



# HR REPORT 2025

NPC REPORT

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April 9, 2026 | Version: 3  
Written by: Katarina Rimac

## Contents

|                                                               |    |
|---------------------------------------------------------------|----|
| Executive Summary .....                                       | 4  |
| Business Organization .....                                   | 4  |
| Key HR topics for 2025 .....                                  | 5  |
| Workforce Analysis 2025 .....                                 | 6  |
| Organizational Overview .....                                 | 7  |
| Working Calendar and Total Number of Working Hours .....      | 7  |
| Employees by Department .....                                 | 7  |
| Employment Structure (Permanent vs Temporary Employees) ..... | 8  |
| Organizational changes and internal promotions .....          | 9  |
| Recruitment, Retention and Turnover Analysis .....            | 11 |
| Recruitment review .....                                      | 11 |
| Retention and Turnover Analysis .....                         | 11 |
| Reasons for leaving .....                                     | 12 |
| Retention Initiatives .....                                   | 13 |
| Learning and Development .....                                | 14 |
| Leadership Program– Strengthening leadership skills .....     | 14 |
| Performance Management and Career Development .....           | 15 |
| Diversity, Equity & Inclusion .....                           | 16 |
| Gender data and equal opportunities .....                     | 16 |
| Gender Diversity in Leadership and Governance .....           | 17 |
| Employees from Vulnerable Groups .....                        | 18 |
| Anti-discrimination Commitment .....                          | 18 |
| Health, Safety & Wellbeing .....                              | 19 |
| Absences by Type of Absences .....                            | 19 |
| Occupational Injuries and Lost Time Analysis (2025) .....     | 20 |
| Employee Engagement .....                                     | 21 |
| Survey Results .....                                          | 21 |
| Action Plan Improvement Approach .....                        | 23 |
| Follow up Actions .....                                       | 23 |
| Labour & Human Rights .....                                   | 24 |
| Employee Compensation .....                                   | 24 |
| Human Rights and Ethical Conduct .....                        | 25 |
| Freedom of Association and Collective Bargaining .....        | 27 |
| Anti-corruption Risk Assessment .....                         | 27 |
| Performance and Targets Overview .....                        | 30 |

|                          |    |
|--------------------------|----|
| Conclusion .....         | 31 |
| Management Approval..... | 31 |



## Executive Summary

In 2025, Nipro PharmaPackaging Croatia (NPC) continued to strengthen its people practices while maintaining workforce stability during a period of organizational optimization.

- Employee turnover reduced compared to 2024, reflecting improved retention and onboarding efforts.
- Gender pay gap maintained at approximately 5.7%, significantly below Croatian and EU averages.
- Strong gender diversity maintained, with women representing 57% of the workforce and 50% of management positions.
- 3,579.9 hours of training delivered, supporting employee development and leadership capabilities.
- New union committee elected, ensuring continued employee representation and social dialogue.
- New Collective Agreement signed with the trade union, valid until 31 December 2027, strengthening employee benefits and working conditions.
- Workplace injuries reduced compared to the previous year.
- Human Rights and Labour commitments strengthened through policies addressing forced labour, child labour, discrimination, harassment, and employee grievance mechanisms.
- Increased employee benefits, including higher seasonal bonuses and a phased increase in meal allowances through 2027.
- Continued focus on employee engagement and workplace culture through Great Place to Work initiatives and action plans.

These achievements demonstrate the Company's commitment to employee wellbeing, fair labour practices, diversity and inclusion, and sustainable workforce development.

## Business Organization

In 2025, business activities were conducted within the following organizational units:

- Quality Control and Quality Assurance
- Production & Maintenance
  - Ampoule production
  - Vial production
  - Maintenance
- Human resources
- HSE & Infrastructure
- Planning & Operations
- Accounting and Finance
- Sales



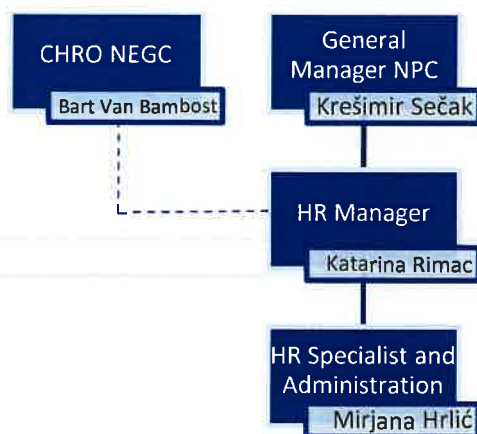
## Managerial positions

| MANAGEMENT BOARD                                                                             | NAME                | % OF WOMEN |
|----------------------------------------------------------------------------------------------|---------------------|------------|
| President of the Management Board                                                            | Krešimir Sečak      | 33%        |
| Member of the Management Board                                                               | Marija Crnjak       |            |
| Member of the Management Board                                                               | Igor Feljak         |            |
| GLOBAL POSITIONS                                                                             |                     |            |
| Global Manager for Nipro Operational Excellence                                              | Valerija Gašparec   | 50%        |
| Customer Development Project Manager NPI                                                     | Petar Knezović      |            |
| HEADS OF BUSINESS UNITS                                                                      |                     |            |
| QC/QA Manager                                                                                | Valentina Vlačević  | 56%        |
| Head of Ampule Production                                                                    | Dražen Drobec       |            |
| Head of Vial Production                                                                      | Gordana Medić Varga |            |
| Head of Maintenance                                                                          | Damir Tej           |            |
| Human Resources Manager                                                                      | Katarina Rimac      |            |
| Head of Infrastructure and Environmental Protection, Occupational Safety and Fire Protection | Igor Višnić         |            |
| Head of Planning and Operations                                                              | Tomislav Horvatiček |            |
| Chief Accountant                                                                             | Marija Vidiček      |            |
| Sales Manager                                                                                | Maja Bljaić Penić   |            |

The share of women in management positions has not changed compared to the previous year.

## Key HR topics for 2025

In the previous year, the Human Resources Department underwent major structural changes. At the beginning of the year, the expert associate for legal affairs retired, and a team of cleaners was relocated from the department, which was assigned to the Department of Environmental Protection, Occupational Safety and Fire Protection. In this way, two people remained in the department.



Key topics in focus for 2025 are:

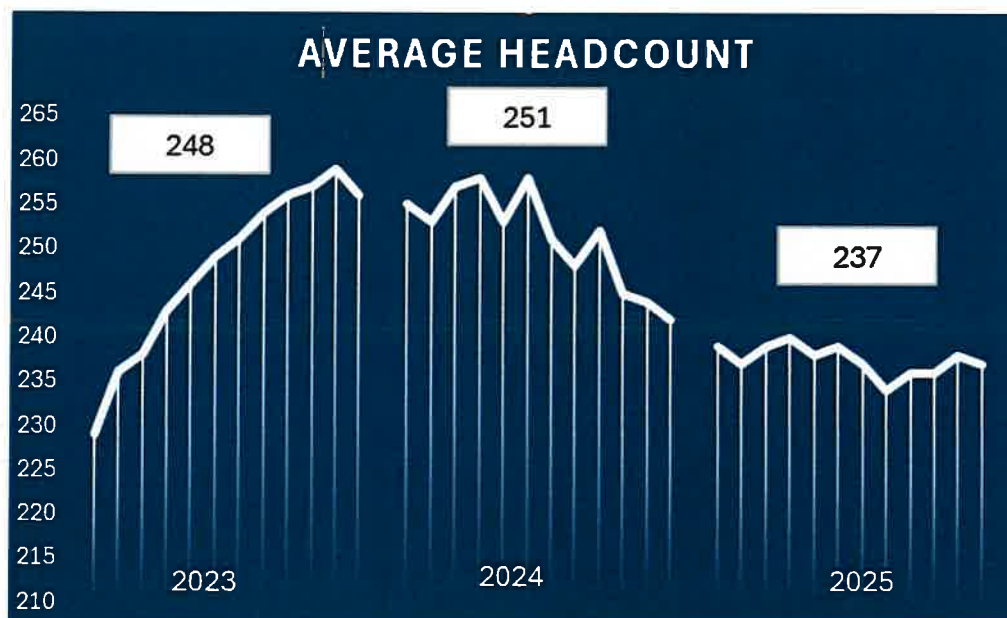
- Optimisation of the organization structure and workforce
- Negotiation and signing of a new Collective agreement
- Performance Management Process
- Strengthening Leadership Skills
- Continuation of activities towards Great Place to Work

## Workforce Analysis 2025

In 2025, the Company had approximately the same number of employees at the beginning and at the end of the year, while the average headcount remained relatively stable throughout the year. In line with efforts to optimize the organizational structure, adjustments were made to the workforce composition and headcount across departments.

| HEADCOUNT            | Start of Year | End of Year |
|----------------------|---------------|-------------|
| Total Employees      | 239           | 237         |
| Female Employees (%) | 58%           | 57%         |
| White collars        | 18            | 15          |
| Blue collars         | 219           | 222         |

Chart: In 2023, we increased our workforce to support the expansion of production capacity. A workforce optimization process was initiated at the end of 2024, and a stable headcount was maintained throughout 2025.



