



# **Sustainability-Linked Bond Progress Report**

June 2025

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# 1

## INTRODUCTION AND STRATEGIC CONTEXT

The year 2024 was a pivotal one for the JGL Group, marked by the issuance of its first Sustainability-Linked Bond (SLB), representing a significant milestone in the pursuit of environmental and social impact goals. The bond enabled financing of both core business operations and sustainability-oriented initiatives, with a focus on reducing greenhouse gas (GHG) emissions, improving energy efficiency, and fostering social responsibility.

JGL issued the SLB in alignment with the ICMA<sup>1</sup> Sustainability-Linked Bond Principles (SLBP), basing it on two key performance indicators (KPIs) aligned with the Group's long-term ESG objectives. The primary focus remains on reducing GHG emissions and implementing socially responsible programs, with the aim of achieving a 9% reduction in Scope 1 and 2 GHG emissions by the end of 2028, relative to the 2023 baseline.

As an integral part of its ESG framework, the SLB reflects JGL's commitment to integrating sustainability into its business processes. With a clearly defined methodology for tracking GHG emissions, emission reduction has been set as a key priority alongside the expansion of social initiatives aimed at improving the quality of life in the communities where the Group operates.

In 2025, as part of a methodological revision of the 2024 GHG emissions calculation, JGL also conducted a recalculation of the 2023 baseline year. Although the use of more precise emission factors led to an increase in absolute emission values, the targeted 9% reduction in Scope 1 and 2 GHG emissions by the end of 2028 remains unchanged. This enhanced transparency, reaffirmed JGL's commitment to the highest standards of sustainability data quality and strengthened investor confidence.

This progress report provides a clear overview of the achievement of sustainability targets and offers a detailed insight into activities and results related to key performance indicators (KPIs), with a particular emphasis on GHG emissions reduction and the expansion of the social program.

The target observation date for determining whether the Key Performance Indicators (KPIs) have achieved their Sustainability Performance Targets (SPTs) is 31 December 2028. This report provides an interim evaluation of progress as of 31 December 2024, offering a snapshot of the current trajectory toward meeting the defined SPTs.

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<sup>1</sup> The International Capital Market Association, <https://www.icmagroup.org/>

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# SUSTAINABILITY-LINKED BONDS

On 3 December 2024, JGL issued Sustainability-Linked Bonds under the designation JDGL-O-29CA, ISIN: HRJDGLO29CA5, in a total nominal amount of EUR 60,000,000.00. The bonds bear a fixed annual interest rate, with semi-annual interest payments and bullet repayment of the principal five (5) years after the issue date ("the Bonds"). The Sustainability-Linked Bonds (SLB) represent a key financial instrument for achieving the JGL Group's long-term sustainability goals. The issuance of the SLB enabled the alignment of environmental and social objectives with market conditions, providing financial support for projects aimed at reducing greenhouse gas emissions, improving energy efficiency, and expanding socially responsible initiatives.

The SLB is fully aligned with the ICMA Sustainability-Linked Bond Principles (SLBP) and is based on carefully selected Key Performance Indicators (KPIs) that enable accurate monitoring of progress toward set targets.

This bond reflects JGL's strategic commitment to sustainability, and the focus on concrete objectives in the areas of GHG emissions reduction and enhancing social impact underscores the Group's responsibility toward the environment and society.

## 2.1. KPI 1: TOTAL NUMBER OF BENEFICIARIES OF JGL'S OCULAR HYPERTENSION EXAMS ACROSS ALL COUNTRIES OF OPERATION

The **"Trust Your Eyes"** program remains JGL's core socially responsible initiative, with a focus on the prevention of ocular hypertension and raising public awareness about the importance of early disease detection.

By investing in preventive healthcare services, JGL contributes to reducing health inequalities and increasing access to essential medical services, particularly in regions with limited access to quality healthcare. This initiative supports the achievement of the Sustainable Development Goals, specifically Target 3.4, which aims to reduce premature mortality from non-communicable diseases, and more broadly, Goal 3 – Good Health and Well-being.

