldwide occurs among agricultural workers. The data also show a significant gender difference in mortality, with a higher number of men dying in work-related accidents (51,4 per 100.000 working-age adults) compared to women (17,2 per 100.000).

The potential risks of injuries and occupational diseases in the workplace represent a serious challenge for NEXE Group employees. Identified health and safety risks associated with the types of work within the NEXE Group include working with heavy machinery, high noise levels, exposure to dust, physically demanding work and crystalline silica particles. NEXE Group is committed to creating a safe working environment, considering it a fundamental right of every employee, and implements and continuously develops strict procedures and measures for protecting health and safety in the workplace.



Policies

Occupational health and safety at work are a key part of good business management and social responsibility, and education and prevention are a prerequisite for preventing accidents at work and an important link in ensuring a healthy and safe workplace in NEXE Group companies, with a focus on constant improvement of working conditions and preventing injuries at work

Occupational health and safety management is defined by the Energy, Environmental Protection and Health and Safety Policy for NEXE d.d., and for other members by the Quality Policy.

In the coming period, NEXE Group plans to expand existing policies to cover all material issues related to its own workforce.

The fundamental determinant of the policy that all managers and employees are guided by is the prevention of injuries and zero tolerance for risky activities that can result in accidents. The policy sets clear expectations for managers and employees to perform their activities in a safe manner and to take care of the health and safety of their colleagues, contractors and other stakeholders. The policies are elaborated through operational documents – Manual for working in a safe manner, Ordinance on occupational safety and Ordinance on fire protection – which contain descriptions of risks, rules and procedures for working in a safe manner.

NEXE Group commits to the following through its Energy, Environmental, Health and Safety Policy and Quality Policy:

- Encourage the development of awareness about health and safety at work of its employees and external suppliers of goods and services.
- Regularly assess the state of health and safety at work in the company and, using modern organizational, technical and technological solutions and constant supervision, implement measures with the aim of preventing injuries and illnesses at work and improving the working conditions of its workers and other persons during work and stay under control of member companies of NEXE Group.
- Permanently align your activities with the applicable legislation and other obligations in the field of employee health and safety management.



With the aim of better managing health and safety risks, a health and safety management system has been developed that covers all employees and contractors at locations managed by NEXE Group.

All employees of NEXE Group are responsible for implementing the policy, while the member of the Board, responsible for human resources, legal affairs, management systems, occupational health and safety, is accountable for achieving the policy objectives.

The management system is aligned with the legal provisions of the countries in which NEXE Group operates, with the requirements of the ISO 45001 standard and good practice in the building materials production industry. The main goal of the implemented system is to achieve a zero rate of injuries at work.

Health and safety at work is managed by the Occupational Safety and Health Department and occupational health and safety specialists from individual companies who propose and implement activities, eliminate potential hazards, conduct education and professional training, raise awareness of working in a safe manner, research and introduce the safest work techniques and continuously monitor the effectiveness of implemented solutions. Monthly joint meetings are held that include all associates and occupational safety experts.

At the annual level, goals are set for reducing work injuries and reducing the number of days lost due to work injuries. The department collects data on accidents, investigates the causes that led to them and monitors the achievement of set goals. The department regularly submits reports to the management on activities, results and plans for improving the management system.

For the policy to be effective, it needs to be communicated to all interested parties. The energy, environmental protection and health and safety policy and the quality policy are available as official documents on the Internet, new employees and contractors who meet NEXE Group for the first time are informed about them. Key decisions on improving work in a safe manner, which are made at the level of the Management Board and the Health and Safety Department, are communicated to all managers, and they pass them on to employees. Safety prevention and protection is a fundamental value that is tried to be transferred to employees, contractors and other stakeholders through communication and activities.

Dialogue with Employees

OCCUPATIONAL SAFETY COMMITTEE'S MEETINGS

At the meetings of the Occupational Health and Safety Committee, which are attended by directors of Group member companies, associates and occupational safety experts, occupational medicine doctors, workers' representatives – commissioners and relevant supervisors and managers, analyses of occupational injuries, deficiencies determined by internal supervision, reports of worker commissioner for occupational safety and examples of injuries at work are discussed. Occupational safety committees are conducted separately in the Group's member companies and take place at least twice a year depending on the decision of the member company's management. The proposals of the Occupational Health and Safety Committee are aimed at preventing injuries, improving working conditions, analyzing the state of health of employees based on reports from occupational medicine doctors, eliminating deficiencies and receiving proposals from participants.

COMMUNICATION WITH THE WORKERS' REPRESENTATIVE FOR OCCUPATIONAL SAFETY

One of the forms of dialogue in NEXE d.d. is communication with the worker's commissioner for occupational safety related to the implementation of rules and measures of health and safety at work. In NEXE d.d. the occupational safety worker commissioner participates in the occupational safety committee meetings where they make workers' proposals regarding the improvement of working conditions and provides feedback to workers about the activities undertaken. The stated practice is intended to be implemented in other member companies.

MEETINGS AND COLLEGIUM

As one of the most important strategic topics, occupational health and safety is communicated almost daily through meetings and courses at all levels of the organization. The purpose of such meetings is early identification and elimination of risks and continuous improvement of the health and safety system.

PLATFORMS FOR INFORMING EMPLOYEES

Employees are informed about changes in the health and safety management system, initiatives for health promotion, working in a safe manner and other important topics on the noticeboard, by internal e-mail, by exchanging documents through the Hivergen application, at internal meetings and through NEXE news, the official newsletter of NEXE Group and application NEXE4ME. The employer's direct authorized person is responsible for the operational implementation of communication with employees regarding protection and safety at work.

REPORTING DANGEROUS SITUATIONS AND ACCIDENT INVESTIGATIONS

After an injury at work occurs, or as soon as the injury is reported, the authorized person/manager and the ZNR expert arrive at the scene and determine the circumstances. If there is a possibility of the event recurring or the danger has not passed, all activities in that area are suspended until they are eliminated. During a detailed investigation of the incident, an investigation team is formed, consisting of persons familiar with the process and circumstances, the facts are studied and the circumstances are determined, statements of participants and witnesses are taken, conclusions are drawn and immediate and other improvement measures are considered. All investigation results and measures are consolidated into a unified document and distributed to relevant persons at the NEXE Group level. In order to improve monitoring of the occupational safety process, an internal system for monitoring and reporting dangerous situations and injuries at work has been established. The internal system has been developed in the form of a digital platform through which managers

can report all risky situations. All dangerous situations, events and injuries are reported directly by participants or witnesses to their superior or to the person responsible for occupational safety at the NEXE Group member. The investigation is conducted using a unified online document and instructions for conducting investigations at the Group level. All reported dangerous situations are investigated, risks are eliminated as soon as possible, and the reporter is informed about the measures taken immediately after the event and when they are carried out within the given deadlines. All cases of workplace injuries are thoroughly investigated in order to better understand what led to them, and to determine the necessary actions to prevent future incidents. Each investigation is approved by the responsible directors and the Head of the Occupational Health and Safety Process at the Group level. The findings of these investigations are communicated to all employees in the form of lessons learned via the NEXE4ME application with the aim of learning and preventing future accidents. In this way, all injuries that occurred in 2024 in all members of the Group have been processed.

IMPLEMENTATION OF REGULAR INSPECTION SUPERVISIONS

The Occupational Health and Safety Inspection and the Fire Safety Inspection carry out regular inspections. Compliance with legal requirements is checked during supervision. In the reporting period, no non-compliances were identified. In case of non-compliance, corrective actions are initiated.

Measures and Activities

CONTINUOUS PROFESSIONAL TRAINING OF EMPLOYEES

All employees undergo training upon employment: working in a safe manner, fire protection training and providing first aid. Their knowledge and skills in the field of occupational safety are continuously assessed and improved through professional training. Training in handling machines and devices, power plant management and working with dangerous chemicals is carried out, all with the aim of increasing the safety of workers at workplaces with specific working conditions.

MODERNIZATION OF THE PLANT FOR THE PURPOSE OF SECURITY ENHANCEMENT

Modernization of the plant is carried out with the aim of reducing the number of injuries at work. When reconstructing existing or building new facilities, the Group takes care of the inclusion of modern and safe techniques and technologies, following the standards and latest trends available on the market.

In the reporting period, professional training in the field of occupational safety was carried out, investments were made in the modernization of the plant with the use of the best safety measures and the safest work techniques were used, all in order to reduce the risks to health and safety at work as successfully as possible.



MEASUREMENTS AND TESTING

In the reporting period, in accordance with the procedure prescribed by the Management System and legal requirements, measurements/tests were organized and carried out:

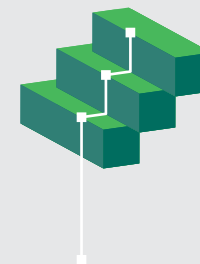
- work equipment
- crane and elevator tests
- installations (panic lighting, electrical installations, static electricity, lightning protection systems, electrical installations made in Ex-safety versions, etc.)
- physical harm
- stable systems for fire protection and fire extinguishing
- portable fire extinguishers
- fire dampers, electromagnetic gas valves
- fire alarm system
- gas installations and
- sources of ionizing and non-ionizing radiation.

Immediately after the measurements and tests, improvement actions were initiated with the aim of eliminating non-compliance on the work equipment that did not comply with the legal requirements.

In 2024, with the aim of monitoring the implementation of health and safety rules and measures by occupational safety experts, internal inspections of workplaces and equipment were carried out. Identified deficiencies are exposed at the Occupational Health and Safety Committee or other forms of communication with relevant persons. The leadership of the member makes decisions on how to eliminate identified deficiencies. In order to implement the policy and achieve the goals, various activities were additionally carried out in the reporting period.

IMPROVING ACCESS TO WORKPLACES

At the Group level, efforts are actively being made to improve access to workplaces and increase safety on staircases and landings, with significant financial resources being allocated.



"5 MINUTES FOR SECURITY" IN THE NEXE GROUP

"5 minutes for safety" is a preventive activity within the Nexe Group aimed at raising awareness of safety in the workplace. Employees take a few minutes every day before starting work to assess possible risks, inspect necessary equipment and communicate with each other about the safe way to perform their tasks. This short but very important activity allows all employees to prepare to work in safe conditions and reduces the possibility of accidents or incidents.

"5 minutes for safety" as a form of toolbox talk is held in all member companies of the Group, depending on the events about which the employees want to be informed.

The NEXE Group
continuously
encourages active
communication and a
proactive approach to
safety, thereby
contributing to
maintaining high
standards of
occupational safety.



AED

eng. *Automated external defibrillator*



E-LEARNING MODUL

Simple and effective distance learning

AED – AUTOMATIC EXTERNAL DEFIBRILLATOR

Group members have purchased a total of eight new AED devices, which have been installed at locations with the largest number of employees and visitors. The device supplier held training for employees in Našice, Osijek, Vinkovci and Koprivnica. On this occasion, the training participants were demonstrated how to use the devices and were introduced to the specifics of potential situations. Through this program, a sufficient number of employees were trained with the aim of timely and correct reactions in case of need, and who can further transfer the knowledge gained during the training.

E-LEARNING MODULE FOR OCCUPATIONAL SAFETY AND HEALTH

With the aim of improving occupational safety and employee safety, NEXE Group has developed an e-learning module that has been successfully launched. This system enables simple and effective distance learning, which gives employees the opportunity to educate themselves on key issues related to occupational safety and health protection, without the need for physical presence at training sessions.

The module provides access to relevant information and materials related to safety procedures, legal obligations and best practices in the industry. In addition, NEXE Group employees can participate in legally prescribed training, ensuring compliance with applicable legislation and occupational safety standards. The implementation of this module represents a significant step in the digitalization of education and training processes within NEXE Group, improving the efficiency and availability of necessary information, while at the same time contributing to maintaining high standards of safety and health protection in the workplace.



NEXE Group also encourages employees to engage in sports, eat healthily and take care of their mental health by promoting, organizing, donating and sponsoring numerous sports clubs and associations.

SAFETY AND HEALTH AWARENESS CAMPAIGN AT WORK

Building a safety culture is a constant and dynamic process that requires the involvement of all levels in the company. Every job must also be safe work. Awareness of risks, safe working methods and the need for health protection is continuously raised through posters and leaflets on safety measures, information on risks and new work techniques and posts on social networks.

CARE OF EMPLOYEE HEALTH OUTSIDE THE WORKPLACE

In 2022, planning for a preventive examination program for all workers in the Republic of Croatia began. In 2023, a program of preventive systematic medical examinations for all employees of member companies from the Republic of Croatia was successfully implemented. All employees working in jobs with increased risk undergo additional periodic examinations to determine their health status and ability to perform their jobs. The above practice is applied to all members of the Group.

Goals and Indicators

Health and safety at work is a priority in which corporate responsibility is consistently implemented with the final and continuous goal of 0 injuries at work in all member companies of the Group. The goals related to the reduction of injuries at work, deaths related to injuries at work and the reduction of sick days are derived from the management policy, and are defined on an annual basis with regard to last year's results. In the upcoming period, it is planned to consider setting target values.