## Organizational Overview

### Working Calendar and Total Number of Working Hours

|                   | Total hours | Total days | Number of holidays<br>- non-working days | Average paid<br>annual leave in<br>days |
|-------------------|-------------|------------|------------------------------------------|-----------------------------------------|
| <b>Office</b>     | 2088        | 261        | 11                                       | 25                                      |
| <b>Production</b> | 2088        | 261        | 5                                        | 26                                      |

The standard working hours for office employees is **40 hours per week**, distributed from **Monday to Friday**.

For production employees, working hours are also based on a **40-hour working week**, with an average of **174 working hours per month**. Production operations are organized through a shift system consisting of three shifts, including work on weekends and public holidays, in accordance with operational requirements. Shift schedules are prepared by department managers on a monthly basis and communicated in advance.

In 2025, the average regular working hours were comparable for both office and production employees. Due to the nature their work, majority of production employees were entitled to a higher number of paid days, reflecting compensation for work performed in more difficult working conditions.

The Company monitors working time arrangements to ensure compliance with applicable labor legislation, collective agreements, and internal policies, while supporting operational efficiency and employee well-being.

### Employees by Department

During 2025, the company's total headcount remained stable. Workforce growth was recorded in production-related functions, particularly Packaging and Palletisation, Ampoule Production, and Vial Production, reflecting operational requirements and business needs. Support functions maintained stable staffing levels, while the largest reduction occurred in Quality Control and Quality Assurance reflecting organizational restructuring and process optimization.

| Department / Business unit            | Start of Year | End of Year |
|---------------------------------------|---------------|-------------|
| MBM and Global positions              | 5             | 5           |
| Quality Control and Quality Assurance | 32            | 26          |
| Packaging and Palletisation           | 73            | 77          |
| Ampoule Production                    | 59            | 60          |



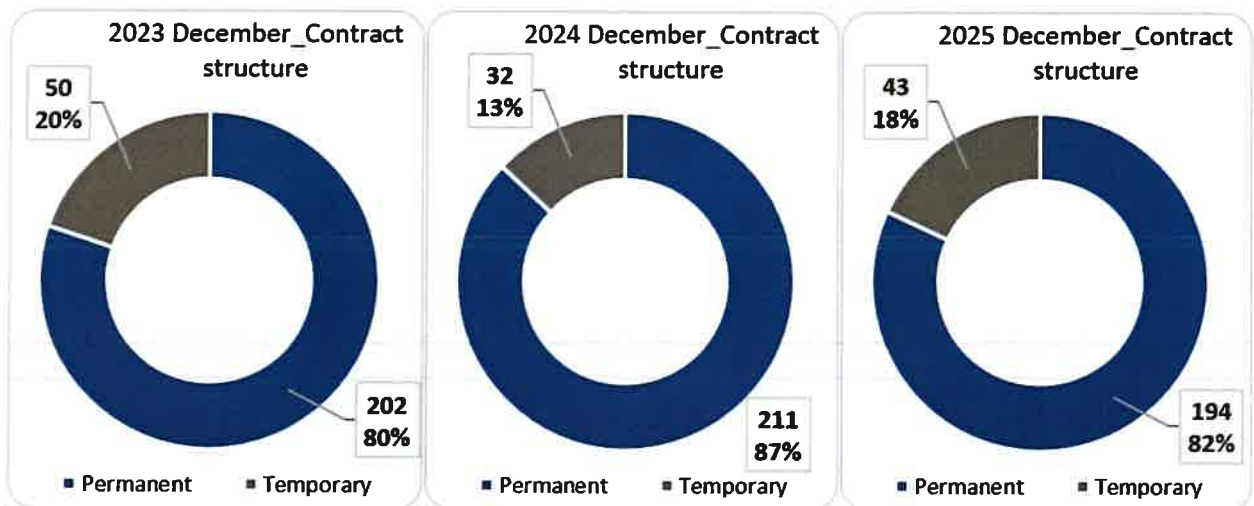
|                         |            |            |
|-------------------------|------------|------------|
| Vial Production         | 15         | 16         |
| Maintenance             | 19         | 19         |
| Human Resources         | 3          | 2          |
| HSE and Infrastructure  | 11         | 10         |
| Planning and operations | 16         | 16         |
| Finance                 | 3          | 3          |
| Sales                   | 3          | 3          |
| <b>TOTAL</b>            | <b>239</b> | <b>237</b> |

### Employment Structure (Permanent vs Temporary Employees)

The company continues to maintain a stable employment structure, with the majority of employees engaged under permanent employment contracts. This employment profile supports organizational continuity, employee engagement, and sustainable workforce planning.

| Date              | Total Headcount | Permanent | Temporary |
|-------------------|-----------------|-----------|-----------|
| <b>31.12.2025</b> | 237             | 194       | 43        |
| <b>31.12.2024</b> | 243             | 211       | 32        |
| <b>31.12.2023</b> | 252             | 202       | 50        |
| <b>31.12.2022</b> | 225             | 170       | 55        |

The increase in temporary employment observed in 2025 was partially driven by the employment of foreign workers whose employment contracts are aligned with the validity period of their work permits, as required by applicable legislation. Consequently, a portion of the temporary workforce reflects regulatory requirements rather than a strategic shift toward less stable forms of employment.



## Organizational changes and internal promotions

Since the beginning of the year, the cleaning department and the position of driver-courier have been assigned to the newly created HSE and infrastructure department.

The deputy manager of QC and QA is promoted to the Head of the Vial production.

Former Head of Vial production is promoted to new global position Customer Development Project Manager NPI.

In the ampoule production department, we have singled out two people, former shift leaders as ampoule production specialists.

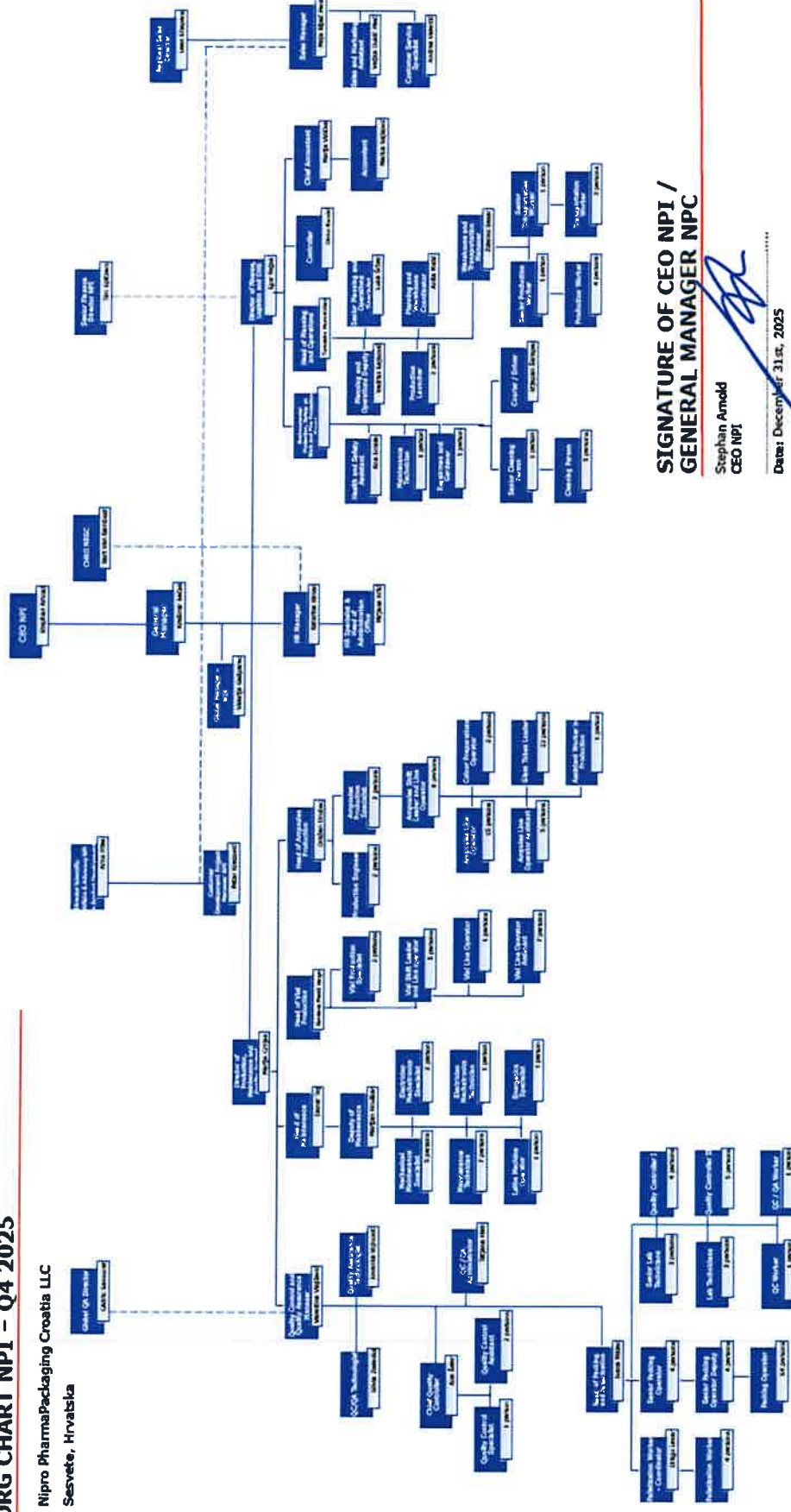
Process control has been merged organizationally into the packaging, process control and palletisation department, and the process control. Training centre continues to take place in the quality control and assurance department.



