

SPREAD GOOD

Sustainability
report for the
brand Argeta.



ARGETA[®]
The good side of bread

2019 - 2020

ARGETA®

ARGETA®
Junior

ARGETA®
EXCLUSIVE

Key data about brand Argeta



No.1
meat pâté
in Europe*



Sales markets
27 countries



Every second
6 people open a
tin of Argeta



Sales:
17,258 tons
in 2020



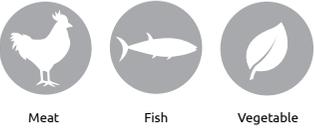
Sales revenue:
EUR 103.9 million
in 2020

*Based on data from Nielsen RMS for the category of meat spreads / delicatessen spreads (defined by the company Droga Kolinska d.d.) for the 12-month period ending 31 March 2018, for the total retail market of 25 European countries (Austria, Belgium, Bulgaria, Bosnia and Herzegovina, Czech Republic, Montenegro, Denmark, Estonia, France, Croatia, Italy, Hungary, Germany, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom), taking into account their local characteristics (Copyright © 2018, Nielsen).

Key data about brand Argeta



Types of spreads



FREE FROM |
• PRESERVATIVES
• ARTIFICIAL FLAVOUR ENHANCERS
• ARTIFICIAL COLOURS
• GLUTEN

Certificates



»» **We are guided by the philosophy of the best. Using natural ingredients, with genuine inspiration, we create spreads of high quality and exceptional flavour.**

Our corporate culture within Atlantic Grupa supports and promotes the principles of sustainable development: business efficiency and environmental, social and ethical responsibility. For this very reason our top management sets ambitious targets in this area. In Atlantic Grupa we are passionately dedicated to developing outstanding brands that we offer to our customers and consumers.





As part of Atlantic Grupa, Argeta too sets itself high standards. Sustainable development is part of the Argeta DNA and something we have already pursued for decades.

We have now decided to further enhance sustainable development. We have evaluated and put into words what we have achieved and have set ourselves ambitious targets for the future.

Commitments of Argeta sustainable development till 2030

In 2020 we admitted a sustainable development commitment, i.e. operational guidelines till 2030, in which we bring together a genuine concern for ever better products and a concern for the natural environment and society. In this way we are supporting the fulfilment of the United Nations Sustainable Development Goals till 2030.



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Preface

There are no superlative results without high goals

Enzo Smrekar,

Group Vice President for Savoury spreads, Donat Mg and international expansion at Atlantic Grupa



Argeta has long since evolved from being merely a pâté to a high-quality spread whose excellence has constantly grown in the past two decades. Each time we reach a new milestone it serves as a springboard for us to go further. We are constantly setting ourselves higher targets and are always striving for more and better. More products, more variety of flavours, more customers, more markets, more consumers, better recipes, better ingredients, better packaging, better distribution, better communication and better satisfaction of needs and expectations of both customers and consumers.

All Atlantic Grupa employees feel Argeta, and those of us who work in the Strategic business unit Savoury Spreads, live it, breathe Argeta, think about it and take care of it. Through our work, we transmit our loyalty and passion to the brand, which is something that the consumers also clearly sense, with sales constantly growing. We monitor, observe and listen to consumers, we try to identify what they want, and we build this knowledge into the brand. In this way, Argeta is also growing in content.

Quality and safety of a product represent the product's standard for the modern consumer. If we want consumers to pick Argeta over all the products on the shelves that can quickly satisfy their hunger, we need to offer something more. The sense of safety, for instance, provided by selected raw materials of the highest quality, recipes without additives and packaging without harmful chemicals. A sense of warmth and homeliness borne by traditional and familiar flavours, supple-

mented with truly special ingredients made for a specific region or country. A sense of prestige on tasting the outstanding harmonies of flavours that acclaimed chefs have achieved with the Argeta Exclusive recipes. A sense of relaxation when we support our health with Argeta vegetable spreads. A sense of special happiness experiencing Junior with our juniors.

But satisfaction is not just felt among the consumers, we employees are also satisfied. Each success is an incentive, and every sideways step a challenge. We are constantly learning and researching. We connect, collaborate and generate ideas, of how and where we can take another step ahead, together. We are inspired by new things and excited by potentials. It is not just the market that challenges us, we challenge ourselves. Excited and focused on the future we have built elements of sustainable development into the Argeta brand for years.

This year we defined new sustainable goals for the period till 2030. As a brand with international reach, we are actively striving to contribute to achieving the UN sustainability goals till 2030 and international commitments for decarbonisation using the circular economy model. We are transferring the global commitments to the local environments where we are present. We are taking sustainable responsibility for the entire life cycle of our products and have therefore produced an LCA (Life Cycle Assessment) for selected products. We have also extended our efforts towards sustainable operations to our suppliers, as well as to our concern for the packaging waste management of our products.

As the market leader in its segment, Argeta is aware of its responsibility.

Through the philosophy of the good and the best we are also reaching out to several areas and levels of the social environment. We are happy when we can help local entrepreneurs, talented sports hopefuls, artistic inspirations, charity projects and initiatives that promote the quality of life in the local environment. In our hearts we always carry people, particularly children, and we are also active in our line of business, especially in business circles, marketing and food industry.

We have already left a lot of good footprints. Of course, we are not yet satisfied with the results achieved in all areas. We are resolved to be transparent, honest and ambitious, including in the presentation of our strategic goals, activities, indicators and results. For this reason, we have compiled the first independent sustainability report for Argeta, although we have already been reporting on sustainable development for several years as part of Atlantic Grupa.

In this way, we send a clear message to all those we encounter every day, including at supermarket shelves, that we are serious, and are continuing our ambitious sustainable steps.

And in this, we invite everyone to be our partners along the way.

About the Argeta brand

Ownership:

Atlantic Grupa, d. d., based in Zagreb, Croatia is **100-percent** owner of Atlantic Droga Kolinska, d. o. o., based in Ljubljana, Slovenia, and Atlantic Argeta, d. o. o., Sarajevo, Bosnia and Herzegovina.

Vision:

To enable the ultimate experience of carefree small meals.

Mission:

To create the best small meals in the most honest way.

Values:

Argeta thinks progressively, is honest and inspiring.

Competitive advantages:

- the best ingredients,
- the 'free from' formula,
- a recognised and popular flavour,
- good spreadability,
- wide selection of spreads.

Atlantic Grupa d. d.
Miramarska cesta 23
10000 Zagreb, Croatia
+385 1 2413 900
<https://www.atlanticgrupa.com/en/>

Atlantic Droga Kolinska d. o. o.
Kolinska ulica 1
1000 Ljubljana, Slovenia
+386 1 472 15 00
<https://www.argeta.com/en/>

Atlantic Argeta d. o. o. Sarajevo
Patriotske lige br. 73
71240 Hadžići, Bosnia and Herzegovina
+387 33 476-600
<https://www.argeta.com/ba/>



Organisational position of the Argeta brand

The operations of Atlantic Grupa are organised into five strategic business units (SBU) and one business unit (BU):



SBU Savoury Spreads



SBU Beverages



SBU Coffee



SBU Snacks



SBU Pharma



BU Donat Mg

Organisational structure of the Savoury Spreads SBU, to which Argeta belongs:

- Group Vice President for Savoury spreads, Donat Mg and international expansion at Atlantic Grupa
- Sales Director
- Marketing Director
- Director of Research and Development
- Director of Operations

The sustainability team is **multidisciplinary** and is composed from various departments. Under the authorisation of the Group Vice President for Savoury spreads, Donat Mg and international expansion, the team is headed by the Director of Research and Development.

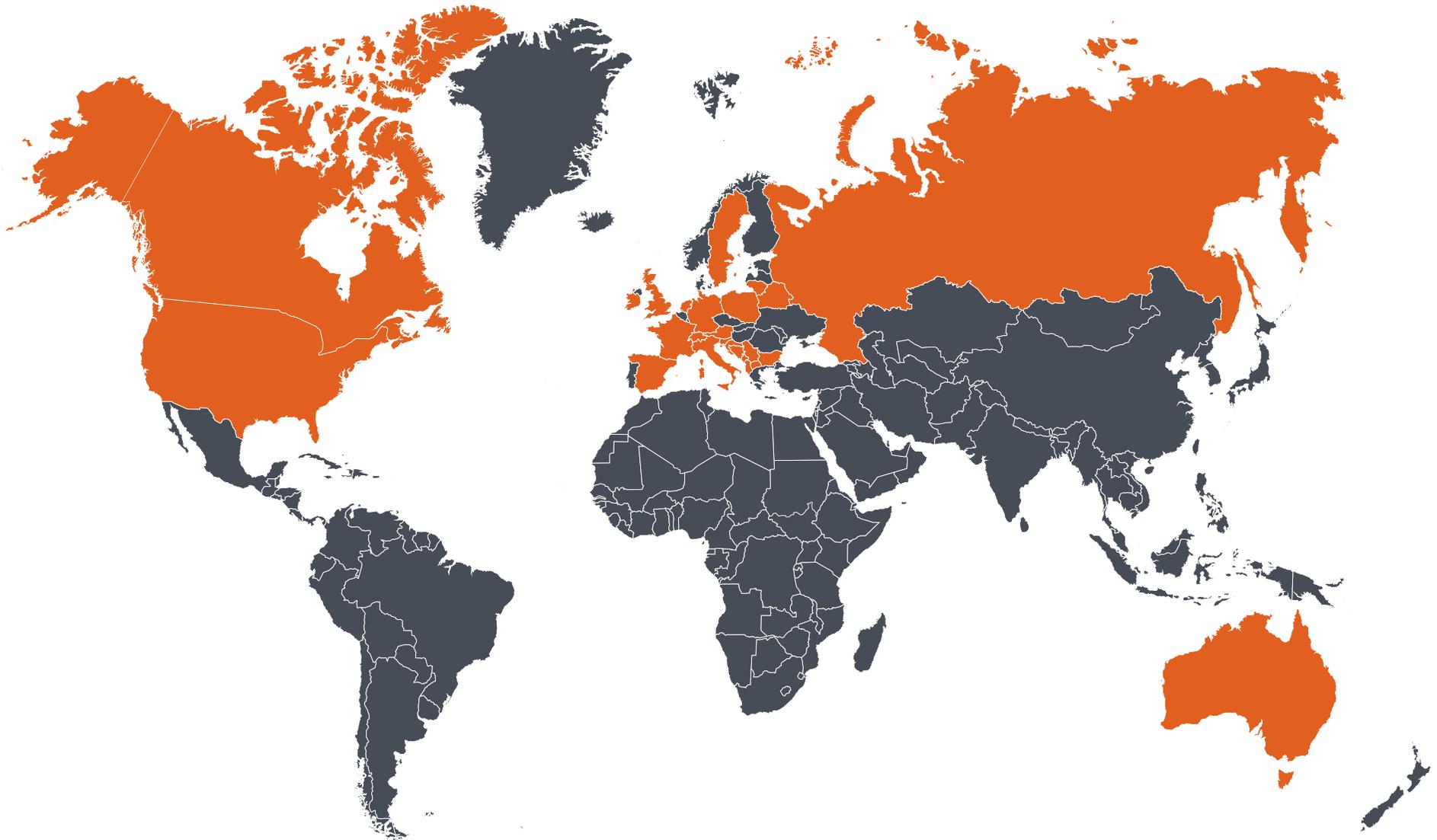
Corporate support functions are organised **centrally** and ensure the implementation of uniform corporate standards, along with **transparent and efficient business** operations across the whole of Atlantic Grupa.