100 % of NEXE Group employees are covered by the occupational health and safety management system. In the reporting period, 2,04 % of employees were injured at work. A total of 36 injuries at work were recorded, resulting in the loss of 812 working days due to sick leave. The injury rate in 2024 is 11,81 (injuries per million working hours). There were no fatalities caused by injuries at work in the reporting period.



	2021.	2022.	2023.	2024.
Number of employees	1762	1805	1692	1679
Total number of injuries at work	54	42	39	36
Work injuries rate	–	13,28	13,67	11,81
Death cases	0	0	0	0
Injuries outside workplace (on the way to work)	0	1	6	4
Injuries of external contractors	0	2	0	1
Number of work-related illnesses on which records are kept	data not available	data not available	data not available	0
Days lost due to sick leave	1501	1404	1973	812

Working Conditions

COMMITMENT TO EMPLOYEE WELLBEING

To attract, motivate, and retain employees, NEXE Group strives to provide competitive working conditions that have a positive impact on employee well-being. Employee rights within all members of the Group are not limited solely to legally prescribed minimum conditions but also include additional benefits aimed at fostering a positive work experience.

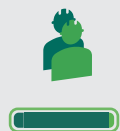
Commitment to creating competitive working conditions through permanent employment, providing adequate compensation, stable working hours, and insurance in case of unforeseen circumstances is stipulated through the Employment Regulations and the Collective Agreement. The implementation of the human resources management policy, which includes working conditions, is the responsibility of the Human Resources Department, which reports directly to the Board Member responsible for human resources, legal affairs, management systems, and occupational safety.

DIALOGUE WITH EMPLOYEES

NEXE Group encourages open and honest communication at all levels and in all processes. Dialogue between workers and their superiors is something that is carried out daily and continuously, and it is one of the ways in which the employer can get feedback on employee satisfaction. Employees can express their concerns and needs through the Worker's Council and the Trade Union. Regular quarterly meetings between the employer and employee representatives enable negotiations on working conditions with the aim of achieving the best possible conditions and meeting the employees' expectations. Communication about working conditions and employee satisfaction is not limited to formal meetings. It takes place every day, within each team, where every employee has the opportunity to express their opinion, and every employee can also contact the Human Resources Department. Also, the annual employee satisfaction survey provides additional insights into employee satisfaction with working conditions, which enables continuous improvement of working standards.

EMPLOYMENT SECURITY

In 2024, 96,61 % of employees had permanent contracts and 99,76 % of employees were employed full-time.



96,61 %

PERMANENT
CONTRACTS



99,76 %

FULL-TIME

COMPLAINT MECHANISMS

In the reporting period, the Human Resources Department did not receive a single complaint related to violations of the provisions of the Employment Agreement, the Work Regulations or the Collective Agreement.

Employees who are not satisfied with the working conditions can contact their supervisor, the occupational safety commissioner or the Human Resources Department. After the inquiry/complaint is received, the case is investigated and individual interviews are conducted with the person who sent the complaint, with the superior person and other persons who were involved, and an attempt is made to reach an optimal solution.

In addition to the above channels, employees can also use the official channel for reporting irregularities, described in more detail in the Corporate Governance chapter. NEXE Group conducts regular assessments of the effectiveness of the complaint mechanisms, including an analysis of the number and nature of complaints received and employee feedback on the accessibility and effectiveness of the available channels.

Special attention is paid to protecting employees from retaliation, in accordance with internal policies and applicable regulations. Negative effects related to occupational injuries are regulated through specific procedures described in the chapter on occupational health and safety, where corrective mechanisms and responsibilities for implementing measures are detailed.



TYPE OF WORK CONTRACT (BY GENDER)

Type of contract	2021.		2022.		2023.		2024.	
Permanent contract	1551	88,02 %	1597	88,48 %	1634	96,57 %	1622	96,61 %
Male	1281		1310		1361		1349	
Female	270		287		273		273	
Temporary contract	211	11,98 %	208	11,52 %	58	3,43 %	57	3,39 %
Male	165		163		44		43	
Female	46		45		14		14	
Non-guaranteed work hours contract	0	0	0	0	0		0	
Full-time employees	1757	99,72 %	1796	99,50 %	1678	99,17 %	1675	99,76 %
Male	1442		1469		1401		1390	
Female	315		327		277		285	
Part-time employees	5	0,28 %	9	0,50 %	14	0,83 %	4	0,24 %
Male	3		8		7		2	
Female	2		1		7		2	
Total number of employees	1762		1805		1692		1679	

TYPE OF WORK CONTRACT (BY COUNTRY)

Country	2021.		2022.		2023.		2024.		
Croatia	Permanent contract	998	90,40 %	1047	91,60 %	1127	99,21 %	1138	99,22 %
	Temporary contract	106	9,60 %	96	8,40 %	9	0,79 %	9	0,78 %
	Contract for non-guarranteed work hours	0	0 %	0	0 %	0	0 %	0	
	Full-time contract	1102	99,82 %	1140	99,74 %	1134	99,82 %	1146	99,91 %
	Part-time contract	2	0,18 %	3	0,26 %	2	0,18 %	1	0,09 %
	Total number of employees	1104		1143		1136		1147	
Serbia	Permanent contract	459	82,55 %	452	81,30 %	416	91,63 %	386	89,77 %
	Temporary contract	97	17,45 %	104	18,70 %	38	8,37 %	44	10,23 %
	Contract for non-guarranteed work hours	0	0 %	0	0 %	0	0 %	0	0,00 %
	Full-time contract	556	100 %	556	100 %	446	98,24 %	430	100,00 %
	Part-time contract	0	0 %	0	0 %	8	1,76 %	0	0,00 %
	Total number of employees	556		556		454		430	

Country		2021.		2022.		2023.		2024.	
Bosnia and Herzegovina	Permanent contract	94	92,16 %	98	92,45 %	91	89,22 %	98	96,08 %
	Temporary contract	8	7,84 %	8	7,55 %	11	10,78 %	4	3,92 %
	Contract for non-guaranteed work hours	0	0 %	0	0 %	0	0 %	0	
	Full-time contract	99	97,06 %	100	94,33 %	98	96,08 %	99	97,06 %
	Part-time contract	3	2,94 %	6	5,67 %	4	3,92 %	3	2,94 %
	Total number of employees	102		106		102		102	



SOCIAL PROTECTION

In general acts at the member level, NEXE Group has ensured financial assistance (in the event of an employee's sick leave or death - family assistance) and assistance in the form of days off for special social needs (death of a family member, marriage, birth of a child, relocation, serious illness of a close family member) for all employees in accordance with the terms of use prescribed by law.

ADEQUATE SALARY

Human Resources Department continuously monitors the state of the labor market, inflation rates, changes in tax regulations, etc., with the aim of making timely decisions on changes to employee salaries. Average salaries are also monitored at the state and sector level, and quarterly reports are prepared on the implementation of the average salary plan in relation to the national average. The salary plan is prepared in accordance with the guidelines developed by the Human Resources Department, based on the employment policy, the Management Board's guidelines, the salary increase plan due to the impact of inflation, the increase in the cost of living and individual work results for each employee. In cooperation with employee representatives, the adequacy of salaries is monitored and proposals for salary increases are prepared in individual members of NEXE Group. All employees of NEXE Group have a contracted basic gross salary that is higher than the prescribed legal minimum wage.

COLLECTIVE BARGAINING

NEXE Group respects the rights of its employees to establish and join trade unions and participate in collective bargaining. In 2024, as in 2023, a total of 91 % of employees were covered by the rights of collective agreements. Other general acts adopted in the company apply to employees who are not covered by collective agreements, such as the Labor Regulations and other general acts and decisions that regulate the rights and obligations of employees and employers. Each production member of NEXE Group has its own trade union representative/worker representative who advocates for the improvement of workers' rights in all organizational units. A total of 100 % of employees work in units that have their own worker representative.

SHARE OF EMPLOYEES WHO EXERCISED THEIR RIGHT TO MATERNITY/ PARENTAL/PATERNITY LEAVE

M	F
2021.	
0,14 %	6,35 %
2022.	
1,69 %	10,37 %
2023.	
2,35 %	9,41 %
2024.	
3,59 %	9,76 %

The percentage is calculated in relation to the total number of employees of a certain gender.

WORK-LIFE BALANCE

Overtime hours and lack of rest can threaten safety at work and negatively affect the health of employees, which is why we try to avoid long shifts, overtime work and work without weekly rest. Working time models and schedules for a particular company and/or organizational unit are shaped through meetings and workshops with management. In order to better manage working hours, in 2022 NEXE Group started introducing software that enables more efficient recording of working hours, and workshops were held with working time recorders about the rules for keeping records. The implementation has been completed in a large part of the organizational units of NEXE d.d. and the test phase is over. All recorders are trained to work in the software. The results of entering the working time record are in line with the employer's expectations, with constant improvements to the software itself, which proved necessary during the test period. Further implementation in other member companies of NEXE Group is continued.

Flexible working practices are facilitated where appropriate to enable a healthy work-life balance for employees. In this sense, the Decision on equal and unequal duration and schedule of working hours and the corresponding Table with the schedule of equal and unequal hours by organizational units were adopted.

All rights and conditions during the use of maternity, parental and paternity leave are regulated by special legal regulations and are applied as such in all member companies of NEXE Group without exception. All employees had the right to maternity/parental/paternity leave in accordance with the conditions of use prescribed by law. In 2024, 3,59 % of employees (50 employees) exercised their right to maternity/parental/paternity leave. Among female employees, 9,76 % (28 female employees) exercised this right. In 2023, a total of 60 employees exercised the right to maternity/parental/paternity leave, and in 2024, this number was 78 employees.

ADDITIONAL BENEFITS

Work performance in most member companies of NEXE Group is monitored on a monthly basis through a monthly incentive model. The monthly incentive model relates to the specification of jobs and the individual attitude of employees towards the workplace and work colleagues, as well as desirable behaviors. The process of setting annual goals for managerial positions is defined, enabling the monitoring of their work performance, which serves as the basis for realizing their right to an annual bonus. Sales departments in individual companies have their own variable compensation model that depends on the achievement of set sales goals.

GOALS

The goal of NEXE Group is to continuously improve the working conditions by renovating the production plants and other areas where employees stay and work. The survey of employee satisfaction with working conditions is carried out using an internal questionnaire. In the coming period, the goal of improving satisfaction with working conditions will be defined.

Additional benefits that NEXE Group provided to its employees in the reporting period are:



CHRISTMAS BONUS AND
HOLIDAY CASH GRANT



PAYMENT OF JUBILEE AWARDS FOR YEARS OF
CONTINUOUS SERVICE IN THE COMPANY



EASTER AND CHRISTMAS
GIFT IN KIND



REWARD FOR ACHIEVED WORK RESULTS AS PART
OF THE COMPANY'S FINANCIAL SUCCESS



CHRISTMAS GIFTS FOR
EMPLOYEES' CHILDREN



PHYSICAL EXAMINATION FOR EMPLOYEES



ADDITIONAL DAYS OF ANNUAL LEAVE



TRANSPORTATION FEE IN THE FULL AMOUNT OF
THE MONTHLY TICKET



PAID TIME OFF FOR EMPLOYEES'
PERSONAL OBLIGATIONS



PROVIDED FREE MEALS FOR ALL EMPLOYEES
(EITHER THROUGH MEAL PROVISION OR MONTHLY
LUMP-SUM PAYMENT).

Employee Development

KNOWLEDGE AND SKILL DEVELOPMENT

NEXE Group is aware that people are the company's greatest value, and that is why it is extremely important to invest in employees, their skills and competencies. It is committed to helping employees achieve success and ensuring they have access to opportunities to achieve their goals. It continuously works to attract, retain and develop top talents in its industry. Professional, experienced and motivated management at all hierarchical levels is one of the prerequisites for realizing the NEXE Group's strategy and business goals.

The Human Resources Department develops individual development plans in cooperation with directly superior managers. All employees have the opportunity for personal and professional development and are encouraged to work on developing skills beyond the requirements of the workplace. The member of the Board responsible for the area of human resources, legal affairs, management system and occupational health and safety is in charge of achieving the set goals.

DIALOGUE WITH EMPLOYEES

The Human Resources Department, specifically the leader of the education and selection process, is responsible for promoting and coordinating the topics of development, education, and advancement. Every manager is responsible for planning career development, education, and training in collaboration with the employee and for maintaining regular communication about it.

The Human Resources Department communicates with division/department/sector representatives regarding employee's career development. Based on this, managers have individual discussions with each employee about their career development. Managers engage in continuous discussions with employees on this topic, formally addressing it once a year during the planning of education for the following year. For key positions and identified talents individual discussions are also conducted by the Human Resources Department.

In 2022, panel discussions were held for the first time in the form of focus groups, where employees were discussed about key topics in the organization, such as the company's business perspective, attitude towards employee safety and well-being, quality of mutual cooperation and communication, work valorization, and opportunities for professional development and advancement. This format of direct communication with employees has proven successful and was implemented again in 2023 and 2024.