**ORG CHART NPI - Q4 2025**

- Nipro PharmaPackaging Croatia LLC
- Sesvete, Hrvatska

- **Sesveto, Hrvatska**



**SIGNATURE OF CEO NPI /  
GENERAL MANAGER NPC**

**Stephan Arnold**  
CEO NPI

**Stephan  
CEO NPI**

Date: December 31st, 2025

**Krežimir Šeták**

**Kresninar Setiati**  
General Manager NDC

Date: December 31st, 2025

ber 31st, 2025  
Mr. Sleaf

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# Recruitment, Retention and Turnover Analysis

## Recruitment review

During the first half of the year, the company faced recruitment challenges in filling two key positions: **Head of Maintenance** and **Financial Controller**. Both vacancies were successfully filled within a short timeframe, **with the time-to-fill for each position being less than two months**.

During the year, a total of **44 employees** were recruited. Various recruitment sources and channels were utilized, including the company's website, online job portals, and recruitment agencies. Ten employees were hired through an agency specializing in the recruitment of foreign workers from the Philippines, while twelve new employees joined the Company through the employee referral program. These recruitment channels played an important role in meeting workforce requirements and supporting operational continuity.

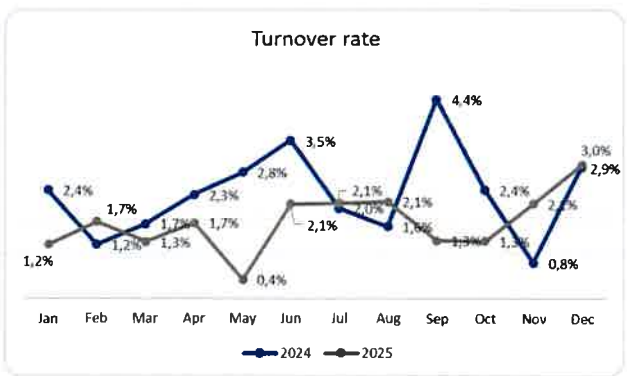
| Source of hire                                | %     |
|-----------------------------------------------|-------|
| Job portals                                   | 36.36 |
| Employee referrals                            | 27.27 |
| Agency for the recruitment of foreign workers | 22.73 |
| Company website                               | 9.09  |
| Recruitment agencies                          | 4.55  |

## Retention and Turnover Analysis

Several initiatives were introduced to address employee turnover, which peaked in 2024. At the same time, a decline in order volumes during the last quarter of 2024 resulted in workforce optimization measures, including contract terminations and the non-renewal of certain fixed-term employment contracts which additionally contributed to increased turnover rate.



Chart: Annual turnover rate



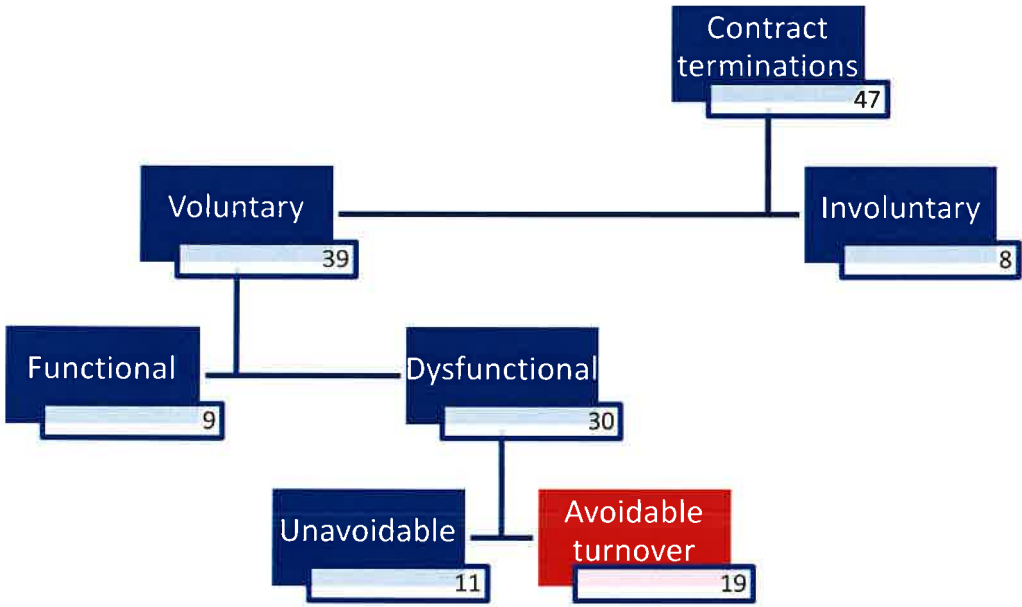
As historically high turnover among newly hired employees had been identified as a key challenge, retention initiatives were primarily focused on improving the integration and engagement of new hires. A standardized recruitment process, an enhanced onboarding program, changes within the HR team, and adjustments to the profile of targeted candidates contributed to a reduction in new-hire turnover. The effectiveness of these measures is demonstrated in the graph below.



New-hire turnover was measured as the percentage of employee departures represented by individuals with less than one year of service. This indicator was used to assess the effectiveness of recruitment, onboarding, and employee integration initiatives.

Reasons for leaving

In 2025 overall 47 employees left the company for various reasons.



Out of 47 contract terminations **8 were initiated by employer**. Of the 39 employees who voluntarily left the Company, **9 departures were classified as functional turnover**, meaning that although the employees resigned on their own initiative, the company would likely have initiated termination had they remained employed.



Examples of functional turnover include employees leaving shortly before the expiry of their fixed-term contracts, failing to return to work after an extended period of sick leave or maternity leave, and similar situations where continued employment was unlikely.

A total of 30 voluntary departures were considered undesired by the company and were therefore classified as dysfunctional turnover, of which **11 were considered unavoidable**. These included retirements, employee relocations, career changes, and other personal reasons that were beyond the company's influence and could not reasonably have been prevented. Consequently, the number of potentially **preventable dysfunctional departures was limited to 19 cases**.

The key reasons for employee departures can be categorized into five areas: shift work (6), compensation and working conditions (6), opportunities for personal growth and career progression (4), physically demanding work (2), and one case of perception that the company places overly high expectations.

## Retention Initiatives

**Shift work** – predictable shift schedules are prepared and published in advance. It is allowed for employees to express shift preferences where operationally feasible. Additional compensation for night and Sunday work is offered. This is transparent and it is regular practice. Communication of this practice that is above legal standards is lacking, and efforts are to be made to invest more in dialogue with employees.

**Salary and working conditions** – most of the employees who left company for the reason of salary are from warehouse and logistics departments. After market benchmarking company reviewed employees' salaries and benefits.

**Personal Development and Career Growth** - A recurring challenge relates to positions that are occasionally filled by candidates whose qualifications exceed the requirements of the role. Such candidates often accept these positions as an entry point into the labor market following the completion of their education. However, after gaining initial professional experience, they frequently seek career progression opportunities that may not be available within the company. At present, no specific retention initiatives have been implemented to address this type of turnover for this position. Instead, the company seeks to manage expectations through transparent communication during the recruitment process and by targeting candidates whose qualifications are more closely aligned with the requirements and long-term prospects of the position.

To prevent this issue from becoming a driver of employee turnover in other departments, the company provides opportunities for internal promotions and conducts regular discussions between employees and their managers regarding career development, performance, and future opportunities within the organization.

**Physically Demanding Work** – Although physical strain is not a common reason for employee turnover, we have taken this issue seriously, as it is one of the contributing factors to the increased level of employee absenteeism. Reducing overall sick leave, particularly in the Packaging Department where the issue is most evident, has therefore been identified as one of the company's key objectives for 2026.

**Perception of Excessively High Expectations** – This issue is being addressed through management training focused on effective leadership and the performance management process. In 2025, the company launched a Leadership Development Program for middle and senior management and completed a Leadership Development Training for leaders of smaller



teams within OPEX (operational excellence) program. As part of the performance management process, efforts are ongoing to improve communication regarding performance expectations and to ensure greater clarity of expectations for employees.

Above mentioned measures are expected to improve employee satisfaction, engagement, and long-term retention.

## Learning and Development

Although the training budget for 2025 was significantly lower than in the previous year, the Company continued to invest in employee development through a structured training plan based on identified competency needs, legal and regulatory obligations, and business requirements. The training plan was fully implemented during the reporting period, ensuring that all mandatory and planned development activities were completed as scheduled.