The support functions include:

- corporate activities;
- finances, public contracts and investments;
- corporate strategy and development;
- transformation and information technology.

Argeta's sales markets

Albania, Australia, Austria, Belarus, Bulgaria, Bosnia and Herzegovina, Montenegro, France, Croatia, Ireland, Italy, Canada, Kosovo, Lithuania, North Macedonia, Malta, Germany, Netherlands, Poland, Russia, Slovenia, Serbia, Spain, Sweden, Switzerland, United Kingdom, USA.



Production of Argeta products

Own production:

Atlantic Droga Kolinska d. o. o., PE Izola, Slovenia (hereinafter: ADK Izola) and

Atlantic Argeta d. o. o. Sarajevo, Bosnia and Herzegovina (hereinafter: Atlantic Argeta Sarajevo)

Production under licence: **Harrisburg, PA, USA**

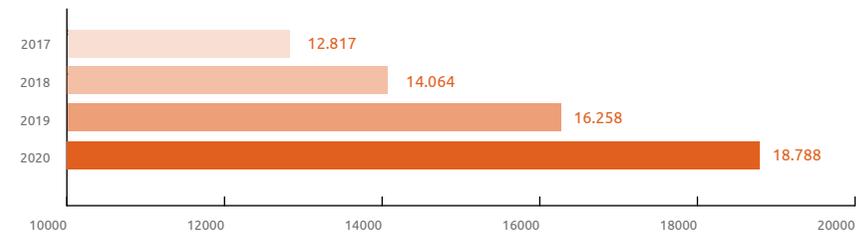
External production – vegetable spreads: **Italy**

We are one of the largest producers of meat and fish spreads *in the world*.

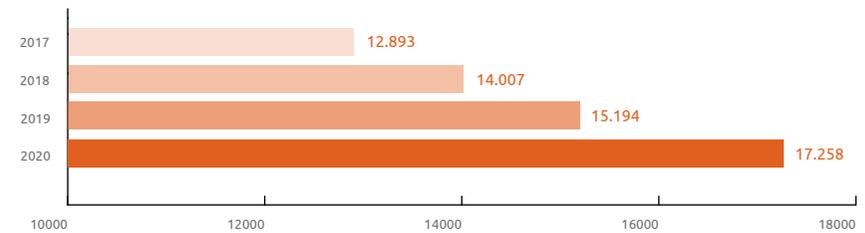
Argeta is meat *spread number 1 in Europe** and loved in *27 countries* around the world.

Argeta's orange pantone *159 C colour* is a registered trademark in Slovenia.

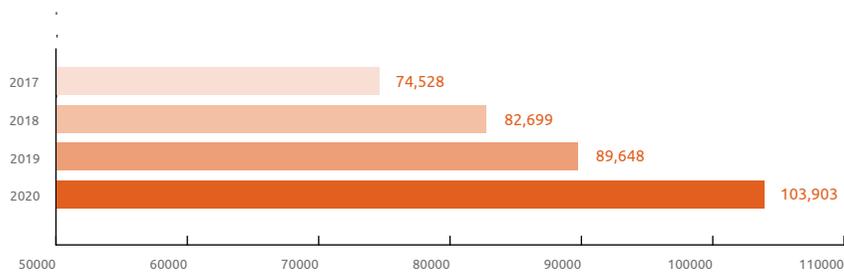
Own production of Argeta in tons, 2017–2020



Sales of Argeta in tons, 2017–2020



Argeta sales revenue in thousand EUR, 2017–2020



(data in .000 €)

*Based on data from Nielsen RMS for the category of meat spreads / delicatessen spreads (defined by the company Droga Kolinska d.d.) for the 12-month period ending 31 March 2018, for the total retail market of 25 European countries: Austria, Belgium, Bulgaria, Bosnia and Herzegovina, Czech Republic, Montenegro, Denmark, Estonia, France, Croatia, Italy, Hungary, Germany, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom, taking into account their local characteristics (Copyright © 2018, Nielsen).

Key principles

Key values of Atlantic Grupa are care, openness, growth and passion. As a brand within Atlantic Grupa we pursue the following principles of quality policy, following the common values, whereby we **identify opportunities** and **achieve excellence**:

Creativity to strengthen loyalty

- Continuous improvement of processes.
- The best practice rule.
- An excellent place for work.
- Creating a better future.



Passion to satisfy the needs and wishes of consumers and customers

- Outstanding service for our customers.
- Excellence of our brands.



Growth with responsibility

- Common growth considering the interests of employees, customers, partners, the environment and the community.
- The highest level of safety of our products and services.
- Compliance with laws and standards.
- A positive impact on the environment.
- Sustainable development.



Main sustainability challenges and opportunities

The Argeta brand is part of a complex food chain which in global and local regions encounters numerous sustainability challenges. Climate change and the impoverishment of resources can have in the long term very negative impacts on the quality and safety of food for the population.

As a leading player in our sector we feel jointly responsible for mitigating the challenges and recognising and implementing opportunities whereby we can avert or reduce the challenges or turn them towards something good.

We are aware that systemic answers are possible only in cooperation with all stakeholders in the system: legislators, farmers, suppliers, manufacturers in the food industry, traders and distributors, consumers, non-governmental organisations, experts from various professions, waste management organisations and others.

Together we must answer the questions:

- How to provide a growing world population with quality food;
- How to reduce the carbon footprint of the entire chain, which contributes as much as 25% to global greenhouse gases;
- How to establish a relationship with food where we will not waste as much as 40% globally;
- How to optimise natural resources, preserve or even increase biodiversity and establish a circular loop;

- How to raise the nutritional value of food and thereby prevent or reduce poor dietary patterns that affect the health of all generations, including children.

In the face of global challenges, we must tune in to the local ones, which are very diverse.

We are happy to determine that awareness is growing about urgently needed ecosystem changes in the food industry. Awareness is growing about healthy, high-quality food. Increasing numbers of consumers are committed to plant alternatives to meat. The public expects brands to pursue concrete activities for the good of the planet and its people. Argeta is aware of its role and is proactively taking on initiatives in all areas it has identified as essential in the markets where it has a presence. Through its responsible, honest and proactive stance it is changing challenges into opportunities and is spreading, linking together and thereby promoting good in all areas.

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**Commitment
towards our users**

Argeta's main focus

We commit to helping 20 million people towards easier attaining a nutritional balance and a healthier diet.

We produce nutritionally high-quality, safe and affordable food for all tastes and generations.

Through a sustainable approach we bring together several dimensions:

health, culture, experience, relaxation and being carefree.

By informing, communicating and educating customers, we are promoting healthier food choices and lifestyles.



Global challenges:

1. Low nutritional value of food, which opens the door to poor health and numerous diseases.
2. Unhealthy dietary patterns.





Focus 1:

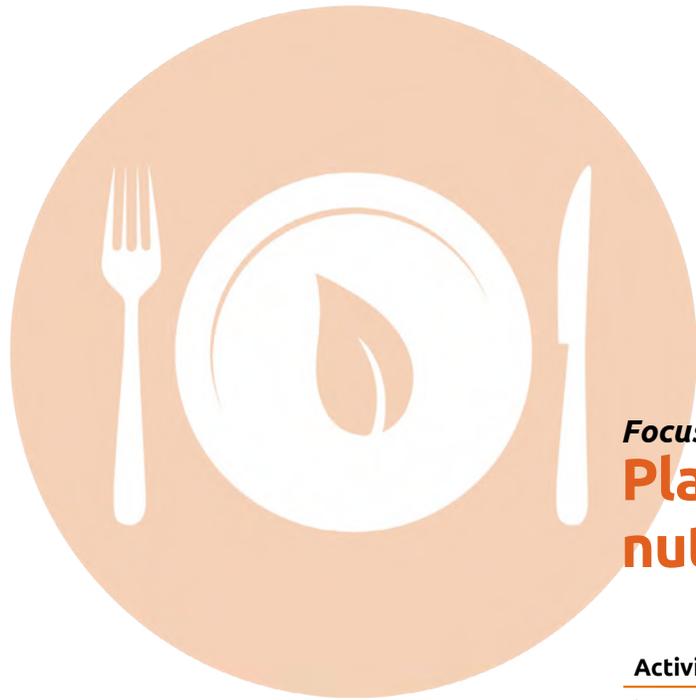
Nutritionally balanced products

Activities	Indicators	Status 2020
Products with a “clean label”.	<ul style="list-style-type: none"> Number of products without additives. Number of non-GMO products (no genetically modified organisms). 	<ul style="list-style-type: none"> 90%* products without additives. No product with non-GMO claim.
Improving the nutritional profile of the product.	<ul style="list-style-type: none"> Nutritional profile of products in line with the dietary traffic light. Number of products suitable for people with allergies and intolerance of certain foods. 	<ul style="list-style-type: none"> 10%* of products with a favourable nutrition profile. 5%* of products without dairy protein.
Innovations of nutrient-rich products.	<ul style="list-style-type: none"> Number of products with added nutrients (e.g. vitamins, minerals...). 	<ul style="list-style-type: none"> 23%* of products with added nutrients.