The initiative provides free preventive ocular hypertension screenings to the general population, thereby contributing to improved quality of life and early glaucoma detection. Early diagnosis can significantly reduce the risk of blindness and ultimately improve treatment outcomes and patients' quality of life.

## Access and affordability: “Trust Your Eyes” program

### KPI 1: Total number of users of JGL’s ocular hypertension screenings in all countries of operation

SPT 1	Reach a total of 70,000 users of JGL ocular hypertension screenings in all countries where JGL operates by the end of 2028 (cumulative)
Observation date	31 December 2028

**Table 1 Sustainability Performance Target 1**

Reach a total of 70,000 beneficiaries of free ocular hypertension screenings by 31 December 2028, cumulatively across all countries where JGL operates.

The program was launched in 2021 in Croatia, with a total of 806 screenings completed by the end of that year. In the following years, the program expanded to other countries in the region, including Serbia and Slovenia. The cumulative number of screenings by the end of the 2023 baseline year was 7,056.

In 2024, significant progress was achieved. In Croatia, 2,360 screenings were conducted, with borderline and elevated intraocular pressure (17 mmHg – 21 mmHg) diagnosed in 34.2% of screened individuals and high intraocular pressure (>21 mmHg) found in 8.6%. In Serbia, 1,062 screenings were conducted, identifying 13.7% of individuals with high intraocular pressure. In Slovenia, 104 screenings were performed, with 17.3% of participants diagnosed with elevated intraocular pressure (>21 mmHg).

In total, 3,526 individuals were screened in 2024, with more than 10% diagnosed with high intraocular pressure (>21 mmHg). All individuals with elevated results were referred to their general practitioner and/or ophthalmologist for further specialist evaluation.

Achieving the target of 70,000 beneficiaries by the end of 2028 will require continued investment, expansion of the partner network, and a systematic and coordinated approach to implementing the program across all JGL markets.

High intraocular pressure diagnosed (> 21 mmHg)	Number of patients	Share of total screenings by country
Croatia	204	8.6%
Serbia	146	13.7%
Slovenia	18	17.3%
<b>TOTAL</b>	<b>368</b>	<b>10.4%</b>

**Table 2 Number and share of screened patients with high intraocular pressure in 2024**

A cumulative total of 10,582 screenings were conducted across three markets between 2021 and 2024, representing over 15% of the total target. The target of 70,000 screened individuals is planned to be achieved by the end of 2028.

	2021	2022	2023	2024	2028
Cumulative number of users of JGL ocular hypertension screenings	806	3,335	7,056	10,582	70,000

Table 3 Cumulative number of screened patients – actual through 2024 and plan for 2028

The results achieved confirm the relevance of the program and its recognition among users and healthcare sector partners. The continuous increase in the number of patients participating demonstrates the program’s effectiveness and its significant impact on the early detection of glaucoma risk, enabling timely medical intervention and reducing the risk of blindness.

## 2.2. KPI 2: ABSOLUTE GHG EMISSIONS REDUCTION (SCOPE 1 AND 2)

Climate responsibility remains one of the key strategic priorities of the JGL Group. In 2024, a range of activities continued, aimed at reducing greenhouse gas (GHG) emissions, with a focus on improving energy efficiency, using renewable energy sources, and optimizing technological processes.

JGL’s commitment to emission reduction and achieving climate neutrality has been formalized through clearly defined targets related to Scope 1 and 2 GHG emission reductions.

Chapter 4 of this document outlines the activities undertaken in 2024 to support the achievement of these targets.