The training budget in 2025 was lower than in 2024, decreasing from EUR 31,393.46 to EUR 29,958.35. However, training investments were selected carefully and aligned with the company's development priorities.

During 2025, a total of 3,579.9 training hours were delivered to 237 employees, corresponding to an average of 15.1 training hours per employee which is significantly lower than the previous year when 38.8 hours of training per employee was recorded. Detailed information on training and development activities, including the structure and content of training programs, is provided in the Training Report for 2025 (Izvještaj o osposobljavanju za 2025. godinu).

Rather than distributing the budget across a larger number of different training activities, the company focused on a comprehensive leadership development program for managers. As a result, a significant share of the training budget was allocated to strengthening leadership, people management, and decision-making skills among managerial staff.

the reduction in training hours does not reflect a lower commitment to employee development, but rather a deliberate shift toward focused leadership development aimed at strengthening management capabilities and supporting long-term organizational growth.

### Leadership Program– Strengthening leadership skills

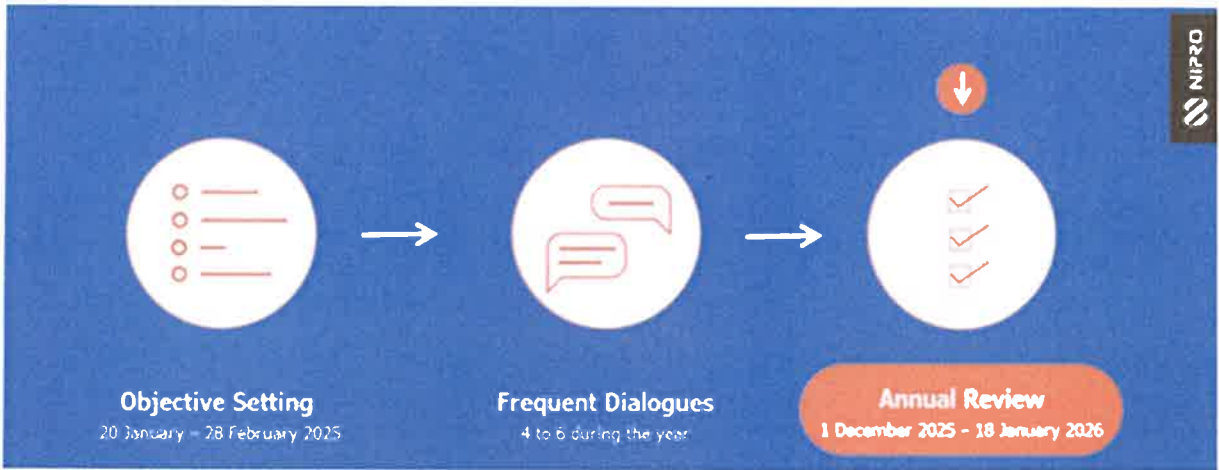
During 2025, the Company launched a structured leadership development program in cooperation with Selectio, external agency - targeting 16 employees in middle and senior management positions. The programme was designed to strengthen leadership capabilities, communication skills, people management, and organizational effectiveness.

The development program included a blended learning approach comprising 12 leadership modules, interactive workshops, e-learning content, individual coaching sessions, and practical assignments focused on the application of learned skills in the workplace. Participants also received individual development plans and leadership assessments to support their personal and professional growth.

Through this initiative, the Company invested in building leadership competencies, supporting succession planning, and fostering a culture of continuous learning and employee development.



# Performance Management and Career Development



|                       |                            |                           |                             |
|-----------------------|----------------------------|---------------------------|-----------------------------|
| <b>Employee name:</b> | First name, Last name      | <b>Department:</b>        | Name of department          |
| <b>Role:</b>          | Function title of employee | <b>Functional leader:</b> | Name of dotted line manager |
| <b>Reporting to:</b>  | Name of people manager     |                           |                             |

*Please come prepared to your Annual Review by making a self-assessment on your performance of the past year.*

The Company is committed to supporting employee performance, professional growth, and career development through a structured Performance Management process. The process provides employees and managers with a framework to set objectives, monitor progress, facilitate regular feedback, and identify development opportunities aligned with individual and organizational goals.

The implementation of the Performance Management process began in 2022, initially covering department managers. In 2024, the scope of the program was expanded to include a broader group of employees, reaching 23 employees. During 2025, the program was further extended, with 37 employees out of a total workforce of 237 employees participating in the process. The process is managed through the Nipro People platform and, where applicable, supported by paper-based documentation. In addition to supporting performance evaluation, the platform serves as a tool for career development planning, employee growth, and succession development.

The Performance Management cycle follows a structured annual timeline consisting of three phases:

Objective Setting (20 January – 28 February 2025)

During this phase, employees and managers jointly establish individual objectives aligned with departmental and company priorities. Clear performance expectations and development goals are defined for the upcoming year.

Frequent Dialogues (March – 30 November 2025)

Throughout the year, managers and employees are expected to conduct four to six structured performance and development discussions. These regular conversations provide opportunities



to review progress, address challenges, adjust objectives where necessary, and identify learning and development needs.

Annual Review (1 December 2025 – 18 January 2026)

The annual review phase concludes the performance cycle through a comprehensive assessment of achievements, performance outcomes, competencies, and development progress. The review also supports career planning and the identification of future development opportunities.

By continuously expanding the scope of the program and promoting regular dialogue between managers and employees, the Company aims to strengthen employee engagement, enhance performance, support career growth, and develop a sustainable talent pipeline for future business needs.

## Diversity, Equity & Inclusion

### Gender data and equal opportunities

The Company's workforce remained gender-balanced throughout the reporting period, with women consistently representing the majority of employees. As of 31 December 2025, women accounted for 57.0% of the total workforce (135 employees), while men represented 43.0% (102 employees). This compares with 58.4% women and 41.6% men in 2024, and 58.7% women and 41.3% men in 2023.

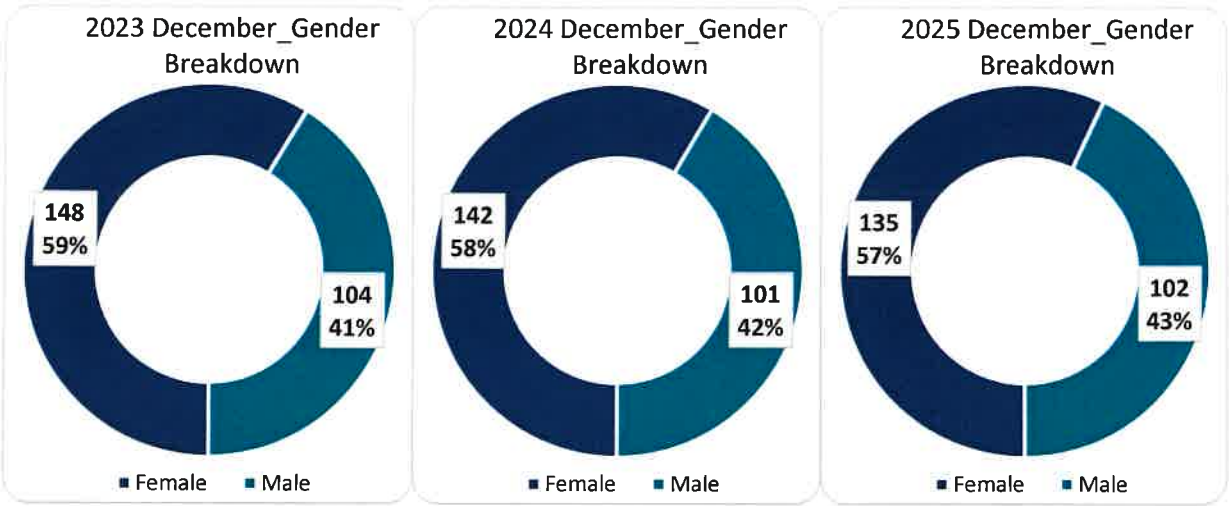
Although total headcount decreased from 252 employees in 2023 to 237 employees in 2025, the overall gender distribution remained stable. The proportion of female employees declined slightly by 1.7 percentage points over the three-year period, while the proportion of male employees increased correspondingly. This change was driven primarily by a reduction in female headcount as a result of optimization of workforce in QC/QA and cleaning, while male headcount remained largely unchanged.

The data indicates that workforce reductions did not materially affect the company's overall gender balance. Women continue to constitute a significant proportion of the workforce, demonstrating sustained female representation across the organization.