*% calculated on the basis of various flavours (e.g. 4 flavours out of 40 flavours – 10%).

Focus 2:**Sustainable ingredients and product quality and safety**

Activities	Indicators	Status 2020
Maintaining the highest standards of compliance with health and safety.	<ul style="list-style-type: none"> • GFSI (Global Food Safety Initiative) and ISO standards in our production. • Proportion of suppliers with GFSI or ISO standards. 	<ul style="list-style-type: none"> • FSSC 22000, ISO 9001: ADK Izola, Atlantic Argeta Sarajevo. • External production: IFS (International Food Standards). • Production under licence: SQF (The Safe Quality Food). • 44% of suppliers have at least one GFSI or ISO standard.
Increased use of ingredients from sustainable sources .	<ul style="list-style-type: none"> • Proportion of ingredients from sustainable sources. 	<ul style="list-style-type: none"> • Estimation (hen meat): 75-percent conventional (enriched cages) farming, 25-percent barn farming. • 36% of supplied fish ingredients caught sustainably. • MSC: 3,5% quantity share in the fish spread segment. • No product has an ASC certificate.
Increased use of BPA-NI packaging .	<ul style="list-style-type: none"> • Proportion of BPA-NI packaging. 	<ul style="list-style-type: none"> • All products not made by external producers or producers under licence are packed in BPA-NI packaging.



Focus 3:

Plant-oriented and balanced nutrition

Activities

Increasing **alternatives** for consumers eating **less or no meat**.

Indicators

- Number of **plant-based products**.

Status 2020

- **6 plant spreads** based on chickpeas.

Carefree small meal experience

Argeta products offer the most carefree experience of a small meal. Essentially Argeta is striving to ensure that each individual, and especially families, can enjoy food without stress and thereby enjoy life in the same way. *The product and life dimensions are tied together by the slogan of the sustainability project "spread good", in which the double meaning covers both the product philosophy and the approach to life.*

At Argeta we have our customers in our minds and hearts in everything we do. We seek to offer them the best meal in the most honest way, so we are constantly improving our recipes and preparation processes. We are *co-creators of worldwide trends* in the savoury spreads sector, since we are bringing to it a range of innovations and are working to ensure the reputation of the entire category.

As a leading player we are taking on initiatives and responsibility in all areas. We know the consumers and the market very well, so we know how to navigate the right path between life and dietary trends. We are creatively merging characteristics that are at first sight incompatible: on the one hand everything fast, effortless and immediately available, on the other hand slow, high-quality and with commitment. On the one hand economical and cheap, on the other hand luxurious and/or organic.



Products in the Argeta family

Argeta, meat and fish spreads for the whole family:

- meat spreads: chicken, turkey, liver, spicy, teatime, chicken with spicy salami, chicken with asparagus, oriental, hunter's, Ramadan, chicken with ajvar, chicken with onion, chicken with kulen sausage, chicken with sudjuk, chicken with paprika and so on;
- fish spreads: tuna, salmon, Adriatica sardine, spicy sardine, mackerel&sardine, tuna spread a la Siciliana, fasting spread, sardine fasting spread.



Argeta Exclusive, superlative culinary creations for gourmets:

the exquisite beef pâté with truffles and rich venison pâté with rosemary are joined each year by a new limited series with the signature of an acclaimed chef.



Argeta Junior, soft, creamy spreads for the youngest ones:

Argeta Junior Original, Argeta Junior Super-Tuna, Argeta Junior KokoKrem, Argeta Junior KremTuna.



Argeta vegetable spreads for the whole family:

red pumpkin and ginger, zucchini and wild garlic, black olive, natural hummus, red paprika, spicy paprika.





Free from additives for uncompromising quality

Argeta products boast the “FREE FROM” stamp, which ensures that they contain no artificial flavour enhancers, preservatives, artificial colours or gluten. At Argeta we adhere to the highest standards, and we prove that even a small meal can offer the highest quality. We are known for our selection of only the best ingredients, high-quality pieces of meat or fish and 100-percent natural seasonings and vegetable oils.

Argeta's success is based on an outstanding flavour, spreadability, choice and above all quality. We are constantly raising the bar in the area of high-quality and safe food. We wish to democratise superlative quality, superlative raw materials and superlative recipes in a way that makes them accessible to the general public.

A symphony of local flavours

We operate under the principle: think globally, act locally. **We take into account world trends but at the same time we constantly ask ourselves**, what could be even more local and closer to the consumer. We are conducting various market surveys and focus groups in different local markets. We are analysing the characteristics of people in different countries and the dietary habits of various environments. The recipes of flavours that are present in several markets are not being changed but are being adapted so that in an individual market we launch additional flavours that are characteristic of that market. This is the key to Argeta's success. Customers appreciate the fact that as an international brand we tune in to the wishes of local communities.

We do not do this randomly – everything is based on research and an understanding of the wishes of local users.



Argeta Exclusive Academy founded

Argeta celebrated in 2019 the 10th anniversary of the prestige brand line Argeta Exclusive, whose mission is to make superlative cuisine accessible to everyone that values quality and fine flavours and is happy to indulge in gourmet pleasures. In that decade we created 11 exclusive gourmet flavours, crafted in collaboration with top Slovenian and international chefs.

The 10th anniversary saw the founding of the Argeta Exclusive Academy, through which Argeta Exclusive is becoming even more actively involved in educating young culinary talents. In the coming years, Argeta Exclusive in cooperation with the best gastronomy schools in Slovenia and Croatia will provide support each year for two talented young chefs and contribute to the development of outstanding culinary professionals in Slovenia and Croatia. The participants of the first Academy are Jaka Martinčič of the Ljubljana Biotechnical Education Centre (BIC Ljubljana) and Ana Mucić of ASPIRA University in Croatia. Both gastronomy students will gain the opportunity to enhance their culinary skills with the five chefs who have to date created Argeta Exclusive.



»The cooperation of BIC Ljubljana with Atlantic Grupa in the Argeta Exclusive Academy project is extremely important for us, as well as a responsibility. Argeta Exclusive Academy will enable young people to gain additional professional knowledge, learn from the best in the gastronomy world, get to know about various career paths, and will aid in their professional development, which will consequently lead to the development of high-quality culinary professionals. We are proud that our student Jaka is a part of this story,«

said Teja Vidrih, principal of the Ljubljana Biotechnical Education Centre.

Argeta's state-of-the-art, high-tech production

We operate state-of-the-art and high-technology production facilities, applying stringent controls from the first raw materials to the sealing of packages to create only the best products.

Sterility and long shelf life are ensured through heat treatment. Heat treatment is a completely safe technological process, which is the result of years of research and experience and ensures, together with unique Argeta's recipes, that all Argeta products are free from preservatives.

First, our top experts carefully check the quality of the raw materials and packaging before then supervising the whole production process until the sealing and sterilisation of spreads with the help of modern control instruments and laboratory research. Before the product is stocked on the shelves, final evaluations are carried out during a 10-day quarantine period.



*Have a look at 360° overview of our production
(available only in Slovenian language)*

Compliance

All our processes, equipment and infrastructure, products and services are compliant with legislation and satisfy the high demands of various markets and customers. We are constantly conducting comprehensive risk assessments, along with identifying and implementing all the necessary preventive measures with the aim of reducing operating risk.

Process management standards

Our own production is conducted at ADK Izola in Slovenia and at Atlantic Argeta Sarajevo in Bosnia and Herzegovina.

Our aim is to ensure the best products and services, so we have incorporated into our operations the highest standards of process management. The two production facilities hold the **following certificates**:



Recyclable and safe packaging

All our tins are made of aluminium, which can be reused or recycled in its entirety. Aluminium provides a longer lifetime for the product and protects the product well against outside factors. By transferring to aluminium packaging, we have greatly reduced the weight of packaging in recent years, which has signalled a major reduction in our carbon footprint. At the end of 2014 we switched to a new “peel seam” lid, which differs from the old “easy open” lid by being easier to open and lighter. The total weight of the 95-gram packaging, i.e. the tin and lid, has been reduced by **16%**.

None of the Argeta product packaging used in our production has any coating with added BPA.

Bisphenol A is a chemical that is frequently added to plastic materials and other consumer products, from where it can enter the human body. Research on the effects of BPA on human health has reinforced certain suspicions about its harmfulness, so the European Food Safety Authority has issued recommendations on reducing the input of BPA. At Argeta we went a step further, and completely removed this chemical from our packaging. In this way we consistently pursue our orientation of assuring customers of the carefree enjoyment of our products.

Argeta vegetable spreads are packaged in glass jars, which are also **100-percent recyclable**.



Customer satisfaction

We monitor customer satisfaction using a quality assurance system. Our system has various communication channels open, through which we seek to make communication as simple as possible for customers: telephone, postal service, e-mail and various social media networks. **All questions, complaints and praise are handled centrally in the shortest possible time.** Periodically we measure customer satisfaction with products and the Argeta brand in comparison with the competitors. Based on the results, each year we draw up an action plan to further improve the parameters. We also regularly monitor satisfaction with individual products and quickly adapt to market information.