The interests of employees are taken into account when creating the Education Plan for the upcoming period. For the offered educational content, employees report directly to the Human Resources Department, and their attendance is coordinated with a superior.

Activities

CAREER MANAGEMENT

On the basis of a comprehensive project of assessing the employees' potential in co-operation with an external collaborator, which was carried out in 2022, a talent base was developed and individual development programs were created for them. All other employees received feedback with a recommendation for further development. Education plans are drawn up every year. Managers assess the educational needs of each employee based on their knowledge and skills and the future needs of the workplace and the development of successors in key positions. The planning is thus coordinated with the strategy of NEXE Group.

DEVELOPMENT OF COMPETENCES

In NEXE Group, employees are provided with opportunities to participate in various forms of training, including professional seminars and workshops, specialist meetings and conferences, workshops for developing personal or managerial skills.

NEXE Academy combines 4 development programs:



NEXE Base – intended for new employees who have not completed the required basic training and who need additional training on communication, teamwork, time and conflict management, and the like.



NEXE Specialist – highly specialized training for employees in certain processes with topics related to sales, procurement, finance, etc.



NEXE Manager – intended for the development of managerial competencies of existing managers and for the development of skills of newly promoted managers.



NEXE Talent – education aimed at the individual development of employees with great development potential.

NEXE ACADEMY

In 2022, the NEXE Academy was established, a structured program that improved the existing education system so that employees could realize their full potential, develop additional work skills and increase their work efficiency. Specialized workshops are aimed at different groups of employees, adapting to their specific roles and needs within the organization. For those in leadership positions, the focus is on developing key managerial skills, including communication, situational leadership, organization, leadership, teamwork, collaboration, synergistic diagnosis, and motivation and engagement.

Employees who are often involved in leading or participating in projects can expand their skills in project management. Those who regularly take on mentoring roles refresh and upgrade their mentoring skills. Also, part of the employees participates in training aimed at assertiveness, conflict management, stress and energy regulation. In addition, internal training courses are conducted covering topics such as working hours, violation of work obligations, records of working hours and professional selection, all with the aim of improving organizational efficiency and compliance with regulations.

During 2024, the NEXE Academy was a place of professional development for 318 NEXE Group employees through 20 workshops. A total of 2.719 hours of training were achieved, and a total of 49.213 euros were invested in the project.



Employees regularly participate in training in their own business area, which is held in the form of professional seminars and workshops, as well as professional meetings and conferences.



In 2024, a total of EUR 164.745,56 was invested in employee training and development.

Education and training

In 2024, employees from the finance business area participated in external training related to changes in tax regulations, but also on other topics related to the preparation of financial statements. Additionally, given the changes in reporting, employees participated in training related to sustainable finance and ESG reporting, and the construction industry on the path to decarbonization and sustainable business, as well as corporate sustainability.

Within the audit area, employees were educated on the topic of internal audit interaction with the audit committee and ESG management, and improving the quality of internal audit.

Employees from the sales business area participated in external training on the topic of automated business reporting in the Power BI tool.

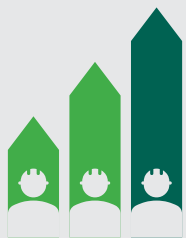
Employees from the IT sector were educated on topics related to ChatGPT, artificial intelligence and security.

Employees from other business areas participated in training in the areas of occupational safety and legal affairs and labor relations. Education was also provided in

accordance with regulations in the fields of production, electrical engineering, construction, sustainable finance management and customs agent work.

During 2024, participation was realized in domestic and international conferences and symposiums in the fields of information security, environmental protection, waste management, mining, finance, human resource management, marketing, sales and procurement. In addition, the NEXE Group also encourages and co-finances learning a foreign language and further formal education of employees that is of interest to the organization's business.

The success of the activities carried out is monitored on the basis of employee satisfaction surveys conducted with organized in-house education, the Annual Assessment of the Quality and Efficiency of Education and the Final Report on Employee Satisfaction. The Human Resources Department prepares education reports that show the implementation in relation to the education plan. After completing the education, each employee evaluates its quality, and the assessment of the effectiveness of the education is given by the superior of the participant who attended the education.



NEXE Group has identified increasing the share of employees who regularly participate in training and skills development evaluations as one of the goals related to creating positive effects on employees.

GOALS

The key performance indicators (KPI) of the process are defined as the basis for setting goals, thus ensuring that the goals are relevant and aligned with the Group's Policy and strategic and general goals. Annual goals represent target values of KPI processes and sub-processes. KPI's are defined by the description of processes and sub-processes in accordance with the organizational chart. The planning of target values is done on an annual basis. The bearer of the KPI and goals are the owners of the process, that is, the persons responsible for the sub-processes. They are also the goal bearers and are responsible for their realization. The achievement of goals is compared quarterly compared to the plan.

INDICATORS

In the reporting period, there were a total of 7,534 hours of training, or 4,49 hours per employee. In the reporting period, there were an average of 9,50 hours of training for women and 3,45 hours for men. A total of 26 % of employees participated in some form of training, i.e. 40 % women and 23 % men. Compared to the previous period (2023), when there were 18.818 hours of training and when 25 % of employees participated in training, there was an increase in the number of employees who participated in training, but the total number of hours of training decreased due to the fact that in 2023 several different training and training courses were conducted for employees in production and maintenance.

REGULAR PERFORMANCE REVIEWS

In the reporting period, annual performance evaluations were conducted so that employees received feedback from their superiors as needed.

The long-term plan as part of corporate governance is to establish a system for regular monitoring of career development and performance evaluation..

NEXE EMPLOYER PARTNER AND EQUAL PAY CHAMPION

In 2024, NEXE Group member d.d. was awarded the Employer Partner certificate for the third time. Employer Partners are companies that have proven excellence in human resources management and have shown strong support for the long-term growth of employees and the organization. The awarding of the certificate is the responsibility of the leading Croatian human resources management group SELECTIO. The Employer Partner certificate confirms the commitment to investing in human resources development

and success in building long-term partnership relationships with employees.

In 2024, the NEXE Group member d.d. was awarded the Equal Pay Champion certificate, a recognition that SELECTIO Group grants to companies that demonstrate determination to achieve equality, fairness and equity in their organization. This certificate confirms that the company applies transparent pay systems and actively promotes an inclusive organizational culture.





AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE (BY CATEGORY AND GENDER)

Country	Number of employees as of 31.12.2021	Number of training attendees in 2021	% of training attendees	Number of training hours in 2021	Hours per employee	Country	Number of employees as of 31.12.2023	Number of training attendees in 2023	% of training attendees	Number of training hours in 2023	Broj sati po zaposleniku
Bosnia and Herzegovina	102	12	12	366	3,59	Bosnia and Herzegovina	102	17	17	333	3,26
Croatia	1104	91	8	5514	4,99	Croatia	1136	371	33	18155	15,98
Serbia	556	13	2	372	0,67	Serbia	454	27	6	330	0,73
Total	1762	116	7	6252	3,55	Total	1692	415	25	18818	11,12

Country	Number of employees as of 31.12.2022	Number of training attendees in 2022	% of training attendees	Number of training hours in 2022	Hours per employee	Country	Number of employees as of 31.12.2024	Number of training attendees in 2024	% of training attendees	Number of training hours in 2024	Hours per employee
Bosnia and Herzegovina	106	13	12	216	2,04	Bosnia and Herzegovina	102	33	32	447	4,38
Croatia	1143	195	17	6988	6,11	Croatia	1147	354	31	6460	5,63
Serbia	556	23	4	330	0,59	Serbia	430	42	10	627	1,46
Total	1805	231	13	7534	4,17	Total	1679	429	26	7534	4,49

Employee category	Number of employees as of 31.12.2021	Number of training attendees in 2021	% of training attendees	Number of training hours in 2021	Hours per employee
Administration	220	29	13	1242	5,65
Marketing and sales	123	6	5	348	2,83
Management	99	45	45	1230	12,42
Production and maintenance	1320	36	3	3432	2,60
Total	1762	116	7	6252	3,55

Employee category	Number of employees as of 31.12.2022	Number of training attendees in 2022	% of training attendees	Number of training hours in 2022	Hours per employee
Administration	243	53	22	2670	10,99
Marketing and sales	115	6	5	78	0,68
Management	106	61	58	1198	11,30
Production and maintenance	1341	111	8	3588	2,68
Total	1805	231	13	7534	4,17

Employee category	Number of employees as of 31.12.2023	Number of training attendees in 2023	% of training attendees	Number of training hours in 2023	Hours per employee
Administration	248	84	34	1552	6,26
Marketing and sales	98	19	19	548	5,59
Management	122	78	64	1676	13,74
Production and maintenance	1220	230	19	14970	12,27
Development and investments	4	4	100	72	18
Total	1692	415	25	18818	11,12

Employee category	Number of employees as of 31.12.2024	Number of training attendees in 2024	% of training attendees	Number of training hours in 2024	Hours per employee
Administration	254	120	47	2010	7,91
Marketing and sales	95	38	40	697	7,34
Management	118	71	60	1588	13,46
Production and maintenance	1208	197	16	3194	2,64
Development and investments	4	3	75	45	11,25
Total	1679	429	26	7534	4,49

Gender	Number of employees as of 31.12.2021	Number of training attendees in 2021	% of training attendees	Number of training hours in 2021	Hours per employee
Male	1447	88	6	5268	3,64
Female	315	28	9	984	3,12
Total	1762	116	7	6252	3,55

Gender	Number of employees as of 31.12.2023	Number of training attendees in 2023	% of training attendees	Number of training hours in 2023	Hours per employee
Male	1405	333	24	16849	11,99
Female	287	82	29	1969	6,86
Total	1692	415	25	18818	11,12

Gender	Number of employees as of 31.12.2022	Number of training attendees in 2022	% of training attendees	Number of training hours in 2022	Hours per employee
Male	1477	171	12	5326	3,61
Female	328	60	18	2208	6,73
Total	1805	231	13	7534	4,17

Gender	Number of employees as of 31.12.2024	Number of training attendees in 2024	% of training attendees	Number of training hours in 2024	Hours per employee
Male	1392	314	23	4808	3,45
Female	287	115	40	2726	9,50
Total	1679	429	26	7534	4,49

TRAINING MONITORING METHODOLOGY

NEXE Group provides two types of educational programs: external education and inhouse education (NEXE Academy).

IN-HOUSE EDUCATION: The organization of in-house education is carried out by the Human Resources Department through the NEXE Academy. The following information is recorded in detail for each training: first and last name of the participant, company from which the participant comes, date of the training, topic of the training, educational institution conducting the training, cost of the training, duration of the training (day/hour).

EXTERNAL EDUCATION: For external education, the Hivergen program is used, which enables all NEXE Group employees to submit a Request for attending education. After approval of the request by the superior, the employee can participate in education, seminar, conference or professional meeting. Records for external training include: name

and surname of the participant, company from which the participant comes, date of the event, topic of the training, educational institution conducting the training, cost of the training, duration of the training (day/hour).

The number of hours of education per employee is calculated as the total number of hours of education per category (country, category, gender) divided by the total number of employees in the specified category on the last day of the year. The share of employees who attended training was calculated as the total number of training participants per category (country, category, gender) divided by the total number of employees in the specified category on the last day of the year.

All data is documented through the Education Attendance Request to ensure a high level of organization and transparency within NEXE Group's educational processes.

DIVERSITY IN NEXE GROUP

GENDER DIVERSITY IN TOP MANAGEMENT

MNG-2024	M	F	Total	% Female	MNG-2022	M	F	Total	% Female
Board	4	1	5	20	Board	5	1	6	17
B-1	15	9	24	38	B-1	16	10	26	38
Total	19	10	29	34	Total	21	11	32	34

MNG-2023	M	F	Total	% Female	MNG-2021	M	F	Total	% Female
Board	5	1	6	17	Board	5	1	6	17
B-1	12	10	22	45	B-1	15	12	28	43
Total	17	11	28	39	Total	20	13	33	39

Level B-1 comprises company directors, sector directors and heads of departments at the Group level.