The Company remains committed to promoting equal opportunities and maintaining a diverse and inclusive workplace. Gender representation trends will continue to be monitored to ensure fair employment practices and to support balanced participation across all levels of the organization.

| Date       | Total Headcount | Women | Men |
|------------|-----------------|-------|-----|
| 31.12.2025 | 237             | 135   | 102 |
| 31.12.2024 | 243             | 142   | 101 |
| 31.12.2023 | 252             | 148   | 104 |
| 31.12.2022 | 225             | 136   | 89  |





Gender Diversity in Leadership and Governance

The company has maintained a strong level of female representation in management positions. Women represented 50%-57% of all managers for years, demonstrating sustained gender balance in leadership positions. The expansion of the management team in 2024 and 2025 was achieved while maintaining equal representation of women and men.

| Year | Managers | Women | Women managers % | Management Board | Women in MB | Women in MB % |
|------|----------|-------|------------------|------------------|-------------|---------------|
| 2025 | 14       | 7     | 50%              | 3                | 1           | 33%           |
| 2024 | 14       | 7     | 50%              | 3                | 1           | 33%           |
| 2023 | 7        | 4     | 57%              | 2                | 0           | 0%            |
| 2022 | 8        | 4     | 50%              | 2                | 0           | 0%            |

Female representation on the Management Board improved from 0% in 2022-2023 to 33% in 2024-2025.

The data indicates that women have access to leadership and advancement opportunities across different organizational levels. Gender diversity within management is broadly aligned with the overall workforce composition, where women represent the majority of employees.

The company demonstrates a strong commitment to gender equality in leadership, as evidenced by the balanced representation of women and men in management positions. The increase in female participation on the Management Board from 2024 onwards further supports the company's efforts to promote diversity in decision-making processes. Continued monitoring of leadership representation and talent development initiatives will help ensure equal opportunities for advancement and sustain progress toward an inclusive workplace culture.



## Employees from Vulnerable Groups

The Company has continued to strengthen workforce diversity and inclusion through the employment of individuals from vulnerable groups, particularly persons with disabilities and foreign nationals.

### Employees with Disabilities

The number of employees with disabilities increased from **2 employees (0.89%) in 2022 to 5 employees (2.11%) in 2025**. This represents a more than twofold increase over the four-year period and demonstrates the Company's commitment to providing equal employment opportunities and creating an inclusive working environment.

### Foreign Nationals

The company recorded a significant increase in the employment of foreign nationals during four-year period. While no foreign nationals were employed in 2022, the number increased to 1 employee (0.40%) in 2023, 9 employees (3.70%) in 2024, and 18 employees (7.59%) in 2025. This trend reflects the Company's ability to respond to labour market challenges and skills shortages by expanding recruitment activities beyond the domestic labour market. The increasing proportion of foreign employees also contributes to greater workforce diversity and supports the company's operational needs in a competitive employment environment.

| Year | Total number of employees | Employees with disabilities | %     | Foreign nationals | %     |
|------|---------------------------|-----------------------------|-------|-------------------|-------|
| 2025 | 237                       | 5                           | 2,11% | 18                | 7,59% |
| 2024 | 243                       | 5                           | 2,06% | 9                 | 3,70% |
| 2023 | 252                       | 4                           | 1,59% | 1                 | 0,40% |
| 2022 | 225                       | 2                           | 0,89% | 0                 | 0%    |

The company is committed to fostering a diverse, equitable, and inclusive workplace.

In accordance with the General Data Protection Regulation (GDPR), which strengthens the protection of personal data and privacy rights of individuals within the European Union, the Company does not collect, process, or maintain records relating to employees' minority affiliation, religious beliefs, or other sensitive personal characteristics. Consequently, such information is not monitored or reported.

The company promotes equal employment opportunities regardless of gender, age, disability, nationality, religion, or other personal characteristics. Recruitment, promotion, remuneration, and development decisions are based on qualifications, competencies, performance, and business needs.

## Anti-discrimination Commitment

The company is committed to maintaining a workplace free from discrimination and promoting equal opportunities for all employees. Anti-discrimination measures include equal opportunity recruitment and promotion practices, mandatory workplace conduct training, clear reporting and grievance procedures, protection against retaliation, and regular monitoring of employment practices. The Company also supports workplace accessibility, provides



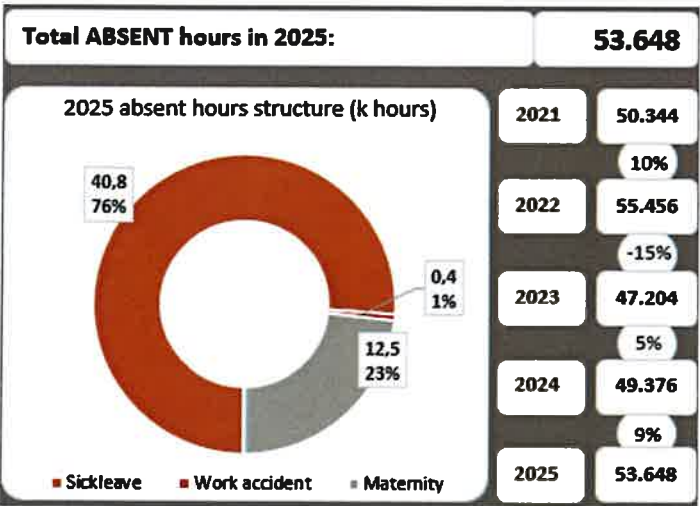
reasonable accommodations where required, and ensures that all employment-related decisions are based on objective criteria such as qualifications, competencies, performance, and business needs. Through these measures, the Company seeks to foster a respectful, inclusive, and diverse working environment for all employees.

## Health, Safety & Wellbeing

### Absences by Type of Absences

The total number of sickness absence days recorded in 2025 was higher compared to the previous three years. This increase was primarily attributable to a higher number of employees on long-term sick leave, as well as an increase in absences related to occupational injuries.

While the majority of sickness absence cases remained short-term in nature, several long-term absence cases had a significant impact on the overall number of lost working days. In addition, work-related injuries contributed to a higher level of absence compared to previous reporting periods.



Although targets to reduce absenteeism were established in the previous year, particularly within the Packaging and Palletisation Department, which had recorded the highest increase in sick leave cases, the company was unable to achieve a reduction in absenteeism during 2025.

The increase in absenteeism was primarily driven by a higher number of employees in this department being absent due to long-term sick leave throughout a significant portion of the year. Total sick leave amounted to

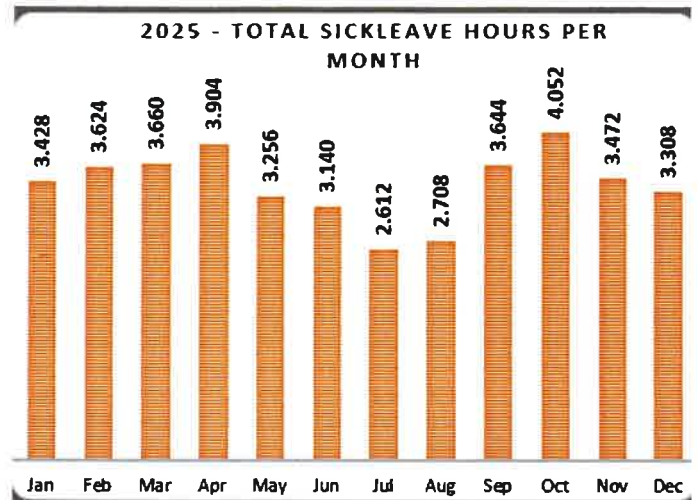
53,648 hours in 2025. Of this total, the six employees with the highest levels of absence accounted for 10,128 hours, representing approximately 18.9% of all sick leave hours.

With an average workforce of 237 employees, the data indicates that a relatively small number of long-term absences had a significant impact on the company's overall absenteeism rate. The concentration of sick leave within a limited group of employees highlights the



importance of continued monitoring, early intervention measures, and employee well-being initiatives aimed at reducing long-term absenteeism and supporting employee health.

The company will continue to review the underlying causes of absenteeism and implement targeted measures to improve workforce well-being and attendance, particularly in operational areas where absenteeism remains elevated.



**Reducing absenteeism remains a key objective for 2026.** The company will continue to monitor attendance trends, strengthen cooperation with occupational health experts, support employee well-being initiatives, and implement targeted actions in departments where absenteeism rates remain above average. Through these measures, the company aims to improve employee health outcomes, enhance workforce stability, and reduce the operational impact of long-term absences.

## Occupational Injuries and Lost Time Analysis (2025)

In 2025, the Company recorded nine occupational injuries resulting in lost working time, generating a total of 257 lost working days. The majority of lost time was attributable to a small number of serious incidents that resulted in extended periods of absence. Production and laboratory areas accounted for most reported injuries, reflecting the operational nature of the activities performed in these environments. The Company continues to prioritize occupational health and safety through risk assessments, employee training, incident investigations, and preventive measures aimed at reducing workplace injuries and promoting a safe working environment for all employees.

| Place of Injury             | Date of Injury | Lost Working Hours | Lost Working Days |
|-----------------------------|----------------|--------------------|-------------------|
| Raw Material Warehouse      | 05.03.2025     | 56                 | 7                 |
| Quality Control: Laboratory | 06.04.2025     | 352                | 44                |
| Clean room vials            | 12.06.2025     | 96                 | 12                |
| Vials production            | 02.07.2025     | 512                | 64                |
| Ampoule production          | 07.08.2025     | 840                | 105               |
| New ampoule production      | 22.09.2025     | 40                 | 5                 |
| Clean room vials            | 08.10.2025     | 40                 | 5                 |
| Vials production            | 01.11.2025     | 40                 | 5                 |
| Ampoule Production          | 17.11.2025     | 80                 | 10                |



None of the injuries had fatal consequences for the health of employees, and according to the Nipro classification, they were marked as large due to the number of lost working days (more than 4).