Complaints

The very high standards of quality and attentive monitoring of customer satisfaction are reflected in the small number of complaints relating to Argeta products. We take each **complaint seriously**, since this serves us as an additional incentive to make constant improvements.



Number of justified complaints by production locations, 2017-2019

Number of complaints/year	2017	2018	2019
Atlantic Argeta Sarajevo facility	3	7	4
ADK Izola facility	1	4	2
External production	0	7	3
Total	4	18	9

Complete transparency

In the spirit of complete transparency, under a special protocol, ***we open the door to our production facilities to the public, so that each individual can see for themselves the level of quality behind Argeta products.*** During the pandemic and in similar situations, out of concern for health such open tours are of course not possible. Under normal circumstances, however, we disinfect visitors, provide them with protective clothing and footwear and show them the production facility. We have already hosted a lot of schools, institutions, business delegations, journalists, consumer groups and so forth. We hide nothing. Even those who have had various prejudices regarding pâté have affirmed after touring our facilities that in the future they would eat Argeta without reservation.



Best business practice of the year – protection of the Argeta colour

As part of the project run by the American Chamber of Commerce in Slovenia (AmCham Slovenia), Best of the Best, which highlights and rewards best business practices, the award for best business practice of 2018 was given to Atlantic Droga Kolinska for protecting the Argeta colour as a trademark. In explaining the award, they wrote:

»Atlantic Droga Kolinska has proven that consumers recognise the Argeta colour alone as a trademark, that the consumers in question link the colour to the origin of the goods, that this particular colour has a semiotic status as a specifically identified product, that the public see this colour as a “marque” and that this colour also has a differentiation effect. The purpose and ultimate objective of the project was to protect the colour used primarily by Argeta (pantone 159 C) in market communication about Argeta products. In this way they sought to secure an officially recognised monopoly on using that colour for products marketed in the segment in which Argeta operates in the market.«

Pantone 159 C



Procurement policy in line with the principles of sustainable development

The procurement policy of Atlantic Grupa, which also covers management of the supply chain for the Argeta brand, pays special attention to the **following criteria** which must be satisfied both by suppliers and products supplied:

- human and labour rights must be respected;
- no child or under-age labour is used in the production process;
- the wellbeing of animals is ensured during raising and production of products;
- there is no use of animal and plant species that are endangered and on the IUCN – Red List (International Union for Conservation of Nature);
- raw materials are not obtained from genetically modified organisms (GMOs);
- as many animal and plant species as possible intended for processing should be obtained from sustainable sources (MSC, ASC, barn or ground rearing, FSC, organic production and so forth).

We also expect from suppliers the following information, which is important for our overall management of the lifecycle of the product and service:

- information regarding the costs of removing the product and packaging;
- whether the item being supplied is produced in an area of limited resources and in an area of social, political or economic vulnerability.

We perform regularly assessments of suppliers so as to verify the parameters of the quality system.

Local suppliers that offer and satisfy all our needs for certain materials have preferential priority in the final selection of supplier. Local suppliers account for 47% of the total.

Equally, we support and assist small local producers in realising their or our joint projects. If we see that their business activity has potential, we help them both through mentoring or transfer of knowledge from our professional staff and through more favourable terms of business.



Commitment towards environment



Argeta's main focus

We will reduce Argeta's ecological footprint by 20 percent.

Through the selection of ingredients, materials, technology and services that are environmentally acceptable, **through responsible management of environmental risks**, rational and circular use of resources and the promotion of a sustainable attitude to the environment in participants of the value chain we **positively impact the environment**.

In this way we contribute to reducing the carbon footprint of our entire chain and preserving ecosystems.



Global challenges:

1. Impoverishment of ecosystems and sources of raw materials.
2. The major impact of the food supply chain in terms of greenhouse gas emissions and climate change.
3. 40% of food thrown out and large quantities of waste packaging.



Focus 1:**Sustainable and recyclable packaging**

Activities	Indicators	Status 2020
Packaging that replaces the use of virgin natural resources .	<ul style="list-style-type: none"> Proportion of FSC paper. Proportion of recycled plastic. 	<ul style="list-style-type: none"> Packaging for multiple packs (3 x 95 g, 4 x 95 g) with FSC certificate: 100%. Secondary transport packaging with FSC certificate: 0%. Transportation packaging from recycled plastic: 0%. Transportation packaging at production under licence in the USA with SFI certificate: 100%.
Reduction in use of paper and plastic .	<ul style="list-style-type: none"> Proportion of reduced paper use. Proportion of reduced plastic use. 	<ul style="list-style-type: none"> In 2019 we printed around 329,700 labels, which means 6,594 m² of waste stickers, 6,594 m² of waste waxed paper and 6,594 m² of waste ribbon.
Increase the recycling rate of primary packaging .	<ul style="list-style-type: none"> Proportion of recycled packaging. Number of projects to raise awareness / guide the behaviour of consumers. 	<ul style="list-style-type: none"> There were no projects in 2020.



Focus 2:
Reducing the quantity of food waste

Activities	Indicators	Status 2020
Encouraging consumers to reduce food waste .	<ul style="list-style-type: none"> • Number of packagings with optimal use of product. • Number of projects/participants in 'zero food waste' campaigns. 	<ul style="list-style-type: none"> • Reusable lid (humus - twist off). • There were no projects in 2020 to raise awareness about reducing food waste.

Focus 3:**Sustainable consumption of energy and water and waste management**

Activities	Indicators	Status 2020
Reducing water consumption .	<ul style="list-style-type: none"> Proportion of reduced water use, ISO 14001. 	Water consumption (2019): <ul style="list-style-type: none"> ADK Izola: 4.21 m³ water/ton. Atlantic Argeta Sarajevo: 6.04 m³ water/ton.
Responsible use of chemicals .	<ul style="list-style-type: none"> Proportion of reduced chemical use. 	Consumption of chemicals for cleaning basins in Izola: <ul style="list-style-type: none"> 23,000 kg annually
Responsible waste management .	<ul style="list-style-type: none"> Proportion of sludge from own treatment plant. 	Sludge from own treatment plant: <ul style="list-style-type: none"> ADK Izola: 460 t Atlantic Argeta Sarajevo: 173 t
Increase in level of circular handling of waste .	<ul style="list-style-type: none"> Proportion of waste or by-products in the circular loop. 	<ul style="list-style-type: none"> 100% of our organic waste from production is part of the circular loop.
Responsible use of energy .	<ul style="list-style-type: none"> Proportion of reduced energy consumption. Proportion of energy from renewable sources. 	<ul style="list-style-type: none"> Total energy consumption per unit of production: ADK Izola 1,046 kWh/t and Atlantic Argeta Sarajevo 1,387 kWh/t (2019). Electricity consumption per unit of production: ADK Izola 311.15 kWh/t and Atlantic Argeta Sarajevo 405.53 kWh/t. Electricity from renewable sources (solar panels on production facility roofs): ADK Izola 7.75% and Atlantic Argeta Sarajevo 0%.

Sustainable attitude towards the environment

At our own locations, where we produce Argeta brand products, we have set up environmental management processes through which we control all the environmental aspects of our activity and risk. ***We place special emphasis on compliance, on preventing pollution and low carbon footprint, both in terms of efficient energy use and use of renewable energy sources, as well as on the circular economy in terms of all resources.***

All our processes are based on adopted policy – quality policy of environmental and energy management.

To measure the success of the process we manage following indicators:

- number of environmental complaints;
- number of legislative restrictions exceeded;
- proportion of separately collected waste in production and distribution for further processing;
- quantity of all waste, quantity of waste in landfill, quantity of municipal waste;
- effectiveness of waste management;
- quantity of water consumed;
- amount of energy consumed.

Quality policy and responsible environment and energy management.



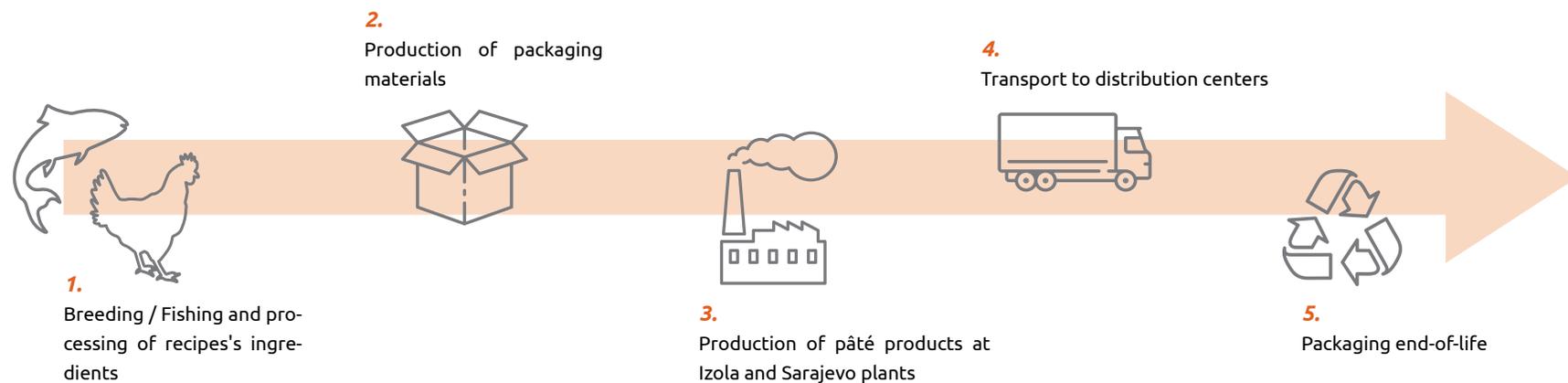
LCA (Life-cycle assessment)

In order to pursue the most optimal management of our environmental footprints, in 2018 we opted for an LCA, whereby we evaluated mass and energy inputs and outputs and their impact on the living environment in the production of our products, specifically of chicken spread, tuna spread and Junior spreads at both locations where our own production is performed.