### Climate change mitigation target

#### KPI 2: Absolute GHG Emissions Reduction (Scope 1 and 2)

SPT 2:	9% reduction of absolute Scope 1&2 GHG emissions by the end of 2028 from the baseline year 2023
Target Observation Date	31st of December 2028

Table 4 Sustainability Performance Target 2

The year 2023 was designated as the baseline year against which reductions in absolute Scope 1 and 2 GHG emissions are measured. In 2025, JGL revised its GHG emissions calculation methodology, which also led to a recalculation of the 2023 baseline emissions. Absolute emissions for both the baseline and target year were calculated using the market-based method.

This recalibration resulted in an increase in absolute emission values, however, the targeted 9% reduction by the end of 2028 remains unchanged. This approach preserves the ambition and credibility of the target, while also enhancing data accuracy and transparency.

	2023	2028
Absolute value (tCO <sub>2</sub> e)	7,538	6,859
<b>GHG reduction vs 2023</b>		<b>-9 %</b>

**Table 5 Recalibrated historical data and target**

This approach is in line with the practices of leading companies, which revise their baseline year when more relevant data becomes available or when the calculation methodology is updated. Details on the methodological changes are provided in Chapter 3 of this document.

Absolute Scope 1 and 2 greenhouse gas (GHG) emissions increased from 7,538 tCO<sub>2</sub>e in 2023 to 10,665 tCO<sub>2</sub>e in 2024, primarily as a result of intensive business growth and increased production. Despite this, JGL remains firmly committed to achieving its emissions reduction target of 6,859 tCO<sub>2</sub>e by the end of 2028.

Efforts have been made to improve energy efficiency and transition to renewable energy sources, which are expected to generate cumulative effects over the coming years and significantly contribute to the achievement of the goals defined in the Group's ESG strategy.

	2023	2024
Absolute value (tCO <sub>2</sub> e)	7,538	10,665

**Table 6 Absolute Greenhouse Gas Emissions (Scope 1 and 2) in 2023 and 2024**

# 3

## CHANGE IN GHG EMISSIONS CALCULATION METHODOLOGY

### 3.1. REASONS FOR REVISING THE BASELINE

In line with the principles of transparency and international best practice, JGL conducted a review of its GHG emissions calculation methodology in 2025. The original calculation, used to establish emissions for the 2023 baseline year, relied on less suitable, publicly available emission factors from the IFI Working Group on harmonizing approaches to GHG accounting by international financial institutions. These factors were primarily designed for use by financial institutions and for assessing emissions related to investments.

In 2025, for the calculation of Scope 2 GHG emissions based on both location- and market-based approaches for the years 2024 and 2023, updated and more relevant emission factors were applied, sourced from internationally recognized organizations such as the International Energy Agency (IEA)<sup>2</sup> and the Association of Issuing Bodies (AIB)<sup>3</sup>. These factors include not only CO<sub>2</sub> emissions, but also other key greenhouse gases such as methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O), which have a higher global warming potential. In addition, country-specific emission factors were used for the countries in which JGL operates.

This change has enabled a more accurate representation of the JGL Group's actual emissions, ensuring alignment with the highest greenhouse gas reporting standards.

### 3.2. METHODOLOGY USED

The GHG emissions calculation methodology is based on the GHG Protocol and includes the calculation of carbon dioxide equivalent (CO<sub>2</sub>e) emissions for Scope 1 and 2 at the JGL Group level.

For the calculation of Scope 1 emissions, reliable technical data sources were used, including the IPCC 2006 Guidelines for National Greenhouse Gas Inventories, the IPCC Sixth Assessment Report (2023), as well as the Digest of UK Energy Statistics (DUKES), published by the Government of the United Kingdom and Northern Ireland, which provides estimates of fuel calorific values and average densities of petroleum products.

Scope 1 emissions include the calculation of GHG emissions (CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O), which were then converted into carbon dioxide equivalents (CO<sub>2</sub>e).