The Company recorded 9 workplace injuries in 2025, compared to 14 injuries in 2024, representing a 35.7% decrease in the number of reported injuries. This indicates a positive trend in workplace safety performance and suggests that preventive health and safety measures may be contributing to a reduction in the frequency of incidents.

| Year | Average headcount | Number of injuries | Lost working hours | Lost days |
|------|-------------------|--------------------|--------------------|-----------|
| 2025 | 237               | 9                  | 2,056              | 257       |
| 2024 | 243               | 14                 | 1,496              | 187       |
| 2023 | 252               | 6                  | 784                | 98        |
| 2022 | 225               | 6                  | 912                | 114       |

While the company achieved a significant reduction in the number of workplace injuries during 2025, the severity of recorded injuries increased, resulting in higher numbers of lost working hours and lost working days. The decrease in injury frequency demonstrates progress in occupational safety performance; however, the increased duration of absence associated with individual cases highlights the need for continued investment in preventive measures, workplace risk management, employee training, and rehabilitation support. The company remains committed to maintaining a safe working environment and continuously improving its health and safety performance.

Detailed records and analyses of occupational injuries, including identified causes, corrective actions, preventive measures, and action plans, are maintained by the Occupational Health and Safety Department. Lessons learned from incident investigations are incorporated into risk assessments, employee training programmes, and workplace safety initiatives to support the continuous improvement of occupational health and safety performance.

## Employee Engagement

For the second consecutive year, the Company conducted an **employee satisfaction survey** using the Great Place to Work questionnaire.

### Survey Results

The surveys are conducted at the beginning of each year and reflect employee perceptions and workplace conditions during the preceding reporting year.

| Business unit                           | Year | No Employees (active during survey period) | Participated | Participation rate % |
|-----------------------------------------|------|--------------------------------------------|--------------|----------------------|
| White collar (incl. Heads of B. Units)* | 2025 | 29                                         | 23           | 79,31%               |
|                                         | 2026 | 17                                         | 13           | 76,47%               |
| Packaging and palletization             | 2025 | 67                                         | 52           | 77,61%               |
|                                         | 2026 | 66                                         | 45           | 68,18%               |
| HSE, infrastructure and cleaning        | 2025 | 9                                          | 9            | 100,00%              |
|                                         | 2026 | 9                                          | 9            | 100,00%              |
| Quality Control                         | 2025 | 23                                         | 21           | 91,30%               |



|                          |             |            |            |               |
|--------------------------|-------------|------------|------------|---------------|
|                          | 2026        | 23         | 20         | 86,96%        |
| Maintenance              | 2025        | 17         | 10         | 58,82%        |
|                          | 2026        | 18         | 9          | 50,00%        |
| Planning and operations* | 2025        | 11         | 7          | 63,64%        |
|                          | 2026        | 15         | 13         | 86,67%        |
| Ampoules production      | 2025        | 47         | 28         | 59,57%        |
|                          | 2026        | 58         | 33         | 56,90%        |
| Vials production         | 2025        | 13         | 11         | 84,62%        |
|                          | 2026        | 14         | 14         | 100,00%       |
| <b>OVERALL**</b>         | <b>2025</b> | <b>216</b> | <b>161</b> | <b>74,54%</b> |
|                          | <b>2026</b> | <b>220</b> | <b>156</b> | <b>70,91%</b> |

The Company's overall survey participation rate remained above the 70% minimum threshold required for Great Place to Work certification in both years. Participation decreased slightly from 74.54% in 2025 to 70.91% in 2026 but still exceeded the required benchmark.

While certification participation requirements were met, the downward trend suggests a need to strengthen employee engagement and encourage broader involvement in future surveys. The results indicate that overall certification eligibility was maintained primarily because of strong participation in smaller departments and office-based functions. However, participation in some operational and production areas remains a concern.

Participation decreased in several key areas. Packaging & Palletization, the largest employee group, fell below the 70% threshold, declining from 77.61% to 68.18%. Maintenance and Ampoules Production remained well below target, with participation rates decreasing further compared to the previous year. These departments represent the main opportunities for improvement in future cycles.

|                  | Minimum score to achieve GPTW label | Overall       | Credibility | Respect | Fairness | Pride  | Camaraderie |
|------------------|-------------------------------------|---------------|-------------|---------|----------|--------|-------------|
| NPC results 2025 | 70%                                 | <b>50,06%</b> | 53,21%      | 48,85%  | 47,77%   | 50,03% | 49,69%      |
| NPC results 2026 | 70%                                 | <b>52,63%</b> | 57,26%      | 49,73%  | 49,73%   | 50,06% | 57,51%      |

The 2026 survey results demonstrate a modest positive trend across all dimensions, with the most significant improvement in Camaraderie and notable progress in Credibility. These findings suggest that efforts to strengthen teamwork and communication are having a positive impact. However, overall trust levels remain below the GPTW certification benchmark of 70%,



and Respect, Fairness, and Pride continue to represent key areas for improvement. Future initiatives are focused on enhancing employee experience, recognition, fairness, and leadership effectiveness to accelerate cultural transformation.

## Action Plan Improvement Approach

- Address gaps identified by the survey and use them to improve workplace.
- Keep Department Heads on board to ensure their active role in the implementation.

## Follow up Actions

### Objective 1: Strengthen employee trust in leadership through enhanced communication, transparency and managerial effectiveness

Actions:

- Increase the frequency and quality of leadership communication through regular internal newsletter – Owner of the action: HR department
- Provide leadership development program focused on communication, feedback skills and people management – Owner of the action: HR department

Expected outcome: Improved employee confidence in management and increased understanding of organizational goals and strategic direction.

### Objective 2: Foster and inclusive and supportive work environment where employees feel valued, heard and empowered

Actions:

- Increase employee involvement in workplace improvement initiatives and decision-making processes – Owner of the action: management
- Strengthening collaboration with the trade union through regular meetings, transparent communication and constructive social dialogue – Owner of the action: management, HR department

Expected outcome: enhanced employee engagement, increased sense of belonging and improved perceptions of managerial support

### Objective 3: Ensure consistent, transparent and equitable people-management practices across the organization

Actions:

- Continue the implementation of the performance management framework across different levels of the organization to ensure regular employee-manager dialogue, ongoing feedback, and clear alignment on performance expectations and development objectives

Expected outcome: improved employee confidence in equitable treatment and increased trust in organizational processes.

### Objective 4: Build on the positive progress achieved in employee relationship and teamwork

Actions:

- Continue promoting cross-functional collaboration through established practices that encourage knowledge sharing and cooperation across departments, while fostering



employee engagement through annual employee gatherings, including the Company summer barbecue and Christmas party

Expected outcome: Sustained improvement in workplace relationships, cooperation and team cohesion

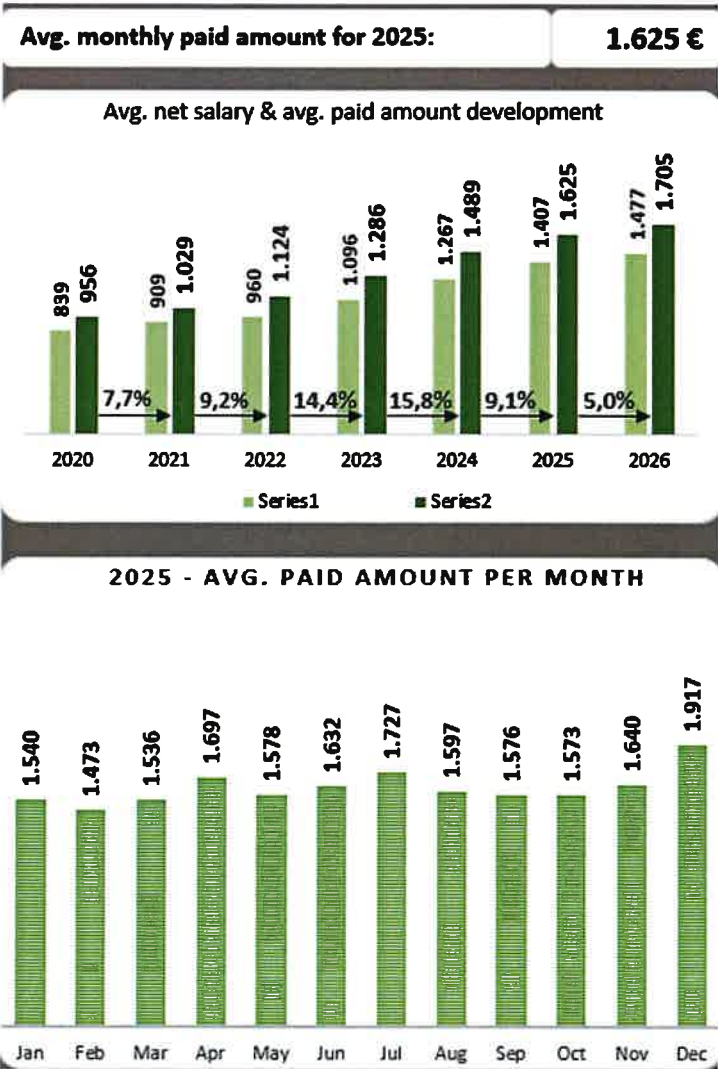
Labour & Human Rights

Employee Compensation

The company continued to strengthen its employee value proposition through regular increases in employee remuneration. Between 2020 and 2025, the average net salary increased from 839 to 1,407, representing a cumulative growth of approximately 68%. Over the same period, the average total paid amount increased from 956 to 1,625, corresponding to cumulative growth of approximately 70%.