Our assessment included the entire value chain: inputs of raw materials in line with the product recipes, production of packaging for products, production of spreads in Izola and Sarajevo, transport to distribution centres and waste packaging.

The results have shown that as much as 60 to 70% of the overall environmental footprint is made up of our product ingredients, 20 to 30% packaging, 1 to 3% distribution and 5 to 7% production.

Although at all levels of production Argeta aims to optimise processes and reduce the environmental footprint, environmental optimisation of the supply chain is crucial for us.



Waste management

We separately collect waste in production facilities, warehouses and offices. At each location we have an 'ecology island' collection point with containers of various sizes set up, since we wish to separate waste accurately at source, so that we recycle the highest possible percentage of waste in accordance with the hierarchy of waste management and the model of the circular economy. Each year we systematically reduce the quantity of mixed municipal waste. We strive for re-use,

where this is possible and appropriate, and for recycling and composting. Waste that cannot be materially recovered and which is suitable as an energy source is used to obtain energy. For now, this is only possible at ADK Izola. We are not carrying out the recycling and removal of waste ourselves but have contracts with registered waste collection and recycling organisations for these services. Our aim is to send as little as possible municipal waste to landfill.

A special factor in our production process are chicken bones, of which ADK Izola generated 643 tons in 2019, and plant sludge. In 2019, due to expanded production we introduced a three-shift operation. This is one of the major reasons for the growth of all collected waste (317 t) relative to 2018.

ADK Izola: We achieved the target level of separately collected waste, i.e. 98.1%.

Waste management at the ADK Izola facility

	Recycling	Composting	Re-use	Use for obtaining energy	Incineration	Disposal in landfill	Total
2017	91.36	1.36	392.07	258.48	1.87	17.39	762.53
2018	99.87	2.77	482.15	326	0	14.55	925.34
2019	125.2	0.39	642.97	543.48	0	15.96	1,328.00

(data in tons)

Waste management at the Atlantic Argeta Sarajevo facility

	Recycling	Composting	Re-use	Use for obtaining energy	Incineration	Disposal in landfill	Total
2017	129.82	0	102.3	0	0.41	707.97	940.50
2018	155.19	0	124.52	0	0.63	743.37	1,023.71
2019	164.68	0	263.86	0	0.34	533.55	962.43

(data in tons)

In the future, too, quantities of waste will reflect the scope of production. Through consistent separate waste collection, we will reduce the quantities of municipal waste and raise the proportion of separately collected waste that is suitable for further processing or recycling. At ADK Izola we invested in two new waste balers and bought a new larger ecology station for storing treatment plant chemicals.

It should be noted that separate waste collection is also practiced at Atlantic Argeta Sarajevo. Major differences in the proportions of waste separation arise mainly due to the incomparable state infrastructure for waste management, which does not allow for further processing of separately collected waste. For waste that due to objective reasons is placed in a landfill, new solutions are constantly being sought for further processing or solutions that might contribute to improving the environmental impact of our operations.

Energy consumption and carbon footprint

We approach energy management strategically, since we wish to keep reducing our carbon footprint and other environmental impacts, while at the same time lowering costs by reducing energy consumption.

In this way through a synergy we merge measures for efficient energy consumption and for increasing the proportion of renewable energy sources.

In terms of energy saving and efficiency we have built in a central control system for optimal energy consumption, and installed check valves in technological processes. In the remaining section, savings are enabled by central control over temperatures and flows. The production process at ADK Izola uses electricity from the solar generator positioned on the roof of the production facility. This energy accounts for 7.75% of annual electricity consumption at this location. We use steam for heating in the technological process.

In 2019 at the ADK Izola facility we completed the gradual replacement of majority of our lighting with more efficient systems (LED). In order to regulate the automated/controlled process of cooling basin water, depended on external we-

ather conditions, we built in sensors and a weather station. Through automation of the process we reduced electricity consumption.

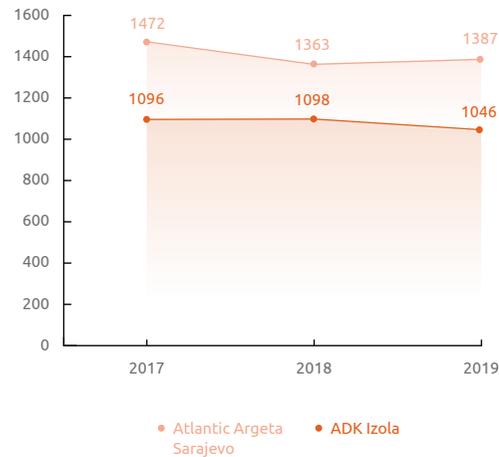
At Atlantic Argeta Sarajevo too, among the activities to improve energy management, we can highlight the supply of a more energy-efficient compressor and the replacement of light bulbs with more energy-efficient LED lights.

Consumption of energy sources at ADK Izola and Atlantic Argeta Sarajevo production facilities 2017–2019

Year	2017		2018		2019	
	ADK Izola	Atlantic Argeta Sarajevo	ADK Izola	Atlantic Argeta Sarajevo	ADK Izola	Atlantic Argeta Sarajevo
Electricity	2,018,524	2,863,499	2,288,631	2,850,660	2,755,405	3,001,896
Natural gas	-	6,506,003	-	6,507,615	-	7,261,646
Heating oil	-	-	-	279,792	-	-
LPG	5,144,543	-	5,617,709	-	6,505,070	-

(data in kWh)

Energy efficiency - consumed energy sources relative to production (kWh/t)



In the past two years **energy efficiency at Atlantic Argeta Sarajevo has improved by over 5%, and at ADK Izola by over 4%.**

The slight decline in energy efficiency at Atlantic Argeta Sarajevo in 2019 was related to refurbishing work on the packing machine.

At ADK Izola energy efficiency declined slightly in 2018 due to above-average warm autumn months and therefore extended period of cooling. An additional reason for lower energy efficiency is the more frequent implementation of the process of producing concentrate and tests in the pilot laboratory.

Calculation of carbon footprint based on energy sources consumed for production at ADK Izola and Atlantic Argeta Sarajevo production facilities 2017–2019 (t)

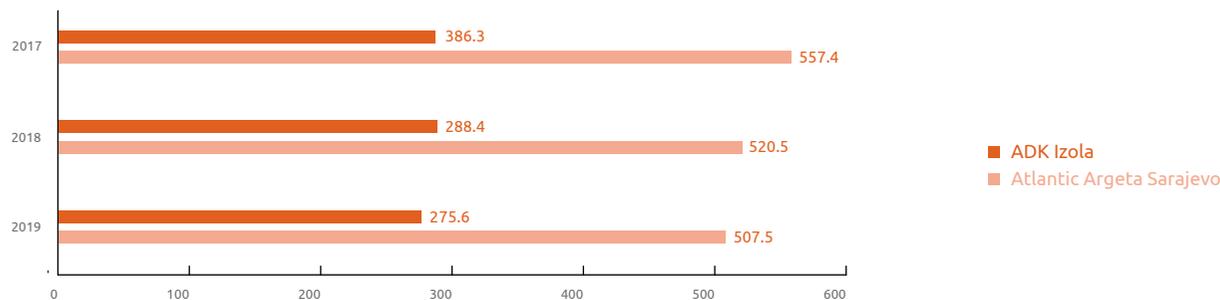
Lokation/year	Emissions of CO ₂ , total	Emissions of CO ₂ , scope 1	Emissions of CO ₂ , scope 2
ADK Izola			
2019	2,441	1,477	964
2018	2,076	1,275	801
2017	1,874	1,168	706
Atlantic Argeta Sarajevo			
2019	3,757	1,445	2,311
2018	3,574	1,379	2,195
2017	3,500	1,295	2,205

(data in tons)

Emissions of CO₂ per ton of product for production at ADK Izola and Atlantic Argeta Sarajevo 2017–2019

Location/year	Production in tons	CO ₂ emissions in t	CO ₂ emissions in kg per ton of product
ADK Izola			
2019	8,856	2,441	275.6
2018	7,198	2,076	288.4
2017	6,538	1,874	286.3
Atlantic Argeta Sarajevo			
2019	7,402	3,757	507.5
2018	6,866	3,574	520.5
2017	6,279	3,500	557.4

(data in tons)

Emissions of CO₂ per ton of product for production at ADK Izola and Atlantic Argeta Sarajevo 2017–2019

(data in kg/t)

With the indicator CO₂ emissions in kg per ton of product we measure energy efficiency and the consumption of what are called low-carbon and greener energy sources. The trend of the last three years at both production locations points to a moderate optimisation, which is the result of activities in the area of energy efficiency. Here we are aware that at the Sarajevo location we have considerable scope for improvement, both in energy optimisation and in introducing greener energy sources. Till 2030 we are committed to further explore and introduce green energy.

Water consumption

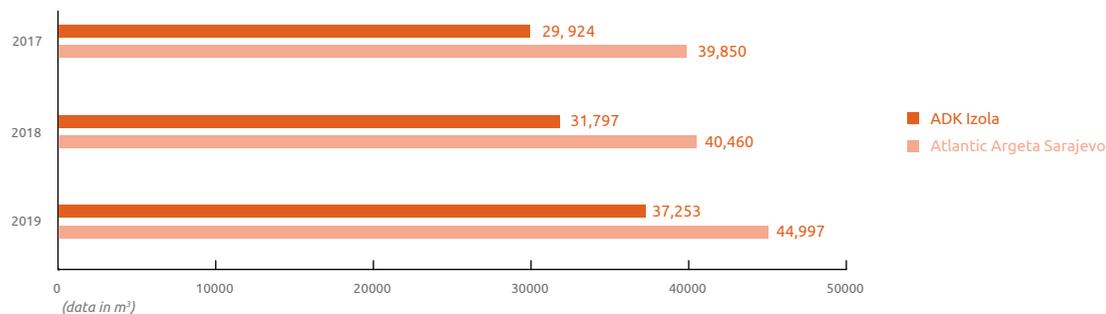
We draw public mains water for production at both locations. At ADK Izola we draw water from the public mains supply of the Rižanski vodovod Koper utility company. In 2015 the Ministry of the Environment and Spatial Planning issued us with a permit for direct use of water from facilities and plants for the supply of drinking water for technological purposes in the maximum amount of 4 l/s or 180 m³ per day, with a yearly maximum of 35,000 m³. The water permit is valid until 30 July 2041. In 2018, at our request the Ministry of the Environment and Spatial Planning issued us with a decision amending the water permit, thereby allowing us to draw up to 44,000 m³ of drinking water annually, which we needed for the increase in our production capacities.