For Scope 2 emissions, two methodologies were applied. The first is the location-based method, using emission factors from the International Energy Agency (IEA) database Greenhouse Gas Emissions from Energy (August 2024). The second is the market-based method, using emission factors from the Association of Issuing Bodies (AIB) database, which enables a market-based calculation of emissions based on available data on energy mix and the origin of consumed electricity.

<sup>2</sup> International Energy Agency, [IEA – International Energy Agency](https://www.iea.org/)

<sup>3</sup> Association of Issuing Bodies, <https://www.aib-net.org/>



Since AIB market-based emission factors are not available for all non-European countries where JGL operates, location-based emission factors from the International Energy Agency (IEA) database were used for those countries.

### 3.3. IMPACT ON FIGURES AND TARGETS

The revised calculation of the baseline year (2023) and the target year (2028) resulted in higher absolute emission values, while the targeted percentage reduction remained unchanged, thereby preserving both the ambition and the credibility of the established goal. Absolute emission values for the baseline and target years were calculated using the market-based method.

	2023	2028
Absolute value (tCO <sub>2</sub> e)		
SLB 2024	4,202	3,822
2025 recalibration	7,538	6,859
GHG reduction vs 2023		
SLB 2024		-9%
2025 recalibration		-9%

Table 7 Comparison of baseline and target in 2024 and 2025 calculations (market-based method)

### 3.4. TRANSPARENCY AND COMMUNICATION OF CHANGE

All relevant data, including changes to the greenhouse gas emissions calculation methodology, have been communicated to investors, financial institutions, and other stakeholders through this Report, as well as via the Confirmation Letter issued by the External Reviewer – ISS Corporate Solutions, Inc. These data and methodological changes have also been verified by the Independent Assurer.

This approach further strengthens market confidence and ensures a high level of comparability and credibility in sustainability performance reporting.

It should also be noted that the adjustment of Sustainability Performance Target 2 – a 9% absolute reduction in Scope 1 and Scope 2 greenhouse gas emissions by the end of 2028 – as described in this Report, is subject to the approval of the Bondholders' Assembly. JGL will convene the Bondholders' Assembly with a proposal to adopt the proposed amendments immediately following the publication of this Report.

## 4

# ACTIVITIES CARRIED OUT IN 2024

## 4.1. TRUST YOUR EYES PROGRAM

In 2024, JGL continued the implementation of the “Trust Your Eyes” program, which has become a cornerstone for improving eye health and glaucoma prevention in the region. The program was carried out at over 300 locations across Croatia, Serbia, and Slovenia, where more than 3,500 individuals received free intraocular pressure screenings under the professional supervision of ophthalmologists.

The medical findings revealed concerning trends – approximately one-third of participants were diagnosed with borderline or elevated intraocular pressure, while 10.4% of patients were found to have high intraocular pressure (>21 mmHg), which, if left untreated, can lead to serious consequences, including vision loss. These results further highlight the importance of preventive screenings, as early detection of risk conditions significantly reduces the likelihood of permanent vision impairment.

The success and growing impact of the program are evident in its expansion to additional countries and the continuous increase in the number of beneficiaries compared to the baseline year. Achieving the target of 70,000 beneficiaries by the end of 2028 will require ongoing investments, strengthened collaboration with reliable partners, and continued operational and logistical efforts to ensure access to screenings across all target countries.

JGL remains committed to raising public health awareness and promoting the importance of early detection of ocular hypertension and glaucoma, thereby contributing to blindness prevention and the long-term quality of life for patients.

## 4.2. GHG REDUCTION

In 2024, JGL implemented concrete energy efficiency measures that directly contributed to reducing energy consumption and GHG emissions. By replacing fluorescent lighting with LED technology, an annual saving of 29,400 kWh was achieved, equivalent to an emission reduction of 16.2 tCO<sub>2</sub>e. The installation of thermal insulation on office buildings at the Svilno site resulted in an additional annual saving of 7,350 kWh (equivalent to 4 tCO<sub>2</sub>e), while the installation of shading systems in office areas reduced energy consumption for heating and cooling by 5%. In technical zones, an automatic lighting shut-off system was introduced, achieving an annual saving of 13,000 kWh, corresponding to a reduction of 7.2 tCO<sub>2</sub>e.