AGE DIVERSITY OF THE WORKFORCE

Age structure	2021.		2022.		2023.		2024.	
under 30	328	19 %	364	20 %	319	19 %	331	20 %
30 – 50	861	49 %	906	50 %	875	52 %	892	53 %
over 50	573	33 %	535	30 %	498	29 %	456	27 %
Total	1762		1805		1692		1679	

COMPENSATION RATIO - THE RATIO OF HIGHEST COMPENSATION AND MEDIAN COMPENSATION
FOR ALL EMPLOYEES IN THE REPORTING PERIOD

Country	Group member	2021.		2022.		2023.		2024.	
		with average income	with median income	with average income	with median income	with average income	with median income	with average income	with median income
Croatia	NEXE d.d.	10,46	11,96	7,79	8,44	7,64	8,56	7,44	8,31
	EKONEX d.o.o.	2,03	1,73	3,15	3,54	4,15	3,65	1,88	1,58
	IGMA d.o.o.	4,31	4,17	3,79	3,71	3,95	3,79	4,25	4,02
	Dilj d.o.o.	7,31	7,38	6,08	6,07	4,59	4,58	4,70	4,53
	LUKA TRANZIT OSIJEK d.o.o.	4,97	4,84	4,49	4,18	4,66	4,70	4,43	4,27
	NEXE GRADNJA d.o.o.	4,63	4,51	3,70	3,59	-	-	-	-
	CE - MA d.o.o.	2,03	2,07	1,96	1,98	1,79	1,81	1,95	2,00
Serbia	NEXE BETON DOO NOVI SAD	3,38	3,29	3,87	3,57	3,85	3,48	3,52	3,29
	AD POLET I GK NOVI BEČEJ	6,30	6,54	5,97	6,24	6,43	6,49	4,59	4,91
	POLET- KERAMIKA DOO NOVI BEČEJ	6,67	6,25	6,35	6,70	6,99	7,28	-	-
Bosnia and Herzegovina	NEXE BETON d.o.o. Sarajevo	2,50	2,42	2,05	2,05	1,97	1,95	1,74	1,77
	Tvornica opeke d.o.o. Sarajevo	2,98	3,16	3,64	3,51	4,06	3,86	4,23	4,17

COMPENSATION RATIO CALCULATION METHODOLOGY

When calculating the compensation ratio, NEXE Group followed the methodology prescribed by ESRS standards. The calculation was made based on compensation data from the HR system. The calculation included: basic salary and related taxable salary supplements, cash compensation, compensation in kind, direct compensation. In 2024, the methodology for calculating the compensation ratio was changed. According to the new methodology for calculating the compensation ratio, the following formula was used: highest annual total salary/median annual salary (does not include the highest salary). Previous reporting years were also adjusted to the new calculation methodology to enable data comparison. Work is currently underway to establish a system or program for calculating the ratio of the total annual salary of the highest paid person to the median annual salary of all employees, as well as gender pay gaps, and the aforementioned indicators will be published in the next reporting period.



Incidents, Complaints and Violations of Human Rights

The Code of Ethics of NEXE Group stipulates that selection, career advancement, defining positions and benefits should be based on abilities, experience and compliance with the core values of NEXE Group. Decisions related to the business path and work experience of anyone in NEXE Group must not be related to the following parameters: age, nationality, religious affiliation, gender, marital status, external orientation and other characteristics of an individual that can be the basis for discrimination. The Code of Ethics stipulates that no form of harassment is acceptable in mutual relations between employees, as well as with other stakeholders. It is the joint responsibility of all employees to create an inclusive work environment for all employees and for all stakeholders. During 2024, the Ethics Committee did not receive a single report. There were no reports, confirmed cases or penalties for human rights violations (e.g. forced or child labor, human trafficking).



It is the shared responsibility of all employees to create an inclusive work environment for all employees and all stakeholders.



| 3.2.

Our Contribution to the Local Community

NEXE Group strives to achieve a positive impact in the communities in which it operates through donations, sponsorships and joint development projects, and to limit the environmental impacts resulting from exploitation and production activities. The support and approval of the local community is important for the success of the business, which is why social responsibility and continuous investment in improving the quality of life of the local population are part of the NEXE Group's business strategy.

Material impacts, risks and opportunities

DEVELOPMENT OF THE LOCAL ECONOMY – NEXE Group strives to employ local people in the communities where it operates and provide them with job security and quality working conditions. NEXE Group cooperates with local educational institutions to provide opportunities for young people. It also supports local entrepreneurs by including them in its value chain. This particularly applies to transport and logistics services. In addition, it indirectly affects the local economy through the demand for products and services (e.g. hotel accommodation for partners and suppliers). The generated economic value is distributed to employees, public authorities, suppliers and capital providers, which is linked to the creation of income and distribution through operating costs, employee salaries and benefits, tax payments and community investments.

NOISE – Exploitation of raw materials and production of building materials results in noise emissions into the environment. Noise can cause disruptions and disorders in the daily life of the local community and an increased level of stress.

LOCAL ENVIRONMENTAL IMPACTS – The main emissions of pollutants into the air resulting from the activity are suspended particles, nitrogen oxides (NO_x) and sulfur oxides (SO_x) and carbon dioxide (CO₂). Suspended particles can appear due to activities in exploitation fields, during transport or due to open storage of materials. NO_x is caused by the combustion of fuel, and SO_x is caused by the oxidation of sulfur in the raw material and fuel. Other elements are released in very small or negligible amounts. You can read more about the management of this impact in the chapter “Emissions to air and water”.

DONATIONS AND SPONSORSHIPS – NEXE Group creates a positive impact on the quality of life and development of local communities through donations and sponsorships. NEXE Group invests in sports, education, culture, art and infrastructure and financially supports humanitarian and other projects of local communities. Their support is extremely important for local stakeholders who can more easily implement projects and meet the needs of the community.

RISKS AND OPPORTUNITIES

COOPERATION AND PARTNERSHIP WITH LOCAL EDUCATIONAL INSTITUTIONS – Proactive cooperation with local educational institutions, timely communication with young people, securing opportunities in the form of professional practices and internships can significantly increase the number of potential job candidates. This will make it easier to attract and retain quality workers, and a professional and quality workforce will be reflected in better business results.

Developing of Employability

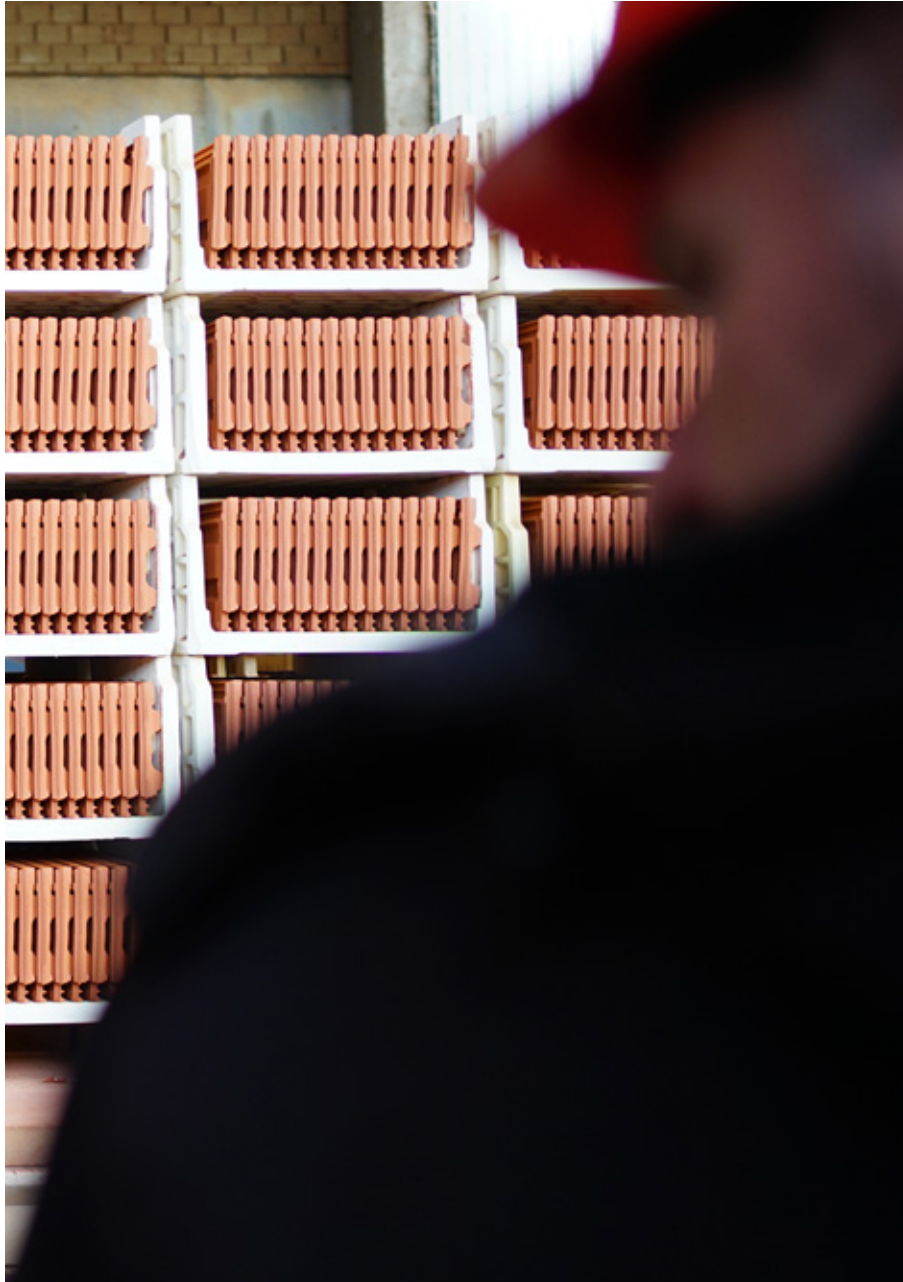
Plants for the production of construction materials are mostly located outside cities in less developed areas, which is why they can make a significant contribution to the development of the local economy by creating jobs and including small entrepreneurs in the value chain.

NEXE Group strives to provide work opportunities primarily to residents living near the facilities and thus influence economic development.

NEXE Group cooperates with local educational institutions through educational visits, professional internships and career fairs.

This gives NEXE Group the opportunity to introduce itself to potential employees and at the same time give them the opportunity to successfully start their career development.

In addition to the inclusion of the local population in the workforce, NEXE Group also strives to include small entrepreneurs in the value chain. Their inclusion in the value chain is the responsibility of the procurement sector, which engages small suppliers from local areas, if they meet the conditions of quality, health and safety. It is mainly about logistics and transport services.



DIALOGUE WITH STAKEHOLDERS

Stakeholders are informed about open tenders for employment and business cooperation on the official website of NEXE Group, local media and social networks. All interested stakeholders can always send their requests, cooperation proposals, inquiry through official channels available on the website and by direct contact.

NEXE Group signs partnership agreements with educational institutions that define the way of cooperation. We communicate with the representatives of the institutions as needed and jointly work on designing a program for the integration of young people into the labor market.



COOPERATION WITH EDUCATIONAL INSTITUTIONS AND OPPORTUNITIES THROUGH INTERNSHIPS

Every year, NEXE Group organizes professional internships that enable students to get to know the processes they learn about at the faculties and combine theoretical knowledge with practical application. NEXE Group conducts professional practice in cooperation with the Croatian Association of Employers and every year during the summer months holds several professional practices lasting 2 to 4 weeks for students of the Faculty of Economics, Electrical Engineering, Law and Food Technology and the Department of Mathematics at the J.J. Strossmayer University in Osijek. In 2024, a total of 19 internships were completed in the departments of finance, mining, engineering, maintenance, marketing, sales and procurement. In 2024, cooperation for student internships was renewed with the Faculty of Mining, Geology and Petroleum Engineering in Zagreb, the Faculty of Civil Engineering at the University of Zagreb, the Faculty of Electrical Engineering, Computing and Information Technologies (FERIT) at the J. J. Strossmayer University in Osijek, and the Faculty of Economics at the University of Osijek. Cooperation for student internships was concluded with the Faculty of Graphic Arts at the University of Zagreb and the Faculty of Economics at the University of Split.

During the internship, each student has a mentor who introduces them to the processes and methods of work and prepares them for future business challenges. The implementation of internships has proven to be extremely useful for both students and employers, because students develop their skills, and employers have the opportunity to introduce themselves to students and increase their potential employee base.

**TABLE: LOCAL
EMPLOYMENT AND
OPPORTUNITIES FOR
YOUTH IN 2024**

	Share of employees from local community*	Total number of students at practical training
Croatia	97 %	15
Bosnia and Herzegovina	97 %	3
Serbia	100 %	5

*Local community refers to the area of a county for Croatia, a municipality/district for Serbia, and a canton in Bosnia and Herzegovina

PARTICIPATION IN CAREER FAIRS AND OPEN DAYS

NEXE Group actively participated in several events during 2024, emphasizing its commitment to connecting education and industry. It participated in career fairs organized by the Faculty of Mining, Geology and Petroleum, the Faculty of Chemical Engineering and Technology, and the Faculty of Civil Engineering in Zagreb, where projects and employment opportunities were presented, with a special emphasis on NEXE Group's commitment to technological progress, sustainability, and continuing education.

Cooperation continued with the Faculty of Electrical Engineering, Computing, and Information Technologies (FERIT) of the J.J. Strossmayer University in Osijek, and NEXE Group projects and employment opportunities were presented to students at the Open Days and Careers (DOVIK) in Osijek.

In 2024, NEXE Group participated in the Job Fair in Novi Bečej organized by the National Employment Service of the Republic of Serbia, the TopJob Employment Fair in Novi Sad, and the Green Matrix Summit in Osijek, an event dedicated to skills for green and digital transition.

In 2024, the DILJ Group member d.o.o. Vinkovci hosted high school graduates from Denmark. During the visit, the students attended a lecture on the history of the company, modern business and innovations. A visit was also organized for students of the Faculty of Civil Engineering in Osijek as part of the International Conference of Civil Engineering and Architecture Students ISUCESS, who were also given a lecture about the DILJ Group member d.o.o. Vinkovci, its business and innovations.