At Atlantic Argeta Sarajevo, city mains water from the Garovci reservoir is supplied by the utility company Komunalac. The Ministry of the Economy in the canton of Sarajevo issued a water permit on 20 June 2017 for the supply of water for five years.

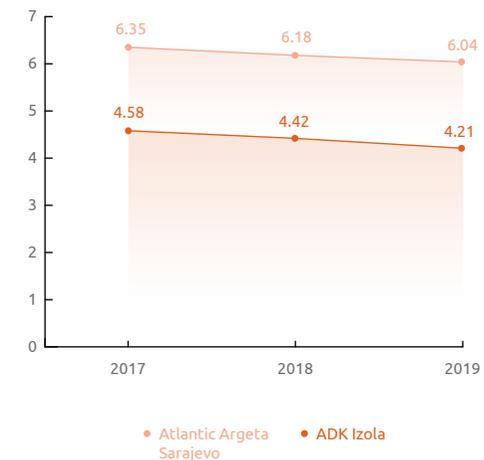
At all levels of operations, we strive for the most rational possible use of water resources. **In the past two years water efficiency has improved both at Argeta Sarajevo and ADK Izola. For one ton of our spreads at ADK Izola we use 4,21 m³ per ton of product, and at Atlantic Argeta Sarajevo 6,04 m³.** We are succeeding in reducing water consumption to the greatest extent by optimising the cleaning process.

With the aim of further optimising production, at the ADK Izola production facility we will modernise the meat spreads production line. The line will have a new production capacity of 34 tons of meat spreads per day.

Consumption of water at ADK Izola and Atlantic Argeta Sarajevo production facilities 2017–2019 (m³)



Water efficiency - water consumption relative to production (m³/t)



Waste water treatment

Industrial waste water in the Argeta production facilities is generated as technological water in cooking and separating meat, rinsing tins, cleaning machinery and the production section, as cooling water for cooling the autoclaves, air conditioning and cooling on the production line, and as boiler water. Industrial waste water at the production site is treated in a treatment plant. At the ADK Izola production facility a treatment plant performs mechanical and physical/chemical pre-treatment of industrial waste water before it is discharged into the public sewer system of the town of Izola, and from there to the Koper treatment plant. The capacity for treating industrial waste water is 10 m³/h, which ensures 90 to 95-percent removal of fats and 70 to 80-percent reduction of the organic burden measured using the parameters of COD and BOD₅.

By upgrading the technological line at the ADK Izola facility we will also upgrade the existing industrial treatment plant. The maximum capacity will increase to 11 m³/h. The pre-treatment installations will also be upgraded.

The Argeta production location at Hadjići has separate sewer systems for sanitary waste water, rainwater containing fats, clean rainwater and industrial waste water. Industrial waste water from the meat processing section is received by a system for pre-treatment of industrial waste water before it is discharged into the public sewer system, and from there to the public treatment plant. Waste generated in the process of pre-treating industrial waste water is collected in containers that are removed by an authorised company.

Precipitation water is treated in two oil and fat separators. Treated waste water from the separator is discharged into a test collector for the industrial zone, with outflow into the River Zujevina.

We conduct regular monitor of both industrial treatment plants and report our findings to the competent institutions.

Waste air

Waste air which is generated in the cooking of meat and contains steam is collected in a central hood and discharged into the outside air through a single exhaust vent.

Compliance with environmental legislation

At both locations we perform monitoring each year, and we are also subject to official inspections. Each year in the 2017-2019 period the ADK Izola location has been visited by a representative of the Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning. In 2017 and 2019 they found three minor irregularities, which were rectified either immediately or subsequently. All the measurements in 2017-2019 were appropriate, except for one in 2017 due to an inappropriate probe.

In 2017-2019 the environmental inspectors found no irregularities at the Atlantic Argeta Sarajevo production facility. In this period, however, there were some inappropriate monitoring results, specifically 2 out of 12 in 2017 and 10 out of 12 in 2019 due to excessive values of phosphorus.





**Commitment
towards society**

Argeta's main focus

Through education, support for better diets and promotion of sports we will positively contribute to the quality of life for 20 million people.

Through our values, mission, products and social relations we are **committed to the good of society in general**, since we believe in the democratisation of the good. We are opening doors of opportunity for prosperity for all, and through our example **we are supporting transparency, dignity and partnership on all levels**.



Global challenges:

1. Major economic and social inequality, which leads to poverty.
2. Inaccessibility of opportunities and prosperity for all.
3. Stressful life with a lack of interpersonal values.
4. Lack of integrity, transparency and cooperation for the common good.





Focus 1:

Improving the quality of the individual's everyday life

Activities	Indicators	Status 2020
Improving the quality of educational entertainment (edutainment) content for children.	<ul style="list-style-type: none"> • Number of content items . • Number of edutainment projects. 	<ul style="list-style-type: none"> • 6 edutainment e-books for children.
Increasing access to high cuisine.	<ul style="list-style-type: none"> • Number of projects. • Number of participants. 	<ul style="list-style-type: none"> • 3 products that enable greater access to high cuisine.



Focus 2:

Improving the quality of life in society

Activities	Indicators	Status 2020
Financial support for sports, education and culture.	Level of funds for sponsorships and donations.	Each year we invest at least 1% of profits in sports, education and culture .

Recognising strategic stakeholders

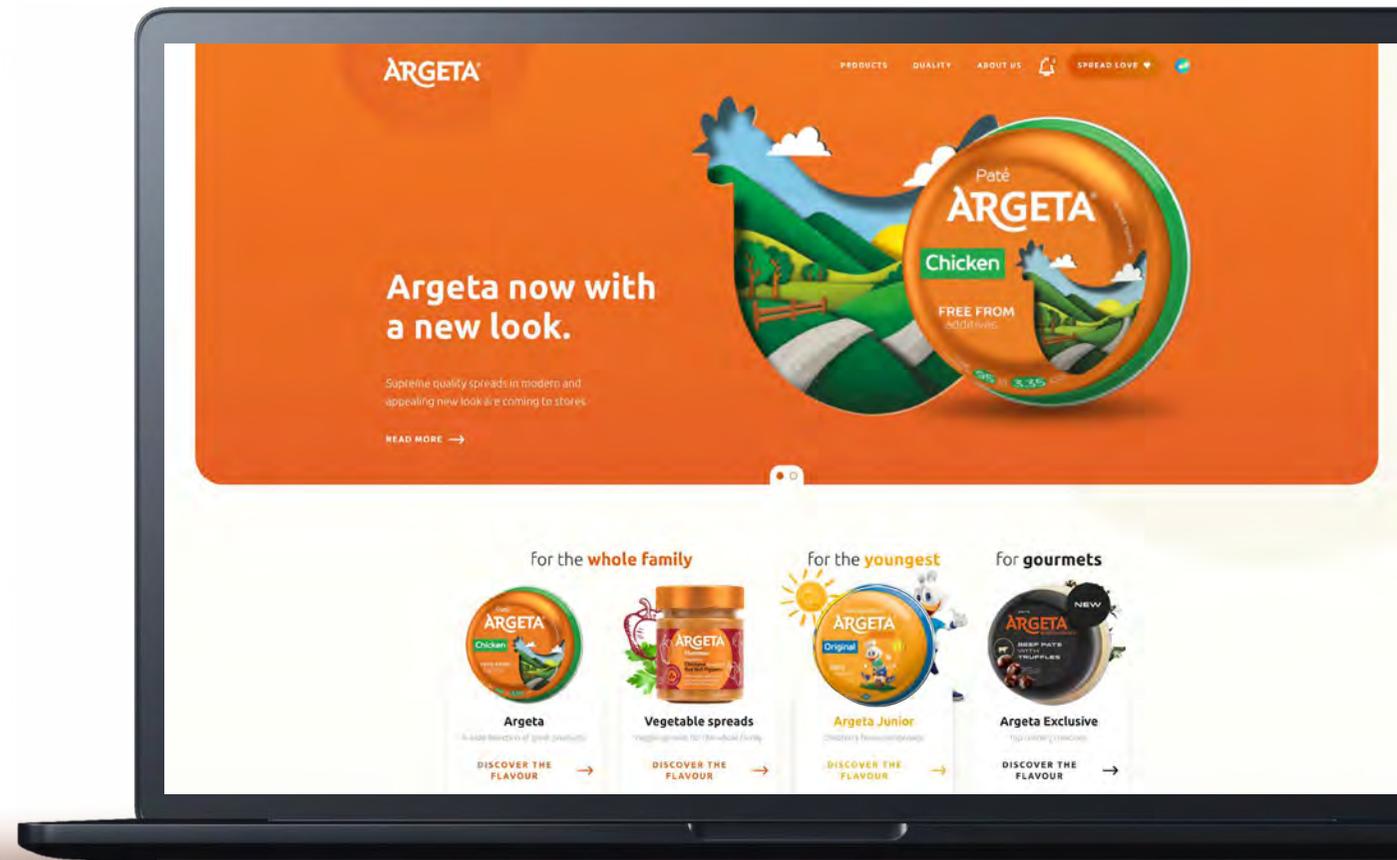
A brand can succeed in promoting good in society in general only in harmony with all stakeholders. At Argeta we recognised the following strategic stakeholder groups with which we are building long-term partnerships.