These measures are part of JGL Group's broader effort under its ESG strategy to reduce Scope 1 and 2 emissions and contribute to achieving the target of reducing absolute emissions to 6,859 tCO<sub>2</sub>e by the end of 2028.

The implementation of key measures covers the companies JGL and Adrialab, with a primary focus on production facilities in Rijeka, which account for the largest share of total electricity consumption. At other locations, due to significantly lower consumption, no additional climate efficiency measures are currently planned.

## **Independent practitioner's limited assurance report**

To the Shareholders of JADRAN-GALENSKI LABORATORIJ d.d.

### **Scope**

We have been engaged by JADRAN-GALENSKI LABORATORIJ d.d. to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Sustainability-Linked Bond Progress Report (the "Subject Matter") of JADRAN-GALENSKI LABORATORIJ d.d. (the "Company") and its subsidiaries (the "Group") as at 31 December 2024 and for the year then ended.

Sustainability-linked bond progress report includes report on following key performance indicators ("KPI"):

- 1.) KPI 2: Total number of users of ocular hypertension screenings conducted by the Group in all countries in which the Group operates (cumulative)
- 2.) KPI 2: Decrease of scope 1 and 2 absolute GHG emissions calculated in accordance with GHG Protocol as published by World Resource Institute and World Business Council for Sustainable Development

In scope of this assurance engagement were KPI 1 and KPI 2 as at 31 December 2024 and base year calculation of KPI 2 to change in methodology compared to Prospectus of public offering and listing of Sustainability-Linked Bond and in line with the requirements of ICMA Guidelines.

### **Criteria applied by the Company**

In preparing the Sustainability-Linked Bond Progress Report, the Company applied the provisions of the Prospectus of public offering and listing of Sustainability-Linked Bond and ICMA Guidelines ("Criteria").

### **Inherent limitations**

Inherent limitations exist in all assurance engagements.

The criteria, nature of the Sustainability-Linked Bond Progress Report, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In determining the disclosures in the Sustainability-Linked Bond Progress Report, Management interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.



**Shape the future  
with confidence**

### ***Management responsibilities***

The Company's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibilities***

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') and the terms of reference for this engagement as agreed with JADRAN-GALENSKI LABORATORIJ d.d. on 10 June 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### ***Our independence and quality management***

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We have the required competencies and experience to conduct this assurance engagement.

We also apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Description of procedures performed***

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance. Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.



## Shape the future with confidence

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing Sustainability-Linked Bond Progress Report and related information and applying analytical and other appropriate procedures.

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability-Linked Bond Progress Report.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability-Linked Bond Progress Report.

Our procedures included:

- Understanding of the Group's reporting processes relevant to the preparation of its Sustainability-Linked Bond Progress Report including the consolidation process by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability-Linked Bond Progress Report, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether the structure and the presentation of the Sustainability-Linked Bond Progress Report is in accordance with the ICMA Guidelines;
- Performed inquiries of relevant personnel and analytical procedures on two KPI presented in the Sustainability-Linked Bond Progress Report (limited assurance testing based on supporting documentation provided by the Group);
- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;

We also performed such other procedures as we considered necessary in the circumstances.

### **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability-Linked Bond Progress Report is not prepared, in all material respects, in accordance with Prospectus of public offering and listing of Sustainability-Linked Bond and ICMA Guidelines.

### **Other matters**

The information on base year calculation of KPI 1 included in the Sustainability-Linked Bond Progress Report of the Group was not subject to an assurance engagement since it was previously verified by independent verifier.

*Ivana Krajinović*

Ivana Krajinović  
Board Member and certified auditor

30.06.2025.

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