Donations and Sponsorships

As a socially responsible business system, NEXE Group wants to make an additional contribution to the development of the local community, which is visible in donations and sponsorships with the aim of creating a positive impact.

POLICY

With its Quality Policy, NEXE Group has undertaken to operate in accordance with the principles of socially responsible business, which, among other things, include voluntary care for society, that is, the local community where NEXE Group members operate. With donations and sponsorships, NEXE Group strives to increase the quality of life of people in the community, invest in the development of sports and the preservation of cultural heritage, and contribute to environmental protection.

NEXE Group strives to build more inclusive and resilient communities through a joint approach to all NEXE Group member companies that consider the specific needs of each community. The areas NEXE Group focuses on are aligned with the mission of creating shared value and building a better future.

This voluntary commitment to society contributes to the achievement of long-term socio-economic added value for local communities. NEXE Group thus wants to contribute additionally to the achievement of the UN's global Sustainable Development Goals.

The budget for the realization of donations is defined by the Annual Plan of Donations and Sponsorships, when preparing the economic plans of the members. A separate amount is planned for donations in goods (primarily building materials from NEXE Group range), and separately for donations in money. When making proposals for donation plans, the members are guided by the realization of the previous year's budget, as well as the expectations of the local community (e.g. announcing projects of educational institutions, sports clubs, cultural events and the like).

DIALOGUE WITH SHAREHOLDERS

Stakeholders can continuously send requests for a donation or an inquiry for sponsorship cooperation through official channels. Over the month, the Head Office collects applications for donations and sponsorships for all members of the Group and, based on the Plan of Donations and Sponsorships and the proposal of the directors of the Group member companies, prepares an overview of applications for donations and sponsorships, which are considered once a month at the Board meeting. The Board makes a decision on the approval of donations and sponsorships in accordance with the vision, mission and Quality Policy of NEXE Group.

The Head Office coordinates the implementation of the Board's decisions on approved donations and sponsorships, providing feedback to Group members, communicating the decision to the recipient and other operational activities for possible agreements regarding implementation. Through the inquiries and applications received, NEXE Group monitors the needs of the local community, which enables better budget planning and activities in this segment. NEXE Group communicates all relevant information through announcements, posts on social networks, announcements on NEXE websites through NEXE news, which, in addition to employees, is available to the local community and the general public.

Support for Sports

NEXE Group, through its members who provide support to local sports clubs, wants to convey the message about the importance of playing sports and the impact that sports have on children and young people.

Also in 2024, significant sponsorship and donor cooperation was achieved with numerous sports clubs in local communities where NEXE Group members operate.



HANDBALL CLUB NEXE

The long-standing cooperation with the Handball Club NEXE from Našice continued in 2024. The support of the members of NEXE d.d. and Diljd.o.o. The Club has also significantly contributed to the work of the Handball Academy, which brings together many young people who train handball in several age categories.

EQUESTRIAN CLUB NEXE

NEXE d.d. and Dilj d.o.o. recognize the growing potential of equestrian sports in Croatia. The fact that this sport is becoming increasingly popular is evidenced by the great interest in the CAI Feričanci 2024 equestrian tournament and the final of the Croatian Championship organized by the NEXE Equestrian Club.

FOOTBALL CLUBS IN NAŠICE

In 2024, for the third time in a row, NEXE d.d., through an Invitation to football clubs of the Našice Football Center, awarded donations in money, materials for the renovation of football club infrastructure, or sports equipment. The criterion for awarding these donations is the number of teams of younger ages, which also encourages work in sports with young people in this way.

OTHER SPORTS CLUBS

NEXE d.d. proudly supports numerous other sports clubs that may not be as well known on a national or international level but have an extremely important significance in the local community, providing young people with a wide range of choices. Thus, in 2024, NEXE d.d. continued its cooperation with the NEXE Team Recreational Running Association, the Našice Cycling Club, the Đurđenovac Bowling Club, the Orahovica Handball Club, the Našice Women's Volleyball Club, the Osijek Handball Club, the Našice Tennis Club and other clubs. This year, NEXE d.d. also supported ŠUD Šaran through sponsorship of the 24th World Carp Fishing Championship, which was held in September 2024 on the Lapovac and Šandor lakes in Našice.

SPORTS IN VINKOVCI

The company Dilj d.o.o. operates in the Vinkovci area, a member of the NEXE Group, proud of its century-old tradition, not only in the quality of its products and relations with employees, but also in cooperation with the local community, where sport is only one, but an important part of this cooperation. Support for the Dilj Football Club continued in 2024, and in addition to it, other sports clubs in that part of the Republic of Croatia were also supported, such as the Cibalia Vinkovci Football Club, the Vinkovačke rode Jiu jitsu club, the Bjelin Spačva Handball Club, the Ivankovo Women's Handball Club, the Zrinski Nuštar Volleyball Club. The work of the Max Ivankovo Karate Club, the Mladost Osijek Judo Club and the Vinkovci Judo Club was also supported.

SPORTS IN KOPRIVNICA

The company IGMA d.o.o., whose business is the exploitation of gravel and sand and the production of concrete and concrete elements, also contributes to the local community through support for sports. Thus, in 2024, IGMA d.o.o. supported the work of football clubs from the Koprivnica region – NK Pođravec Torčec, NK Tomislav Drnje, NK Lipa Hlebine, NK Graničar Legrad and NK Močile.

SPORTS IN BOSNIA AND HERZEGOVINA

Good practices in cooperation with the local community that NEXE Group members implement in Croatia are also applied in members outside Croatia. NEXE Group member Tvornica opeke d.o.o. Sarajevo has traditionally supported the Association of Handball Schools "Sedmerac" Sarajevo in the organization of the Sarajevo Handball Winter CUP for young handball players aged 14 to 16 and clubs from the area of Bosnia and Herzegovina, the Republic of Croatia and the Republic of Serbia. This cooperation continued in 2024.

SPORTS IN SERBIA

In the Republic of Serbia, NEXE Group member AD POLET IGK continued its successful cooperation by supporting the work of the Handball Club Jedinstvo from Novi Bečej and the Handball Club Kanjiža. In 2024, cooperation was also established with the Stražilo-vo Football Club from Sremski Karlovac, and at the beginning of 2024, cooperation was established with the Sports Association of the Municipality of Novi Bečej, and the work of 21 sports clubs in the municipality of Novi Bečej was supported with a donation.

SUPPORT FOR STUDENTS AND EDUCATIONAL INSTITUTIONS

NEXE d.d. je i u 2024. godini nastavio surad-
NEXE d.d. continued its cooperation with the
Agency for Vocational Education and Adult
Education in 2024 and supported the orga-
nization of the national competition for stu-
dents of vocational schools from the Repub-
lic of Croatia – “Worldskills”. In 2024, it
supported the participation of students of
the Faculty of Electrical Engineering, Com-
puting and Information Technologies from
Osijek in the STEM Games, an international
competition for students in the STEM field.
Another successful sponsorship coopera-
tion was achieved with the Student Associ-
ation of the Faculty of Civil Engineering in
Osijek within the framework of the Interna-
tional Conference ISUCCES as a platform
for networking, exchange of knowledge and
experiences and promotion of innovations
in the field of civil engineering among stu-

dents, and with the Faculty of Electrical En-
gineering, Computing and Information Tech-
nologies from Osijek, sponsorship
cooperation continued in the DOVIK@FERIT
project – Open Doors and Careers Day, which
plays an important role in connecting edu-
cational institutions and industry.

NEXE d.d. in 2024, it also supported the Ger-
man-Croatian Chamber of Industry and
Commerce's project - Engineer of the Year,
which aims to promote female engineers in
society as comprehensively and effectively
as possible and inspire young generations
of girls to choose STEM studies and engi-
neering careers. An interesting project of the
Faculty of Philosophy in Osijek, Department
of Psychology, entitled Let's Run for Mental
Health, which was held in October 2024, was
recognized and supported.





OTHER PROJECTS IN THE LOCAL COMMUNITY

There are a number of other projects supported by the members of the NEXE Group in the locations of their activities, such as the traditional cultural manifestation “Vinkovačke jeseni”, “Grožđenbal” in Sremski Karlovci, “Velikogospojinski dani” in Novi Bečej and the event “Kad Tisa cveta”, which celebrates the 200.000-year-old phenomenon of the river blooming, which, apart from the Tisa, can only be experienced in China.

Members of the NEXE Group, in accordance with their capabilities, have been involved in a number of humanitarian activities with the aim of helping the residents of the local communities where they operate.

Thus, in 2024, NEXE Group's focus on improving people's lives at all locations of its operations was confirmed. There was no lack of support for religious institutions, mostly through the donation of building materials for the needs of renovating religious buildings, but also for health institutions. Thus, support was provided to KBC Osijek by covering part of the costs of construction works on the construction of outpatient clinics of the Institute of Oncology.



GOALS AND INDICATORS

NEXE Group strives to continuously increase investments in the local community and to provide support to stakeholders in the implementation of important projects for the development of sports, the protection of the environment and cultural heritage, and the education of young people. On an annual basis, the Plan of Donations and Sponsorships envisages support for the projects of local communities. The plan is created based on the achievements of previous years and the cooperation with the local community so far, and the implementation is monitored throughout the year. Currently, no target values related to investments in the local community have been established, but the Donation and Sponsorship Plan serves as a framework for monitoring contributions and continuity of support. In the future, the possibility of setting measurable goals in cooperation with relevant stakeholders will be considered.

TABLE: DONATIONS AND SPONSORSHIPS

	2022.	2023.	2024.
Donations	1,67 million euros	1,83 million euros	1,89 million euros*
Sponsorships	0,96 million euros	1,14 million euros	1,13 million euros

* The donation amount of EUR 1,89 million includes tax-deductible donations; excluding tax-deductible donations, the donation amount for 2024 is EUR 1,86 million.

Managing Environmental Impacts in the Local Community

POLICY

The construction material industry, by its very nature, has negative impacts on the environment due to the intensive exploitation of raw materials and the emission of pollutants into the environment. NEXE Group operates in all local communities in accordance with the applicable environmental protection laws and permits and acts prescribed by the environmental protection legislation and granted by the competent authorities and strives to contribute to the positive impact on the environment through voluntary activities. An environmental management system according to ISO 14001:2015 and the associated Energy, Environmental Protection and Health and Safety Policy have been established at cement and concrete production sites in the Republic of Croatia. The Quality Policy is valid in other member countries. With the aforementioned policies, NEXE Group undertakes to be a responsible and acceptable neighbor to the local community and to be open in communication with interested parties regarding its environmental impact and energy indicators. The sustainability and management systems department of NEXE d.d. is responsible for monitoring and managing environmental impacts, and in other member countries there are responsible people in the field of environmental protection.

The member of the Management Board responsible for human resources, legal affairs, management systems, and occupational health and safety is responsible for compliance with legal regulations and the reduction of harmful effects on the environment.

In its operations, NEXE Group strives to reduce the negative impacts on the environment and the local community. Limit values of emissions into air, water and soil are prescribed by legal regulations and implementing regulations in the field of environmental protection and water protection, as well as by permits issued in accordance with the regulations (environmental permit, water law permit). NEXE Group invests in the modernization of facilities and carries out voluntary activities to further reduce the impact on the environment, and regularly, as prescribed by law, conducts measurements of pollutant emissions into the environment through authorized legal entities and laboratories, thereby monitoring the compliance of operations with the prescribed limit values of pollutant emissions into the environment. The aim of such a policy is to reduce the harmful effects of operations as much as possible and prevent a potentially negative impact on the quality of life of local communities.



DIALOGUE WITH STAKEHOLDERS

Interested stakeholders can find information about the management method on NEXE Group's corporate website and on the website of the Ministry of Economy and Sustainable Development, where annual reports on air quality monitored by the Zoljan Monitoring Station (NEXE d.d. air quality monitoring network) are available. Any concerned resident of the settlement near the plant can always contact the Group's representatives through the official channels available on the website, and every inquiry is considered and answered as soon as possible.

NEXE Group member companies regularly prepare all reports prescribed by law (in the field of environmental and water protection) on environmental impacts and submit them to the competent authorities within the prescribed deadlines, including data in the Environmental Pollution Register (ROO), Annual report on continuous and periodic measurement of air emissions, Reports on collection and recovery of waste, Report on quantities of by-products and persons who took them in the reporting period, prescribed monthly, quarterly and annual reports to the Fund for Environmental Protection and Energy Efficiency on collected and recovered waste and packaging and prescribed products placed on the market of the Republic of Croatia, Report on imported types and amounts of waste, Reports on discharges into water and others. In the case of emergency situations and incidents, the stakeholders are informed in accordance with the legal regulations and are treated according to the official document Operational Plan of Civil Protection.