The highest annual increases were recorded in 2023 and 2024, reflecting the company's commitment to maintaining competitive compensation levels and supporting employees during a period characterized by inflationary pressures and changing labour market conditions. The consistent growth in employee remuneration demonstrates the company's ongoing investment in workforce wellbeing, retention and long-term employee satisfaction.

This approach supports the company's objective of remaining a responsible employer while strengthening its ability to attract, develop and retain talent.



In 2025, the company's average net salary amounted to EUR 1,407, which was broadly aligned with the national average net salary in Croatia of EUR 1,449. This demonstrates the company's commitment to maintaining competitive remuneration levels within the Croatian labour market.



In addition, through its employee reward and benefit programmes, the company provided average total employee earnings of EUR 1,625 in 2025, exceeding the national average net salary in Croatia.

In 2025, the average gross salary for women was EUR 1,922.12, compared to EUR 2,038.01 for men, resulting in a gender pay gap of approximately 5.7%. This gap is substantially lower than the Croatian average of 13% and the European Union average of 11-12%, demonstrating the Company's commitment to fair and equitable compensation practices and equal opportunities for all employees.

While the company does not formally commit to paying a living wage, as no officially defined living wage benchmark currently exists in Croatia, it is committed to providing remuneration that is aligned with or exceeds national average salary levels, thereby supporting employees' financial wellbeing and maintaining a competitive position in the labour market.

In 2025, the ratio of the annual total compensation of the highest-paid individual to the median annual total compensation of all employees was 5.87:1. This indicates that the annual compensation of the highest-paid individual was 5.87 times higher than the median compensation of the company's employees. The ratio reflects a relatively balanced remuneration structure and supports the company's commitment to fair and responsible compensation practices.

## Human Rights and Ethical Conduct

The Company is committed to conducting its business in accordance with the highest standards of ethics, integrity, respect for human rights, and responsible labour practices.

In 2023, the Company strengthened communication and awareness activities relating to its Code of Conduct and Ethics, Whistleblowing Policy, and Fraud Policy. These policies were formally communicated to all employees, who acknowledged and accepted their provisions.

As of 2024, all newly hired employees were introduced to the company's internal policies and procedures as part of the onboarding process. New employees were informed of and required to adhere to the principles set out in the Code of Ethical and Professional Conduct. In addition, employees received training on the Company's whistleblowing procedures and reporting channels to promote transparency, accountability and a speak-up culture.

All employees have access to grievance reporting mechanism published in Whistleblowing Policy.

In the same year, the Company adopted the Nipro PharmaPackaging Croatia Human Rights and Labour Statement, aligned with the human rights principles and commitments of the broader Nipro Group. The Statement reaffirms the Company's commitment to respecting internationally recognized human rights, promoting fair labour practices, ensuring equal opportunities, preventing discrimination and harassment, and maintaining a safe and inclusive working environment.

Home / Human Rights Training (Chapter 1) (130060)



**Human Rights Training (Chapter 1) (130060)**
COMPLETED

**Instructor:** Obika Risa (Nipro Japan)  
**Duration:** Approx. 20 minutes (video format)

To reaffirm the importance of human rights and ensure its practice in daily operations, NIPRO Group will conduct a mandatory e-learning program: "Business and Human Rights Training," required for all employees.

This training is based on the NIPRO Group Human Rights Policy (established January 2025) and our Implementation framework. It is designed to help you understand the significance of respecting human rights across our entire value chain, including business activities and the supply chain.

**Chapter 1:** Basic understanding of Human Rights Initiatives (Sessions 1-3)  
**Content:** Understanding human rights Initiatives/key human rights issues/stakeholders to respect  
**Target Audience:** All NIPRO Group employees

**CONTENT**

- ✓ Session1\_Human Rights Responsibilities of companies.mp4
- ✓ Session2 Types of Human Rights companies should respect.mp4
- ✓ Session3 Scope of Stakeholders whose rights should be respected.mp4

**COMPLETION RULES**

- ☐ All units must be completed

In 2025, the Company developed a dedicated Human Rights and Labour training programme designed to further strengthen employees' understanding of human rights principles, ethical conduct, labour standards and reporting mechanisms. The training is scheduled for implementation in 2026 and will be mandatory for all employees. Thereafter, it will form part of the onboarding process for all new hires and will be repeated every two years to ensure continued awareness and compliance with the Company's human rights commitments.

By April 2026, 90% of employees assigned to the Human Rights training had successfully completed the program. The remaining employees had not completed the training due to long-term sick leave or maternity/parental leave.

Through these initiatives, the company continues to strengthen its governance framework and foster a culture based on integrity, respect, accountability and the protection of human rights across its operations.

### Labour and Human Rights Targets

To strengthen its commitment to labour and human rights, the company established the following quantitative targets:

- 100% of employees to complete mandatory training on Human Rights, Anti-Harassment, Diversity& Inclusion, Code of Conduct and Whistleblowing procedures by 2027.
- 0 confirmed cases of forced labour and child labour across the company's operations
- 100% of reported harassment or discrimination cases to be investigated and addressed in accordance with established procedures

- 100% of new employees to acknowledge and sign the Code of Conduct and related Human Rights policies during onboarding

## Freedom of Association and Collective Bargaining

Freedom of association is a longstanding principle within the company. For decades, employees have been represented by a trade union, reflecting the company's commitment to open social dialogue, employee participation, and collective representation in matters affecting employment and working conditions.

In May 2025, the trade union elected a new union committee, headed by Mr. Roko Gegović, ensuring the continued representation of employees' interests and maintaining the Company's long-standing tradition of constructive social dialogue and collective bargaining.

The company respects employees' right to freedom of association and collective bargaining and maintains an open and constructive dialogue with employee representatives and the trade union. Throughout 2025, multiple formal and informal meetings were held to negotiate a new collective agreement. Following a series of discussions and consultations, a new collective agreement was signed on 23 June 2025 and will remain in force until 31 December 2027.

The agreement introduced several improvements for employees, including updated salary scales aligned with legal requirements and new pay grades, increased annual seasonal bonuses, and a phased increase in the monthly meal allowance through 2027. The successful conclusion of the collective bargaining process demonstrates the Company's commitment to social dialogue, employee engagement, and fair working conditions.

The new Collective Agreement reflects a shared commitment to maintaining competitive employment conditions while ensuring the long-term sustainability of the business. Key outcomes of the negotiations included:

- Alignment of base salaries with statutory minimum wage requirements (2025) and the introduction of updated salary grades;
- An increase in total annual seasonal benefits, including holiday and vacation bonuses, from EUR 638 to EUR 700 per employee;
- A phased increase in the monthly meal allowance from EUR 60 in 2025, to EUR 80 in 2026, and EUR 100 in 2027;
- Enhanced sick leave provisions, including payment of 100% salary for the first three days of sick leave.