Strategic stakeholders	Objectives
Employees	<ul style="list-style-type: none"> Loyal, satisfied and engaged colleagues. Proper and open relations. High security and concern for occupational health. Constant development of employee potential. Successful business operations and consequently long-term job security.
Retail chains, customers	<ul style="list-style-type: none"> Understanding the wishes and demands of customers. Fulfilling expectations. High level of customer trust and loyalty. Providing safe services and goods that are of the highest quality and more competitive. Incentives for sustainable shifts toward dietary and purchasing habits and post-purchase behaviour. Incentives for a healthy, relaxed lifestyle and family values.
Suppliers and other business partners	<ul style="list-style-type: none"> Increasing added value in the supply chain. High quality of goods and services. Compliance with all standards and legislation (including in terms of sustainable development). Good procurement conditions. Reliable supply. Constant sustainable progress. Constant strengthening of good business relationships.
Owners	<ul style="list-style-type: none"> Achieving business objectives, further internationalisation. Upstanding relationships. Long-term development of the company and Argeta brand.
Social environment, local communities, civil initiatives	<ul style="list-style-type: none"> Establishing and maintaining good relations, a high-quality natural environment and development of the social environment.
Sports circles	<ul style="list-style-type: none"> Incentives and support in achieving top results and spreading a healthy lifestyle.
Professional circles	<ul style="list-style-type: none"> Advancement and education of professionals by sharing experiences and best practices, especially in the area of management, marketing and the food chain communities.
Media	<ul style="list-style-type: none"> Providing credible information about activities and operations of the company and Argeta brand. Strengthening the reputation of the company and Argeta brand and ongoing elimination of possible communication noise.

Communications

Argeta achieves transparency and operations in line with the interests of stakeholders by establishing numerous channels of two-way communication.

- Communication with employees uses the intranet, internal newspaper, internal communication via special e-mail, notice boards and social networks.
- Customers can approach Argeta via digital media (e-mail and social networks) and also via ordinary channels such as telephone and the postal service. Argeta regularly and periodically conducts customer satisfaction surveys and in this way constantly monitors and improves areas where such surveys identify a need.
- Communication with the owners is open, direct and transparent. Reporting is conducted daily both automatically via internal databases and also informally via electronic and personal communication channels.
- Argeta cooperates with suppliers as a good partner and together with them builds added value, while pursuing the goals of sustainable development.
- Argeta is involved in the local communities principally in places where production facilities are located.
- The most important of the professional circles are nutrition institutes, through which Argeta regularly verifies the quality of its products, and business and marketing circles where Argeta is an active member focusing on ensuring progress and education in the profession by means of sharing experiences and best practices.
- Argeta is communicating with the media in personal interviews, events, press releases, press conferences and so forth.



Employees

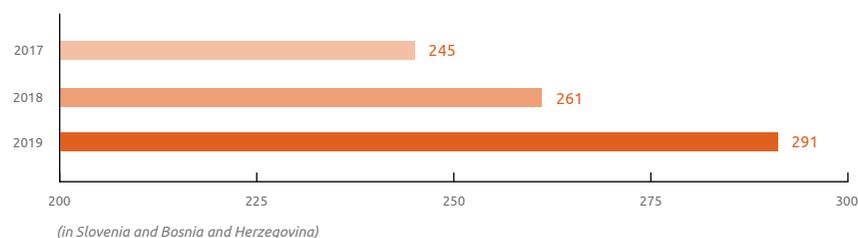
An atmosphere of openness, respect, belonging, trust, honesty and personal responsibility is being spread in our horizontal and vertical structures and is promoting creativity, preserving our competitive advantage and creating a pleasant working environment.

Rewarding and incentivising people who through their work help create a better future for all of us are an integral part of our corporate culture. By monitoring new developments in industry and exchanging best practices among strategic sectors in the Atlantic Grupa company we are constantly implementing innovations to improve our business processes. Our corporate culture supports and promotes the principles of sustainable development: business efficiency and environmental, social and ethical responsibility.

We are growing with great responsibility towards our colleagues, clients, partners, the environment and other interested parties.

At the core of the strategy of human resources management are a simplification of the organisation and processes with the aim of focusing on our customers, authentic leadership and the personal responsibility of our managers. We are humanizing our relationship towards employees as individuals, unique people whose growth and development is being heartily fostered.

Number of employees 2017–2019 in Atlantic Grupa in the savoury spread strategic business unit



In 2019 there were **172 men (59%)** and **119 women (41%)**. 98% of employees have a collective agreement, and 83% were employed permanently.

Employees in Atlantic Grupa in the delicatessen spreads sector by level of education, 2017-2019

	Level II	Level III	Level IV	Level V	Level VI	Level VII	Level VIII	Total
2017	29	52	62	40	10	50	2	245
2018	17	70	65	40	9	57	3	261
2019	30	77	67	41	11	61	4	291

(in Slovenia and Bosnia and Herzegovina)

In 2019 we hired **44 new employees**, of which 17 were women and 27 men. 14 of the new employees are in the 20–29 age group, 18 in the 30–39 age group, 8 in the 40–49 age group and 4 in the 50–59 age group. Most of the new employees work in production (30).

Pay and remuneration policy

The company has a remuneration system that is constantly verified on the market, since we want our employees to be appropriately paid for their work and rewarded for their own achievements and those of the company.

At the same time, we are aware that a uniform system of remuneration has long been inadequate, and employers must adapt to the needs of individual groups within a company.

For this reason, the wages we pay are enhanced with various benefits, bonuses and scope for employee development. This includes annual bonuses, one-off awards, the rewarding of business performance, 'sabbatical' and flexible benefits that employees can choose from the selection and thereby adjust to their wishes and life needs. Only in this way can we secure our place among the best employers in the labour market, exert an active influence on the unwanted fluctuation of our employees and attract the best candidates in the market.

Employee development and training

HR development at Atlantic Grupa is based on the process of career management and the LEARN@Atlantic model. The career management process is a system whereby we identify the impact and potential of the individual, we verify what their ambitions and desires are, and we draw up an individual development plan. LEARN@Atlantic is the education and training model at Atlantic Grupa that enables the development of fundamental competences and skills. The model is divided into four areas:

- Leader Lab, as part of which managers acquire and strengthen management skills;
- Functional Lab, which is intended for obtaining and strengthening functional skills such as marketing, sales, corporate quality management and so forth;
- Talent Lab, which is involved in the development of young talent;
- My Lab, which is focused on the personal development of the individual and is based mainly on the individual's self-initiative.

In 2019 we recorded 13 hours of education and training per employee at Atlantic Grupa. Each employee attends at least one training course per year.

We cooperate with educational institutions, enabling secondary school and university students to perform required internships and to visit our production facilities.



Code of ethical conduct

Atlantic Grupa and within it Argeta adhere strictly to the law in all areas of operation. The code of ethics, the policy of non-discrimination, prevention of corruption, whistle-blowing, protection of human rights and the Rules on Personal Data Protection are covered by the GRI report published on the company's website:

<https://www.atlanticgrupa.com>

Right to freedom of association and collective bargaining and cooperation with trade unions

Each employee has the right to join a trade union. The company regularly cooperates with unions (meetings every month or two months, agreements regarding various payments). A company-level collective agreement has been concluded with trade unions. At least twice a year we also convene meetings on the topic of financial operations.



We are aware that communication with employees is vital to their wellbeing, their sense of contributing to the company and their motivation and loyalty.

Prevention of mobbing

In accordance with the law the company has a set of rules, established procedures and officers appointed to deal with mobbing.

Communication with employees

We are aware that communication with employees is vital to their wellbeing, their sense of contributing to the company and their motivation and loyalty. For this reason, at various levels and through various channels, before, during and even after employment we continuously communicate, since we realise that employees can be our best ambassadors.





Occupational health and safety policy

The occupational health and safety policy is adopted by the company's management board. In accordance with the Occupational Safety and Health Act, companies established in Slovenia must have in place the internal document Safety Declaration with Risk Assessment. In this document the employer has assessed all the risks for safety and health to which employees are exposed at their work stations, defined the measures to limit and monitor risk, and by signing the Safety Declaration is bound to implement the measures and ensure the safety and health of employees.

We also implement various programmes in the area of promoting health: workshops, training for a healthy personal and working life, diet, physical exercise and so forth. We pay a lot of attention to procuring high-quality personal protective equipment for our employees, appropriate arrangement of the working environment and ensuring optimal conditions for work at workplaces.

Workplace injuries

We are happy that in SBU savoury spreads in Slovenia and Bosnia and Herzegovina, the rate of workplace injuries relative to the number of employees and intensity of the work (number of working hours performed) is relatively low. All injuries have been light, and without any lasting consequences for employees (impacts, cuts, falls, puncture wounds, burns).

Number of injuries at ADK Izola and Atlantic Argeta Sarajevo production facilities 2017–2019

	2017	2018	2019
ADK Izola	1	2	3
Atlantic Argeta Sarajevo	3	6	2

Preventive measures

We have a wide range of preventive measures in place for the area of occupational safety and health.

Under the Care programme we implement measures for the easier coordination of work and private time (working from home, flexible hours, additional leave from work for the first day of school). Employees have options for recreation in various sports clubs.

We have provided regular health check-ups for all employees every two years, and additional check-ups for employees over 40 – mammograms for women and prostate exams for men. A concern for the ergonomics of workstations is extremely important at all workstations. For employees in production who need this, we have additionally eased their work by providing footwear especially suited to them.

We also provide for employees the adjustment of their protective and work clothes, and for workspaces with greater noise exposure we have provided individual, custom-made earplugs. Within the range of education and training provided we also offer topics that address healthy living, exercise, healthy diet and soft topics (dealing with stress, assertive communication, time management and so forth).

A disability-friendly company

We strive to find appropriate work for all employees who are granted the status of disability.