REMEDYING ENVIRONMENTAL IMPACTS AND PROCESSES FOR EXPRESSING CONCERNS

All interested parties can contact NEXE Group with all inquiries related to suspected environmental pollution via the official e-mail address available on the official website, by official letter and by visiting the location in person. A contact form is available on the website [nexe.hr](https://www.nexe.hr) where stakeholders can submit inquiries, complaints and reports. In addition to direct communication with representatives of NEXE Group, stakeholders can submit their concerns regarding environmental protection indirectly, through competent bodies (State Inspectorate or Center 112), which respond to complaints received. Depending on the channel through which the inquiry, complaint or request for information was received, a response is also delivered to the interested party. The people responsible for information consider inquiries related to environmental pollution and deliver the requested information on the justification of the complaint and the established factual situation upon application to the interested party (complainant). A record of received complaints is kept.

Given the number of reports received through the above channels, it is estimated that affected communities are aware of the possibility of expressing concerns and the procedures available to them. Protection of persons submitting reports is ensured through internal policies and procedures, and additional information on protection mechanisms is provided in the Corporate Governance section. In the case of complaints, an investigation is carried out and, if the complaint received is justified, corrective actions are initiated to reduce environmental pollution and negative impact on the local community. Of the total number of complaints, 40,0 % were received through direct channels of communication with the local community, and 60,0 % were received through competent authorities.

TABLE: TOTAL NUMBER OF RECEIVED AND JUSTIFIED COMPLAINTS IN NEXE GROUP PER COMPLAINTS OF INTERESTED PARTIES

	2022.	2023.	2024.
Received complaints by interested parties	7	33	5
Justified complaints	2	4	3
Settled complaints (correction of non-compliance)	2	4	3

Since NEXE d.d. and Dilj d.o.o. are liable to obtain an environmental permit, coordinated inspection supervisions are carried out in the aforementioned facilities in accordance with the Plan of coordinated inspections, which is published at the beginning of the year on the official website of the State Inspectorate, and which also contains a list of all competent inspections that will carry out the coordinated inspection in question. The coordinator of coordinated inspections of several competent inspections is the environmental protection inspector. In addition to coordinated supervision, regular inspections are carried out, which also include inspections in thematic areas of legislation, and extraordinary (unannounced) inspections are carried out based on received complaints from the local community. A total of 7 inspections were carried out in 2024, 29 % of which were the result of complaints from the local community, while 71 % were regular inspections.

TABLE: TOTAL NUMBER OF ENVIRONMENTAL PROTECTION INSPECTION SUPERVISIONS CARRIED OUT AND THE NUMBER OF IDENTIFIED NON-COMPLIANCES

	2022.	2023.	2024.
Inspection supervisions by the environmental protection inspection	5	10	7
Identified non-compliances with legal requirements in the area of environmental protection	2	5	0
Resolved identified non-compliances	2	5	0

Non-compliances in 2024 were recorded in the company Tvor-nica opeke d.o.o. Sarajevo. Activities were initiated for the aforementioned non-compliances to comply with legal requirements. After eliminating the deficiencies through control inspection, it was determined that the measures taken by the inspection were carried out within the prescribed period, that compliance with legal regulations was established and that there was no reason for further proceedings by the inspection. In the reporting period, there were no reports of human rights violations in the local community.

Activities

AIR QUALITY MONITORING

NEXE d.d., as a member company of NEXE Group, which due to the nature of production processes has the most significant potential impact on air quality at the Zoljan location, has an independent station as part of the local Air Quality Monitoring Network NEXE d.d. managed by the responsible trading company EKONERG – Institute for Energy and Environmental Protection. The aim of the measurement at the measuring station in question in Zoljan is to monitor air pollution caused by the operation of the NEXE d.d. cement plant. At the Zoljan station in Našice, located 2 km away from the NEXE d.d. plant and between the factory and the City of Našice, the levels of nitrogen dioxide (NO₂), sulfur dioxide (SO₂) and particulate matter (PM₁₀) are monitored. According to the measurement results, and in accordance with the regulations, the air quality from 2004 to 2024 was of category I in relation to NO₂, SO₂ and particulate matter (PM₁₀).

The air quality of a certain area is determined by pollution levels. Considering the prescribed limit values, target values and target values for ground ozone, two categories of air quality are determined:

- **AIR QUALITY CATEGORY I, WHERE THE AIR IS CLEAN OR SLIGHTLY POLLUTED** – limit values, target values and target values for ground ozone have not been exceeded.
- **AIR QUALITY CATEGORY II, WHERE THE AIR IS POLLUTED** – the limit values, target values or target values for ground-level ozone are exceeded..



Measurements of SO₂, NO₂ and particulate matter (PM₁₀) levels at the Zoljan station are carried out continuously, and the current level of air pollution in the area of the City of Našice can be monitored by all interested stakeholders at the following link:

<https://iszz.azo.hr/iskzl/>



The report on air quality trends during the year is prepared by the independent Institute for Energy and Environmental Protection – EKONERG, and is publicly available on the website of the Ministry of Economy and Sustainable Development. The report for 2024 is available at the following link:

<https://iszz.azo.hr/iskzl/datoteka?id=165988>

The primary factor that determines the air quality of an area is the emission of pollutants into the air. Sources of air pollutant emissions can be natural (e.g. dust, pollen, volcanic eruptions, erosion) and anthropogenic (e.g. industrial processes, the burning of fossil fuels, agriculture, waste treatment). Air pollutant emissions and air quality are directly related. As a result of high pollutant emissions, air quality decreases. If these emissions are continuous and high enough, they can reduce air quality and threaten human health, vegetation and the ecosystem. The spread of pollutants in the air depends on weather conditions, air pressure, and the direction and strength of the wind (wind rose).

MONITORING THE IMPACT OF NOISE ON LOCAL COMMUNITIES

NEXE Group’s activities may affect the increased noise level in local communities. In order to manage this impact, member companies of NEXE Group carry out noise measurements in accordance with the legal requirements and when obtaining permits for the realization of investments, after re-

construction of the facility or changes in technical capacities that change the conditions of noise emission into the environment.

In some locations, regular measurements are carried out in accordance with legal regulations.

TABLE: LIST OF LOCATIONS WHERE REGULAR NOISE MEASUREMENTS ARE CARRIED OUT

Location	Measurement frequency	Last measurement	Results
Exploitation field Mladje-keter (Botovo)	Annual	2024.	within prescribed limits
Exploitation field Prosenica (Gabajeva Greda)	Annual	2024.	within prescribed limits
NEXE BETON DOO NOVI SAD	Once every three years	2022.	within prescribed limits
AD Polet IGK Location Novi Bečej	Once every three years	2022.	within prescribed limits
AD Polet IGK Location Sremski Karlovci	Once every three years	2024.	within prescribed limits
Tvornica opeke d.o.o. Sarajevo, Sarajevo	Annual	2024.	within prescribed limits
Exploitation field Glinište, Sarajevo	Annual	2024.	within prescribed limits
NEXE BETON d.o.o. Sarajevo, Betonara Brijеšće and Tuzla	Annual	2024.	within prescribed limits

INSTALLATION OF DEVICES FOR NOISE REMEDIATION IN SREMSKI KARLOVCI

In 2023, noise treatment devices were installed that reduced the sound level. After the implementation of the measure was completed, a noise level measurement was carried out that determined compliance with the legally prescribed limit values. After the noise treatment, there were no complaints from citizens living in the immediate vicinity of the factory.

INSTALLATION OF NOISE BARRIERS AND THERMAL/ACOUSTIC INSULATION OF THE WORKING MACHINE IN SISAK CONCRETE PLANT

In the process of obtaining the operating permit in 2022, noise measurement was carried out, which resulted in the preparation of a Noise Protection Study. In order to reduce residual noise levels, acoustic panels (noise barriers) were installed in 2023 and the thermal/acoustic insulation of the working machine (loader) was carried out. Repeated measurements by an authorized person showed that the noise levels in the environment do not exceed the prescribed values.

GOALS AND INDICATORS

Indicators	2022.	2023.	2024.	Cilj
Air quality in the Našice area	I. category	I. category	I. category	I. category
Number of actions contrary to legal regulations in the field of environmental protection	0	1	0	0

* In 2024, a verdict was obtained regarding the non-compliance established at the end of 2023, regarding the violation of the regulations of the Waste Management Act in the company EKO-NEX d.o.o. and from the above, the recorded non-compliance for 2023 was corrected in the table



| 3.3.

Consumers and End-users

Policies

At the NEXE Group level, a Quality Policy has been set, which obliges NEXE Group to implement the requirements of its customers and strive to achieve their highest possible satisfaction, to identify and reduce risks that may affect product compliance, and to continuously monitor and align with legal requirements, standards, and customer expectations.

The Management Board is responsible for implementing the policy, and it applies to all employees and activities of NEXE Group in all markets in which it operates. The policy is publicly available to interested stakeholders on the official website.

Material impacts, risks and opportunities

QUALITY ASSURANCE AND PRODUCTION OF HIGH-QUALITY PRODUCTS – NEXE Group meets all legal and project requirements and continuously invests in product improvement and development, following the latest trends. In addition, a quality management and testing system has been established to ensure consistent production of high-quality products.

OPPORTUNITY FOR DIGITALIZATION AND BUSINESS INNOVATION – NEXE Group sees an opportunity in implementing technological advances in providing digital information, such as applications for civil engineers and architects that help in selecting and assessing the quality of cement, which can increase the availability of information and help users make informed decisions. Given the current trend and future customers who will expect digital access to information, positive financial results can be expected by seizing the opportunity.

COOPERATION PROCEDURES

NEXE Group cooperates with customers through all key phases of the customer cycle, including the market research phase, collecting feedback during and after product use, and continuously assessing satisfaction through questionnaires. The Sales Sector functions are responsible for coordinating and monitoring this cooperation, while the effectiveness of cooperation is assessed by analyzing customer satisfaction surveys.

Information or assistance related to products can be requested via e-mail addresses and telephone contact available on the NEXE Group website. Customers and end users are allowed to submit inquiries by filling out a predefined form available on the official website. An inquiry or complaint can be submitted in person, by mail, e-mail, or telephone, and are processed and resolved as soon as possible.

No separate assessments are made as to whether users are aware of these channels and whether they trust them, and although the NEXE Group has not adopted a separa-

te policy of protection against retaliation against complainants, existing legal regulations are respected.

In addition, NEXE Group does not require its business partners in the value chain to have a channel for raising concerns, but is expected to provide two-way communication to stakeholders in accordance with good business practice.

If it is determined that there has been a negative impact on customers or users, NEXE Group acts in accordance with the relevant legislation and the Quality Policy, which aims to achieve the highest possible satisfaction of all service users. Affected users are informed in a timely manner about the possibilities for exercising their rights, including refunds or other appropriate compensatory measures. After the implementation of any legal remedy, an internal evaluation is followed to assess its effectiveness and take the necessary measures to improve procedures in the future. No human rights issues or cases were reported through the complaint channel in the reporting period.

The Marketing and Sales sectors strive to listen to customer needs and identify their problems in a timely manner to maintain satisfaction at a high level.

CONTINUED COMMITMENT TO QUALITY IN THE NEXE GROUP

From the very beginning, product quality has been a priority in NEXE Group's operations. When it comes to the building materials industry, the importance of quality and durability of materials cannot be emphasized enough. Customers rely on building materials to build homes, offices and other facilities that are safe, durable and energy efficient. Poor quality materials used in construction can result in safety risks, increased maintenance costs, and even collapses.

In order to meet the goals, NEXE Group has implemented a quality management system that is certified according to the ISO 9001 standard in most of its members. All processes in the value chain affect product quality, therefore NEXE Group procures high-quality raw materials, optimizes production processes and implements strict quality control measures.



CUSTOMER SATISFACTION

The marketing and sales sectors strive to listen to customer needs and identify their problems in a timely manner to ensure high levels of satisfaction. In the reporting period, NEXE Group members conducted a customer satisfaction survey. The survey was conducted via an online questionnaire, and data was collected via the Salesforce CRM database. The sample consisted of a total of 290 customers. The member Polet Keramika d.o.o. Novi Bečej, in which production was stopped in September 2023 and which was merged with AD POLET IGK NOVI BEČEJ on October 1, 2024, did not participate in the survey. In accordance with the ratings of product features and aspects of business cooperation and their weighting according to the importance attributed to them by customers, the customer satisfaction indices for all NEXE Group members for 2024 are higher than 80, which is considered high satisfaction.

CUSTOMER INFORMATION

NEXE Group publishes documents on its official website that provide customers and users with detailed information on the properties, compliance and technical specifications of the products. Technical instructions are also available that contain all the key information for safe and effective use, ensuring transparency and reliability when using the products.