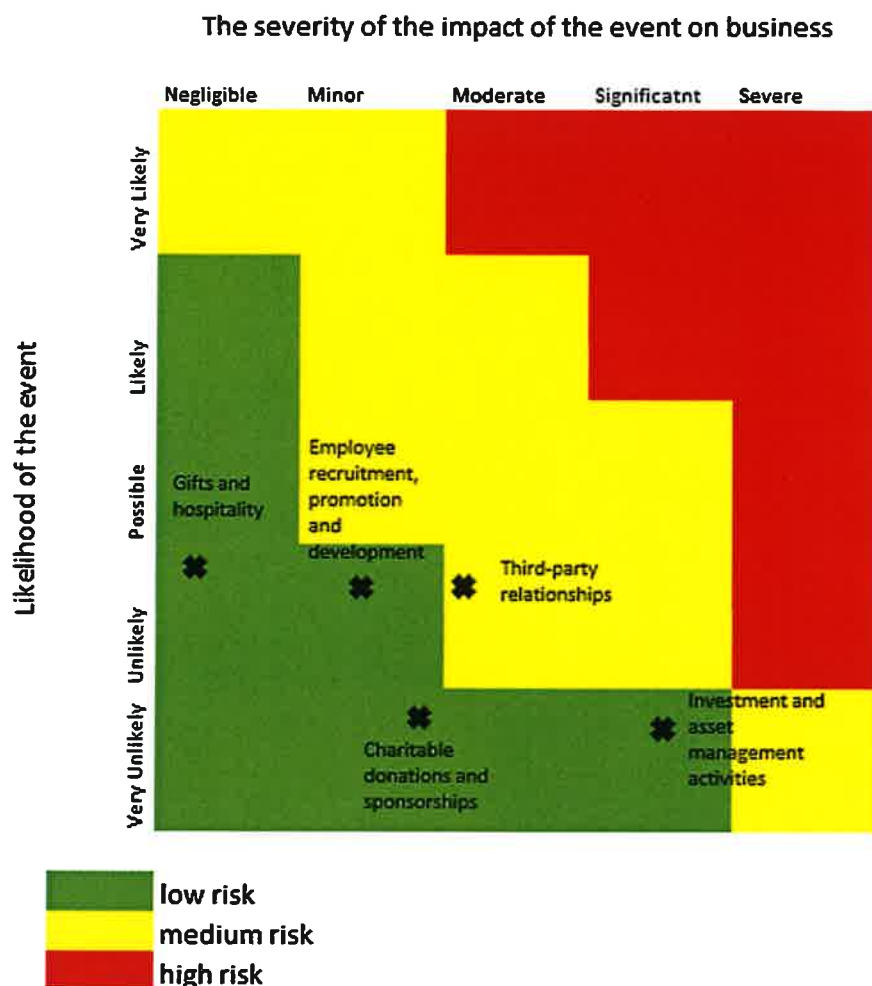
The successful conclusion of the collective bargaining process demonstrates the Company's commitment to social dialogue, employee engagement, and the continuous improvement of working conditions. Through regular communication with employee representatives, the Company seeks to ensure that employees' interests are considered in decisions affecting their employment, wellbeing, and workplace conditions.

## Anti-corruption Risk Assessment

The Company's anti-corruption risk assessment classified four of the five assessed areas as low risk and one area, third-party relationships, as medium risk.



### NPC CORRUPTION RISK MATRIX



Risk mitigation measures include mandatory ethics and compliance training, implementation of a Supplier Code of Conduct, segregation of duties, and multi-level approval processes. These measures support the Company's commitment to ethical business conduct, transparency, and corruption prevention throughout its operations and business relationships.

| No | Risk area             | Description                                                                                                                                                                                                                                                                                                                       | Risk | Risk mitigation measures                                                                                                                                                                                                                                                            |
|----|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Gifts and hospitality | Giving gifts, promises, or granting benefits that may be construed as exceeding the regular practice of business courtesy or as a means used to obtain more favourable treatment in any finance or activity related to Nipro. Accepting for oneself or others any gift or benefit that exceeds a moderate value or is intended to | Low  | All employees are required to complete mandatory online training on the principles of Nipro Code of Conduct and Ethics, Nipro Fraud Policy and Nipro Whistleblowing Policy. These principles are also communicated during the onboarding process, and all employees are expected to |

|    |                                                            |                                                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                            | compromise independence of judgment and business correctness                                                                                                                                                                                                                                                                                  |        | comply with them throughout their employment.                                                                                                                                                                                                                                                                                                                                                                                                    |
| 2. | Charitable donations and sponsorships                      | Charitable donations or sponsorships whose purpose is to obtain more favourable business conditions, e.g. donations to political parties, trade unions, clubs (Lions, Rotary, etc.)                                                                                                                                                           | Low    | The company did not provide any donations or sponsorships during the 2025 reporting period.                                                                                                                                                                                                                                                                                                                                                      |
| 3. | Third-party relationships                                  | Relationships with customers, suppliers, intermediaries, agents, consultants, experts, business partners and other parties that help Nipro carry out its business activities and achieve its goals.                                                                                                                                           | Medium | Third parties are obliged to adhere to the principles of the Supplier Code of Conduct.                                                                                                                                                                                                                                                                                                                                                           |
| 4. | Employee, recruitment, promotion and development processes | Selection, recruitment and management of employee development. Employee development and promotions.                                                                                                                                                                                                                                           | Low    | Decisions related to recruitment, employee performance, career development, and workforce planning are made jointly by department managers, Human Resources, and the Management Board Member. This governance approach helps prevent bias, promotes equal opportunities, and ensures that decisions are not dependent on the discretion of a single individual.                                                                                  |
| 5. | Investment and asset management activities                 | Management of procedures related to the management, purchase and sale of investments and other assets, verification of the feasibility of transactions and/or identification of business opportunities, management of pre-contractual relations and implementation of activities prior to the signing of the contract and its implementation. | Low    | The Company has established clear approval and decision-making procedures involving multiple levels of review and authorization. Employees in key positions receive mandatory training on ethics, compliance, anti-corruption, and conflict-of-interest principles. In addition, employment contracts of employees with significant decision-making responsibilities contain specific provisions related to confidentiality and ethical conduct. |

## Performance and Targets Overview

| KPI                                                                                          | 2023      | 2024      | 2025       | Target 2026 |
|----------------------------------------------------------------------------------------------|-----------|-----------|------------|-------------|
| Total headcount (31.12.)                                                                     | 252       | 243       | 237        | ~237        |
| Women %                                                                                      | 59%       | 58%       | 57%        | ≥ 50%       |
| Men %                                                                                        | 41%       | 42%       | 43%        | N/a         |
| Employees with disabilities                                                                  | 4 (1,59%) | 5 (2,06%) | 5 (2,11)   | 7 (3,00%)   |
| Employees with disabilities                                                                  | 1 (0,40%) | 9 (3,70%) | 19 (8,02%) | -           |
| Average age                                                                                  | 42,28     | 43,18     | 43,4       | -           |
| Average age of women                                                                         | 43,62     | 44,60     | 45,00      | -           |
| The average age of men                                                                       | 40,38     | 41,10     | 41,10      | -           |
| New employees                                                                                | 73        | 49        | 44         | ≤42         |
| Employee departures                                                                          | 45        | 64        | 47         | ≤42         |
| Turnover %                                                                                   | 18,83%    | 26,12%    | 19,83%     | < 18%       |
| Total sick days                                                                              | 5,901     | 6,172     | 6,706      | < 6,000     |
| Of which maternity leave                                                                     | 2021      | 1613      | 1561       | -           |
| Number of injuries at work                                                                   | 6         | 14        | 9          | 0           |
| Number of working days lost due to injury                                                    | 98        | 187       | 257        | 0           |
| Hours of education per employee                                                              | N/a       | 39        | 15         | 20          |
| Women in managerial positions %                                                              | 57%       | 50%       | 50%        | > 50%       |
| Mandatory training on Human Rights, Anti-Harassment, Diversity&Inclusion and Code of Conduct | N/A       | N/A       | 35%        | 100%        |
| Confirmed cases of forced labour and child labour across the company's operations            | 0         | 0         | 0          | 0           |



|                                                                                                               |     |      |      |      |
|---------------------------------------------------------------------------------------------------------------|-----|------|------|------|
| New employees to acknowledge and sign the Code of Conduct and related Human Rights policies during onboarding | N/A | N/A  | 100% | 100% |
| Number of reports related to whistleblowing procedure                                                         | 0   | 0    | 0    | 0    |
| % of employees with access to grievance reporting mechanism                                                   | N/a | 100% | 100% | 100% |

## Conclusion

In 2025, the Company successfully maintained workforce stability while continuing to strengthen its people management practices, employee development initiatives, and commitment to responsible employment. Despite organizational optimization and a slightly lower overall headcount, employee turnover decreased compared to the previous year, onboarding and retention efforts delivered positive results, and workforce diversity remained strong. Key investments were made in leadership development, workplace culture, and social dialogue, demonstrating the Company's long-term commitment to sustainable people development and organizational effectiveness.

Particular emphasis was placed on strengthening leadership capabilities through the implementation of a comprehensive Leadership Development Program for managers.

The Company also made significant progress in human rights governance, collective bargaining, occupational safety, diversity and inclusion, and employee compensation. A new Collective Agreement was successfully negotiated and signed, workplace injury frequency decreased, female representation in leadership remained strong, and employee benefits were further improved.

Although challenges remain, particularly in reducing absenteeism, strengthening employee engagement, and further improving retention, the progress achieved during 2025 provides a solid foundation for future development. The Company remains committed to creating a safe, inclusive, high-performing workplace that supports both employee wellbeing and business success.

## Management Approval

This report has been reviewed and approved by the Management Board of the Company and provides a fair and accurate overview of the Company's human resources practices, workforce data, employee development activities, labour relations, diversity and inclusion initiatives, and health and safety performance for the reporting period.

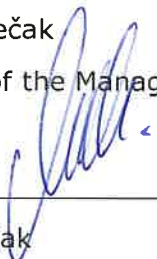


The Management Board confirms its commitment to responsible people management, compliance with applicable legal and ethical standards, continuous improvement of working conditions, and the achievement of the objectives and targets outlined in this report.

Approved by:



Krešimir Sečak  
President of the Management Board



Marija Crnjak  
Member of the Management Board



Igor Feljak  
Member of the Management Board

Date: April 15 2026