Social responsibility

As a socially responsible company, Atlantic Droga Kolinska also works to ensure an effective sponsorship and donation policy that is based on:

- the expression of social responsibility in the ethical, social and environmental areas;
- the promotion of our corporate values of passion, growth, openness and care;
- building and maintaining the company's reputation;
- building the reputation, strength and position of individual brands and increasing the sales thereof;
- support in the search for new business opportunities, such as entering foreign markets;
- strengthening of the employer's brand.

Argeta also remained loyal to the strategy of focusing on sports, culture, education, environment and society again in 2019.

The major recipients of our sponsorship funds are:

Sport:

The Cedevita Olimpija Basketball Club, the Ski Association of Slovenia (Slovenian alpine and Nordic ski team), the Olympic Committee of Slovenia's Botrstvo v športu (Fostering in Sport), Mini Planica, Cro Ski;

Education and science:

business conferences in the region, Slovenian Advertising Chamber, Marketing Society of Slovenia;

Culture:

Sarajevo Film Festival, Reading Badge of Slovenia Society.



Support for young skiing hopefuls

Argeta is the proud gold sponsor of Slovenia's national ski team. In the past we have also involved consumers in the support of top-level skiing in Slovenia and have invited those who like Argeta products to contribute to a special fund through their purchases. In this way we provide supporters of Slovenian sports people with the opportunity to support skiers in a tangible way in achieving winning results.

Argeta also supports the Biathlon World Championships 2021 in Pokljuka.



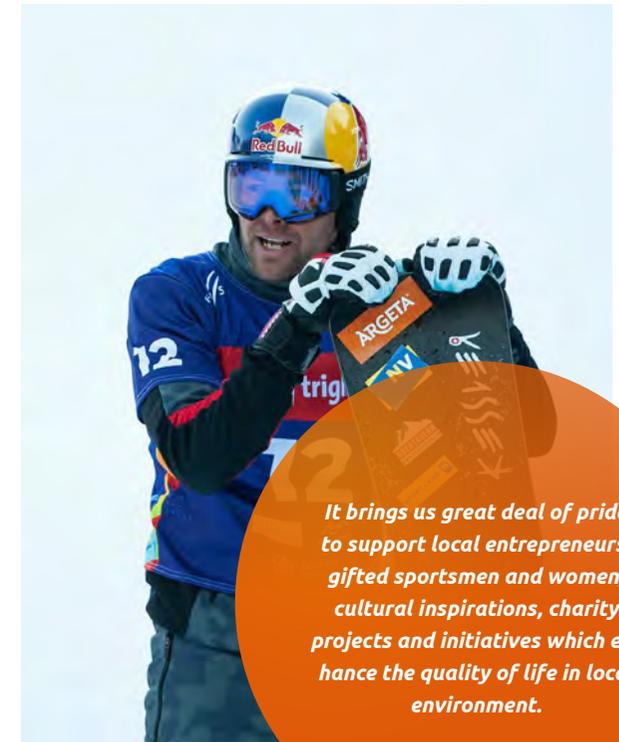
Vir: Pentaphoto



Source: Pentaphoto

Donations

We traditionally cooperate and support Caritas of Slovenia, SI-BAHE (the Slovenian Food Bank), the Slovenian Friends of Youth Association, the Social Chamber of Slovenia (safe houses and maternity homes), Slovene Philanthropy, the ŠENT, Ozara, Stigma and Novi paradoks associations, and the Slovenian Red Cross. For the most part this involves material donations of Argeta products. As the donor of the month, we also made donations to the Botrstvo v Sloveniji fund (child sponsorship project) and serve as a link in the Chain of Good People, which provides comprehensive assistance to families in distress in one place.



It brings us great deal of pride to support local entrepreneurs, gifted sportsmen and women, cultural inspirations, charity projects and initiatives which enhance the quality of life in local environment.

Integration into the local environment

We work with local sporting and cultural clubs and associations in all areas where our business units are located. We actively support local community activities focusing on environmental protection, clean-up campaigns and education. The Day of Values (Dan vrednot) is a special Atlantic Grupa activity when our employees, through their volunteer work, energy and positive attitudes, contribute to the improved wellbeing, living or working conditions of those in need. Our employees donate blood, visit retirement homes and institutions for children with special needs, landscape, plant trees, paint buildings, fences, playgrounds, etc.

Popular children's e-books

Argeta has put together a digital collection of instructive, interactive stories for children of various ages that have been crafted in collaboration with a renowned developmental psychologist and a team of recognised children's authors and illustrators. The e-books are designed to promote the development of various cognitive abilities of different aged children, and present fun and useful content that on the one hand children will be happy to delve into and on the other hand will benefit them.

Advertiser of the year in Slovenia

Atlantic Droga Kolinska, a member of Atlantic Grupa, received the Advertiser of the Year prize, the traditional annual professional award presented by the Slovenian Advertising Chamber, for a second year running.

The Slovenian Advertising Chamber noted:

»Atlantic Grupa is a distinctly market-oriented company, which it demonstrates on both the product and corporate levels. The market communication and more broadly the marketing excellence of Atlantic Droga Kolinska have for a number of years been marked by outstanding management of the successful brands Argeta, Barcaffè, Cockta and Donat Mg.



In 2019 Argeta achieved new sales records, both in Slovenia and in the region, which they attribute to key communication efforts that focused on consumers, their needs and tastes. At the beginning of the year, under the auspices of the corporate communication campaign "Sometimes you can do things your own way", Argeta called on consumers to vote for a new local flavour. The Argeta Exclusive product line marked its tenth anniversary with two of the most popular Exclusive flavours from previous years in a special commemorative pack, which it supported through communication activities on TV, at points of sale and through a range of digital activities.

A long-term, socially responsible initiative was set up to support the development of culinary arts, the Argeta Exclusive Academy, where potential new culinary professionals will be trained up by the best regional chefs. Last year, too, they focused attention on children. They expanded the well-

-known interactive e-books "Junior's Adventures" with topics touching on the importance of good interpersonal relations and a concern for the environment. The Argeta brand is not ranked among the most innovative brands simply on the product level, it also keeps up with trends in the digital arena. In 2019 they launched a new online image with the aim of ensuring a great user experience. The "virtual walk with chef Luka Košir" accompanied the launch of a new product in the Exclusive line, while the campaign "Argeta vegetable spreads; Discover how you like them best" is distinguished by outstanding use of data, according to the Sempl jury. The prizes won in the Effie Slovenia competition have confirmed that through market communication Argeta is achieving and exceeding its own targets.«

Our social responsibility created a new Argeta flavour

Due to the COVID-19 pandemic, in March 2020 the whole world suddenly stopped. Small companies, such as the fish farm Faronika in Tolmin, which rears and sells native species of freshwater fish, were crippled overnight, with their sales channels being blocked.

One of the fundamental values at Argeta is a commitment to social responsibility, so we help those in need. We bought up the Soča trout that the fish farm could not sell due to loss of market. By the end of the year Argeta will have bought 15 tons of Soča trout fillets, to create a new flavour, Argeta Soča Trout.

Mercator, the biggest Slovenian retail chain, joined the story, providing exclusive distribution and sales of the new fish spread. Atlantic Grupa and Mercator waived their claim for profit from sales, thereby ensuring that the new spread would be available at a special low price.

»At the crucial moment Atlantic Grupa offered cooperation in which on their prompting Mercator also joined. We had lost as much as 80 percent of our turnover. We were surprised, and responded only too gladly, since our fish farm has a large capacity. Without the help of Atlantic Grupa and Mercator we would have quickly been in a major fix. Our biggest challenge was to retain all our employees, since the team comprises a group of young people from local communities,«

Urška Bizjak, director of fish farm Faronika.



»It is important to recognise opportunities, where we can help to restart the economy, especially on the local level, and offer to the market products or services that were perhaps not around previously. The successful resolution of serious economic problems demands cooperation between small and large companies. In local environments this kind of cooperation can make a lot of positive changes, save jobs, promote an active local community and above all restore in people the hope of a better tomorrow.«

Enzo Smrekar,

Vice-President for Delicatessen Spreads, Donat Mg and Internationalisation at Atlantic Grupa

About the Sustainability Report

Atlantic Grupa

Since 2013 Atlantic Grupa, which includes Atlantic Droga Kolinska d.o.o., has disclosed its progress towards sustainability in a sustainability report compiled under the GRI standards.

All the sustainability reports can be found on the following link

<https://www.atlanticgrupa.com/hr/mediji/publikacije/gri-report>

The Argeta brand

The Argeta brand is reporting for the first time in an independent document on its sustainable development. Previously we have reported on the sustainable aspects of our operations on our website and as part of the overall sustainability report for Atlantic Grupa. Since we wish to establish high standards for the brand including in the area of sustainable development, and to give more prominence to our elements of sustainable development on which the mission and values of the Argeta brand are founded, we are reporting for the period 2019-2020 in accordance with the GRI standards. In the future we will continue to produce annual sustainability reports.

Based on the strategy of sustainable development, the matrix of key stakeholders and the sustainability commitments of Argeta till 2030, we have defined essential sustainability areas. The process of drawing up this Sustainability Report involved the active participation of all sectors of the Argeta brand, including the management.

Our reporting is transparent and includes data that is currently available to Atlantic Grupa, while at the same time we are presenting for the first time our sustainability goals and commitments till 2030. When choosing the content, the following elements are of key importance: materiality, stakeholder involvement and the sustainability context. In presenting the content we endeavoured to set out the data in a balanced, comparable, accurate, clear and reliable way.

Under the authorisation of the Group Vice President for Savoury spreads, Donat Mg and international expansion, the person responsible for reporting on sustainable development is Nataša Češnovar Gregorc, Director of Research and Development.

Her contact information:

Natasa.CesnovarGregorc@atlanticgrupa.com

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The report is prepared in accordance with the GRI standards – basic version.



March 2021