	NEXE d.d. bagged cement	NEXE d.d. bulk cement	NEXE d.d. concrete	IGMA d.o.o.	Dilj d.o.o. tile	Dilj d.o.o. brick	AD POLET IGK NOVI BEČEJ tile	AD POLET IGK NOVI BEČEJ brick	NEXE BETON d.o.o. Sarajevo	NEXE BETON DOO NOVI SAD	Tvornica opeke d.o.o. Sarajevo
Overall satisfaction index	92,08	91,38	90,14	82,07	92,51	88,22	88,93	84,68	98,95	99,43	85,28
Product satisfaction rating	4,74	4,66	4,55	4,25	4,78	4,33	4,37	4,27	4,9	5,00	4,83
Overall cooperation satisfaction rating	4,58	4,52	4,6	4,22	4,61	4,54	4,58	4,67	4,8	5,00	4,83
Satisfaction level	High satisfaction	High satisfaction	High satisfaction	High satisfaction	High satisfaction	High satisfaction	High satisfaction	High satisfaction	High satisfaction	High satisfaction	High satisfaction

CUSTOMER SATISFACTION SURVEY RESULTS

CORPORATE GOVERNANCE

NEXE Group nurtures a corporate culture based on compliance with the law, ethics and social responsibility. Aware of the reputational risk associated with unethical behavior, NEXE Group adopted the Code of Ethics and established internal channels for reporting irregularities. In 2023, the first Sustainability Report for 2022 was published, which increased transparency regarding sustainability. NEXE Group strives to maintain long-term relationships with suppliers.



Material impacts, risks and opportunities

LONG-TERM RELATIONSHIPS WITH SUPPLIERS – NEXE Group, as a large and robust business system, seeks to nurture long-term relationships with suppliers in its operations to ensure stability. This can have a significant positive impact on small suppliers.

BUSINESS LIQUIDITY – NEXE Group's member companies strive to adhere to contract provisions and settle their obligations to suppliers on time. In this way, NEXE Group has a positive impact on the business of suppliers, especially small and medium-sized enterprises.

BUSINESS ETHICS – NEXE Group's corporate culture is based on social responsibility and business ethics, guiding all decisions, activities, and stakeholder relations. NEXE Group is dedicated to developing high quality products and processes and attaining full compliance with legal regulations and industry standards. In this way, problems with delays, poor quality, impaired safety or incidents that may have a negative impact on stakeholders or the environment are prevented.

CORRUPTION – In order to avoid the risk of corruption that can result in legal proceedings and a damaged reputation, NEXE Group's operations are based on a zero-tolerance policy against actions contrary to the law and Code of Ethics. NEXE Group is exposed to this risk considering the business operations deal with large purchase values and the competitive market.

BUSINESS TRANSPARENCY – Transparency about corporate governance and ESG (Environmental, Social, and Governance) business impacts can lead to increased stakeholder trust and better investors.

LOBBYING – Responsible involvement in discussions relevant to NEXE Group can have a positive impact on business. Lobbying allows the company to express its views, interests and needs directly or through relevant economic associations to legislative bodies. Through reasoned advocacy, the company can attempt to influence the shaping of policies that facilitate the business environment.

ESTABLISHED SYSTEM FOR REPORTING IRREGULARITIES AND PROTECTION OF WHISTLEBLOWERS – Employees who notice irregularities and decide to report them can prevent a harmful effect for other stakeholders, but they can expose themselves to the risk of retaliation, damaged reputation and loss of income. NEXE Group takes all measures in accordance with the law to ensure the function of a channel for reporting irregularities and protection of appellant.

CYBER ATTACKS AND DATA LOSS – The loss of valuable data can threaten NEXE Group's position in the market, cause costs for remediation of damage or fines due to the disclosure of confidential data. That's why the IT team regularly conducts test runs, transmits information about potentially suspicious content, and promptly resolves reported cases.

Corporate Culture and Conduct

Ethics and responsibility should be the cornerstones of operations in a dynamic and challenging environment that requires frequent adaptations. Compliance with the law, conducting business in accordance with the highest industry standards, and social responsibility are part of the corporate culture of NEXE Group. Member companies of NEXE Group are focused on integrity and fairness in all their activities and stakeholder relationships, with strong support from the Board and the Supervisory Board.

The vision of NEXE Group is to be a leading manufacturer of construction materials recognized for socially responsible business practices and sustainable creation of new value for its customers, owners, employees, and the community. Companies NEXE d.d. and Dilj d.o.o. are signatories to the Code of Business Ethics of the Croatian Chamber of Commerce. The signatory of the Code accepts the obligation to act in accordance with the principles of responsibility, truthfulness, efficiency, transparency, quality, acting in good faith and respec-

ting good business practices towards business partners, business and social environment and own employees.

In 2022, NEXE d.d. adopted the Code of Ethics, which applies to all member companies of NEXE Group. The code of ethics presents framework guidelines on behaviors that are or are not acceptable.

NEXE d.d. appointed an Ethics Committee to which internal and external stakeholders can submit reports of violations of the code through official communication channels and seek advice in order to clarify any ambiguities. The ethics committee has a mandate of 3 years. In case of any ethical doubts, as well as regarding the interpretation of the Code of Ethics, NEXE Group employees can contact their direct or indirect superiors, representatives of support departments (Human Resources Department, Legal Department) or members of the Ethics Committee. In addition to the Code of Ethics, NEXE Group currently has no separate policies that additionally regulate these issues.

Corporate culture is based on two-way communication, a sense of belonging and togetherness, promotion of independence and responsibility, safety and trust and satisfaction of all stakeholders. NEXE Group wants to act in accordance with the law, industry standards, ethical principles and stakeholders' expectations, which is why it opposes business operations that would result in violations of the law, human rights or adopted principles. Managers continuously promote these values in their daily communication and work with employees, and they are supported in this by the Management Board and the Supervisory Board.

Starting from the fact that employees as key stakeholders represent the key to sustainable success, NEXE Group assumes the responsibility of creating and developing a working environment that will be pleasant and stimulating. NEXE Group wants to build a working environment in which the mental and physical health of workers and their safety at work will be respected.

The working environment should be a place of professional development that recognizes personal talent, work and results, where diversity is accepted, and privacy and the personal needs of all employees are respected.

Employees are encouraged to work together proactively, sincerely and with mutual respect. Managers at all levels play a key role in creating such an atmosphere, and they must personally demonstrate leadership, willingness to cooperate, transparency and honesty, creating a positive working atmosphere, be available for their employees and promote the stated fundamental values by example.

Business conduct and reporting irregularities

The Code of Ethics brings together all issues of business conduct and ethical standards of NEXE Group in one place. The purpose of the Code is to determine the standards of business behavior of employees, but also of all other stakeholders in business. The Code covers the issues of combatting bribery and corruption, preventing conflicts of interest, complying with antitrust laws and dealing with suppliers. In addition, the Code regulates relations with stakeholders and environmental protection. The code serves as a practical guide for ethical behavior in the workplace, in business relationships and in communities in accordance with the company's values and the vision of sustainable business development. The code helps employees identify possible risky activities, avoid unethical actions and identify situations in which they should seek advice from their superiors or ethics commissioner.

The adoption of the Internal Reporting Procedure Regulation and the appointing a confidential person regulated the procedure for internal reporting of irregularities, the procedure for appointing a confidential person in charge of the procedure related to the reporting of irregularities and his deputy, the protection of whistleblowers and the storage of received data on reported irregularities.

The Rulebook contains instructions for reporting irregularities, describes the investigation process of receiving complaints and explains how people who report irregularities or incidents are protected. Each report must be reviewed quickly and independently within the prescribed time limits and, in the case of determination of illegal behavior, apply a certain disciplinary measure, depending on the severity of the violation. Every employee of any NEXE Group member company is guaranteed the anonymous submission of a report on observed irregularities, unethical or illegal behavior by a confidential person who acts independently of administrative, management and supervisory functions. All received applications are reviewed, investigated and evaluated, and the outcome is reported to the Board and the Supervisory Board.

In accordance with the legal requirements, NEXE Group has prescribed the procedure and measures to protect the dignity of workers from harassment by internal acts, and a person was appointed who is authorized to receive and resolve complaints related to the protection of the dignity of workers. All information determined in the procedure for protecting the dignity of workers is confidential.

The responsibility for the actions of employees in accordance with legal restrictions, standards and values lies with managers and, ultimately, with each individual employee. All employees are informed about the aforementioned mechanisms and the Code of Ethics through internal communication channels. In the reporting period, NEXE Group did not conduct educational activities on the Code of Ethics, Anti-corruption policy, mechanism for detecting and reporting irregularities, and protection mechanisms for whistleblowers.

Antitrust Regulations

NEXE Group strives to operate in accordance with the principles of fair trade and market competition. It is committed to independent business that fully complies with the Law on the Protection of Market Competition (applicable in every single country in which the company operates). NEXE Group acts with caution in locations where they have a dominant market position in order not to jeopardize the freedom of market competition and to avoid illegal agreements with competitors that would distort market competition. The principles of competition and fair trade are covered by the NEXE Group Code of Ethics. NEXE Group will not in any way comment on current or future prices, costs, margins, sales strategies, discounts and other specific elements of the sales approach, as well as the treatment of individual customers or markets. NEXE Group continuously conducts training for sales employees and other persons who are in contact with customers in order to ensure compliance with positive regulations. In case of any doubt regarding specific procedures, instructions have been provided, else it is necessary to contact the Legal Department for interpretation.

Anticorruption

Aware of the fact that corruption is one of the most significant obstacles to sustainable business, development, economic growth and a free market, NEXE Group applies a zero tolerance rate to any form of corruption and bribery and it is part of the corporate culture. The anti-corruption policy is included in the Code of Ethics that applies to all NEXE Group employees, all transactions and relationships with stakeholders in business.

It is considered illegal to promise or give anything of value (money, gift, service, etc.) to any government official in exchange for any illegal favor, advantage or influence on a future decision by an employee of NEXE Group, directly or through an intermediary.

To ensure transparent sustainability reporting regarding the prevention, detection and resolution of complaints about actions contrary to NEXE Group's policies, the company has an internally established clear procedure.

Reported cases of corruption are dealt with by the Ethics Committee, which is separate from the management chain, i.e. it is organizationally independent. In the case of reporting irregularities, they immediately report to the Board and the Supervisory Board.

In NEXE Group, the functions with the highest risk in terms of corruption and bribery include the Sales and Procurement Department, Public Procurement Department, Financial Department, Legal Affairs Department and Human Resources, and their identification is based on the assessment of business activities and interaction with external stakeholders.

In the reporting period, there were no confirmed cases and no lawsuits and/or fines related to corruption and/or bribery in any member of the NEXE Group. NEXE Group will try to maintain such results in the coming period. In the reporting period, there was no training on the application of the anti-corruption policy.

Supplier Relations

Fairness is a fundamental determinant in NEXE Group's relations with suppliers. NEXE Group strives to always treat its suppliers with respect and appreciation, providing the same opportunity to all suppliers to offer their products, services and business solutions and to have a real possibility of being selected as the best bidder in the bidding process. When requesting offers, equal conditions are always defined for all suppliers, and received offers are evaluated according to the same, pre-determined criteria related to technical features, delivery dates and price. The procurement process should always be confidential and consistent. Supplier selection criteria include competitive price and payment terms, product quality, experience, quality of service/delivery, and application of sustainable business practices. Selection criteria and contractual relationships are transparently and clearly communicated to all suppliers. The main goal in relations with suppliers is timely and high-quality delivery of goods and services under the most favorable commercial conditions.

As a significant driver of economic development in the local areas where it operates, NEXE Group strives to include local suppliers in the supply chain for the supply of goods and services, with a special emphasis on the supply of logistics services. The provision of opportunities for local carriers to perform concrete delivery services is particularly noteworthy. Relations with local suppliers are developed exclusively with the prerequisite of their quality, ability and compliance with the core values of NEXE Group. NEXE Group conducts evaluations of suppliers during or after cooperation with regard to their impact on the environment, energy consumption, health and safety at work.

In order to improve relations with suppliers, procurement employees were provided with training in negotiation and communication skills, and in order to improve efficiency and transparency in the procurement process, software was implemented for electronic records and approval of procurement items (inquiries, offers, analysis of offers, contracts with suppliers).

In challenging times of large price fluctuations and resource shortages, risk management in supply chains is extremely important. In order to increase the resilience of the supply chain and reduce the impact of disruptions on business, NEXE Group invests resources in monitoring and analyzing the riskiest markets. Activities include monitoring the market movements of energy prices on the stock exchanges, choosing the right time to buy energy and concluding multi-year contracts with known purchasing conditions.

In 2023, a risk assessment was made for strategic purchasing groups of products and services and their impact on the production and business process of Group members. Risk management measures and activities have been established to prevent a potentially negative impact on business continuity

Commercial conditions are negotiated with suppliers and are defined by contract. Vendor payment practices are shown in the following table.

Payment practices	2021.	2022.	2023.	2024.
The average time the undertaking takes to pay an invoice from the date when the contractual or statutory term of payment starts to be calculated, in number of days	44	43	44	51
The undertaking's standard payment terms in number of days	30	30	30	30
The percentage of its payments aligned with these standard terms	61 %	61 %	61 %	56 %
The number of legal proceedings (currently outstanding) for late payments during the reporting period	0	0	0	0

In the reporting period, the standard payment terms of NEXE Group were 30 days. The difference in the share of payments outside the standard terms refers to the payment of obligations contracted with longer payment terms than the standard (30 days). There were no legal proceedings for late payments in the reporting period.

Political Influence and Lobbying

Responsible advocacy of corporate interests is a key principle that guides every interaction of NEXE Group with political decision makers, either directly or indirectly through industry associations, related to all aspects of business and sustainability issues. Involvement in discussions on important topics such as climate change, health and safety at work is driven by good intentions and social responsibility, and is based on employee expertise.

The Code of Ethics does not prohibit participation in political activities, but it is also not acceptable to conduct them on the business premises of NEXE Group using company resources even during working hours. Personal political activities, including verbal and written statements for the public, must not be associated with NEXE Group or its member companies.

NEXE d.d. is a member of CROATIA CEMENT g.i.u., Association of Croatian Cement Factories. CROATIA CEMENT g.i.u. is an economic interest association that represents and promotes the common goals of the cement industry in Croatia. The association was founded in 1953 and has been operating under the name CROATIA CEMENT g.i.u. since 1996. The key task of the Association is cooperation with institutions in the Republic of Croatia.

MEMBERSHIPS

- Croatian Chamber of Commerce (HGK)
- Croatian Employers' Association (HUP)
- American Chamber of Commerce in Croatia
- Croatian Business Council for Sustainable Development (HRPSOR)
- Croatian Air Protection Association
- International Institute for Climate Action
- Croatian Air Protection Association
- Croatian Association for Healthy Workplaces
- City Red Cross Society of Našice
- Fire Department of Našice
- Croatian Society for Competition Law and Policy (HDPPTN)

In the reporting period, there were no members of the administrative, management and supervisory bodies who held a comparable position in public administration (including legislative bodies) in the two years preceding the appointment.

There were no financial or non-financial political contributions in the reporting period.

CROATIA CEMENT g.i.u. stands for:

- sustainability of cement production
- business while reducing the impact on the environment in production and all other segments and improving health and safety at work
- promotion of concrete and other products, i.e. solutions based on cement
- informing the public about the positive impact of the cement industry on the national economy.

Through participation in working groups of CROATIA CEMENT, NEXE d.d. actively participates in the process of adoption and harmonization of regulatory documents (laws, regulations, norms, etc.) related to the cement industry.

CROATIA CEMENT g.i.u. is an associate member of the supreme organization of the cement industry in Europe, Cembureau, which cooperates with the legislative bodies at the European level in the development of a plan for the transition of the cement industry to low-carbon operations. NEXE d.d. supports initiatives related to mitigating climate change and sustainable construction, as shown by its own projects presented in the chapters "Climate Change" and "Circular Economy".

NEXE d.d. is a member of professional and economic associations, where it contributes to the work of climate, environmental protection and waste management groups with its experience and knowledge, and through which it can proactively participate in the shaping of legal regulations.

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ESRS 2 GOV-1 Board's gender diversity point 21 sub-point (d)	Indicator no. 13 from Table 1 from Annex I		Delegated Regulation of the Commission (EU) 2020/1816, Annex II		17
ESRS 2 GOV-1 Percentage of Board members who are independent, point 21, sub-point (e)			Delegated Regulation (EU) 2020/1816, Annex II		17
ESRS 2 GOV-4 Due diligence statement, point 30	Indicator no. 10 from Table 3 from Annex I				34
ESRS 2 SBM-1 Involvement in activities related to fossil fuels and energy, point 40, sub-point (d) i	Indicator no. 4 from Table 1 from Annex I.	Regulation (EU) no. 575/2013, Article 449.a Implementing Regulation of the Commission (EU) 2022/2453, table 1: Qualitative information about environmental risk and table 2: Qualitative information about social risk	Delegated Regulation (EU) 2020/1816, Annex II		
ESRS 2 SBM-1 Involvement in activities related to chemicals production, point 40, sub-point (d) ii.	Indicator no. 9 from Table 2 from Annex I		Delegated Regulation (EU) 2020/1816, Annex II		NEXE Group does not participate in above activities
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, point 40, sub-point (d) iii.	Indicator no. 14 from Table 1 from Annex I.		Delegated Regulation (EU) 2020/1818, Delegated Regulation (EU) 2020/1816, Article 12 paragraph 1, Annex II		
ESRS 2 SBM-1 Involvement in activities related to tobacco cultivation and production, point 40, sub-point (d) iv.			Delegated Regulation (EU) 2020/1818, Delegated Regulation (EU) 2020/1816, Article 12, paragraph 1, Annex II		
ESRS E1-1 Transition plan to achieve climate neutrality by 2050, point 14				Regulation (EU) 2021/1119, Article 2 paragraph 1	110
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks Point 6 (g), sub-point (g)		Article 449.a Regulation (EU) no. 575/2013; Implementing Regulation of Commission (EU) 2022/2453, Template 1. Banking book – Transitional risk of climate change: Credit quality of exposure by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12 paragraph 1 points (d) to (g) and Article 12 paragraph 2.		/

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	European Climate Law reference	Page
ESRS E1-4 GHG emission reduction targets, point 34	Indicator no. 4 from Table 2 paragraph I	Article 449.a Regulation (EU) no. 575/2013; Implementing Regulation of Commission (EU) 2022/2453, Template 3: Banking book – Transitional risk of climate change : Compliance indicators	Delegated Regulation (EU) 2020/1818, Article 6		136-137
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ESRS E1-5 Energy intensity related to activities in high climate impact sectors points 40 to 43	Indicator no. 6 from Table 1 from Annex I				141
ESRS E1-6 Gross GHG emissions from scopes 1,2 and 3 and total GHG emissions, point 44	Indicator no. 1 and 2 from Table 1 from Annex I	Article 449.a Regulation (EU) no. 575/2013; Implementing Regulation of Commission (EU) 2022/2453, Template 1.: Banking book – Climate change transition risk : Credit quality of exposure by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5 paragraph 1. Article 6 and 8, paragraph 1		144
ESRS E1-6 Intensity of gross GHG emissions, points 53 to 55	Indicator no. 3 from Table 1 from Annex I	Regulation (EU) no. 575/2013, Article 449.a Implementing Regulation of Commission (EU) 2022/2453, Template 3.: Banking book – Climate change transition risk: Compliance indicators	Delegated regulation (EU) 2020/1818, Article 8 paragraph 1		150
ESRS E1-7 Elimination of GHG emissions and carbon credits, point 56				Regulation (EU) 2021/1119, Article 2 paragraph 1	NA
ESRS E1-9 Exposure of reference portfolio to physical risks related to climate changes, point 66			Delegated Regulation (EU) 2020/1818, Delegated Regulation (EU) 2020/1816, Annex II		NA

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	European Climate Law reference	Page
<p>ESRS E1-9 Breakdown of monetary amounts according to acute and chronic physical risk, point 66, subpoint (a)</p> <p>ESRS E1-9 Location of significant asset exposed to significant physical risk, point 66 subpoint (c)</p>		<p>Regulation (EU) no. 575/2013, Article 449.a Implementing Regulation of the Commission (EU) 2022/2453, points 46 and 47</p> <p>Template 5: Banking book – Physical risk of climate change: Exposures subject to physical risk</p>			NA
<p>ESRS E1-9 Breakdown of the book value of the company's real estate according to energy efficiency classes, point 67, subpoint (c).</p>		<p>Regulation (EU) no. 575/2013, Article 449.a implementing Regulation of the Commission (EU) 2022/2453, point 34, Template 2: Banking book – Transition risk of climate change: Credits with real estate as collateral – Energy efficiency of collateral</p>			NA
<p>ESRS E1-9 Degree of exposure of the portfolio to opportunities related to climate change, point 69</p>			Delegated Regulation (EU) 2020/1818, Annex II		NA
<p>ESRS E2-4 Quantity of each pollutant mentioned in Annex II of Regulation about E-PRTR (European Pollutant Release and Transfer Register) emitted to air, water and soil, point 28.</p>	<p>Annex I Indicator no. 8 Table 1 from Annex I Indicator no. 2 Table 2, Annex I Indicator no. 1 Table 2 from Annex I Indicator no. 3 Table 2</p>				173, 177
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<p>ESRS E3-1 Special policy, point 13</p>	<p>Indicator no. 8 from Table 2 from Annex I</p>				NM
<p>ESRS E3-1 Sustainable oceans and seas, point 14</p>	<p>Indicator no. 12 from Table 2 from Annex I</p>				NM
<p>ESRS E3-4 Total quantity of recycled and reused water, point 28 sub-point (c)</p>	<p>Indicator no. 6.2. from Table 2 from Annex I</p>				182
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ESRS E4-2 Sustainable practices or policies for oceans/seas, point 24, sub-point (c)	Indicator no. 12 from Table 2 from Annex I				NM
ESRS E4-2 Policies to address the problem of deforestation, point 24, sub-point (d)	Indicator no. 15 from Table 2 from Annex I				NM
ESRS E5 Unrecycled waste, point 37, sub-point (d)	Indicator no. 13 from Table 2 from Annex I.				219
ESRS E5-5 Hazardous and radioactive waste, point 39	Indicator no. 9 from Table 1 Annex I				219
ESRS 2 – SBM3 – S1 Risk of forced labor, point 14, subpoint (f)	Indicator no. 13 from Table 3 from Annex I				NM
ESRS 2 – SBM3 – S1 Risk of child labor, point 14, sub-point (g)	Indicator no. 12 from Table 3 Annex I				NM
ESRS S1-1 Human rights policy commitments, point 20	Indicator no. 9 from Table 3 and Indicator no. 11 from Table 1 from Annex I				240-243, 254
ESRS S1-1 Due diligence policies on topics comprised by fundamental issues conventions from 1 to 8 of the International Labor Organization, point 21			Delegated Regulation (EU) 2020/1816, Annex II		NA
ESRS S1-1 Procedures and measures to prevent human trafficking, point 22	Indicator no. 11 from Table 3 from Annex I				NM
ESRS S1-1 Policy to prevent work accidents or management system, point 23	Indicator no. 1 from Table 3 from Annex I				240-243
ESRS S1-3 Complaint handling mechanism, point 32, sub-point (c)	Indicator no. 5 from Table 3 from Annex I				245, 324-325
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ESRS S1-17 Discrimination cases, point 103, sub-point (a)	Indicator no. 7 from Table 3 from Annex I				282
ESRS S1-17 Non-compliance with the UN's guiding principles on business and human rights and OECD guidelines, point 104, sub-point (a)	Indicator no. 10 from Table 1 and Indicator no. 14 from Table 3 from Annex I		Delegated Regulation (EU) 2020/1816, Delegated Regulation EU) 2020/1818, Annex II Article 12, paragraph 1		282
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ESRS S2-1 Human rights policy commitments, point 17	Indicator no. 9 from Table 3 and Indicator no. 11 from Table 1 from Annex I				NM
ESRS S2-1 Policies that refer to workers in value chain, point 18	Indicators no. 11 and 4 from Table 3 from Annex I				NM
ESRS S2-1 non-respect of UNGPs on Business and Human Rights Principles and OECD guidelines Point 19	Indicator no. 10 from Table 1 from Annex I		Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818, Annex II Article 12, paragraph 1		NM
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ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain point 36	Indicator no. 14 from Table from Annex I				NM
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ESRS S3-4 Human rights issues and incidents, point 36	Indicator no. 14 from Table 13 from Annex I				305
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ESRS S4-1 Non-compliance with UNGPs on Business and Human Rights and OECD guidelines, point 17	Indicator no. 10 from Table 1 from Annex I		Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818, Annex II Article 12, paragraph 1		NM
ESRS S4-4 Issues and incidents related to human rights, point 35	Indicator no. 14 from Table 3 from Annex I				313
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NEXE d.d.

Sustainability Reporting Team for 2024:

Bojana Ormuž Pavić, Josipa Hećimović, Elizabeta Radetić, Barbara Poljak, Smiljka Dujin, Almir Delić, Krešimir Kršul, Lidija Feldi, Mladen Popijač, Silvija Tomljanović, Adrijana Stojisavljević, Hrvoje Rukelj, Dario Gašpar, Ivan Maričić, Ljerka Fak, Martina Baričević, Krunoslav Španović, Krunoslav Bogdanić, Irena Budiša, Katarina Knežević, Sandra Bilić Maričić, Marko Umiljanović, Zoran Markulić, Tihomir Škvarić, Vladimir Nađalin, Karlo Šisl, Tomislav Antunović, Igor Iličić, Danijel Koren, Loreta Savić, Matija Koš, Davor Blažek, Damir Rukavina, Mirjana Tonković, Jurica Dukarić, Marin Pavlić, Sonja Lihtental, Zlata Riger Jukić, Ivan Šebetić, Tin Jerger, Zoran Ljubić, Sanja Hanižjar i Nikolina Škorić, uz podršku:

Davor Vidaković, Sandra Bezdrob, Dejan Žarković, Karlo Šisl, Alen Igrić, Branislav Ostojić, Smiljana Petrović, Zorica Čović, Čedo Stevanović, Ekrem Deljanin, Tomislav Nuić, Damir Mihaljević, Samir Sabljak.

Consultants in sustainability reporting process following the ESRS standards:

dr. sc. Nikolina Markota Vukić, Stella Hrvatin MA, Matea Šmitran, mag. ing. petrol., Matea Matković, mag. geogr.

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