

SUSTAINABILITY REPORT



2022

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01 **OUR** **APPROACH**

CEO foreword

When talking about 2030 it is not futurism, it is - now. Today is the time when we need to act and set the foundations of the future, we want to live in. And it must be us, all of us, as organizations and individuals, as we all have a role to play, responsibility to act upon and a job to do. We cannot expect anybody else to do it for us, it has to be us, and it has to be now.

I strongly believe that how we approach challenges and prioritize things sets us up for success. Of course, it never comes down to just attitude, which without a lot of hard work would come down to just wishful thinking, but attitude makes a big difference. Because it is our choice if we want to see the challenges in every opportunity, or to try make an opportunity out of every single challenge.

Sustainability and sustainable development may be a challenging necessity, but they are even more of an opportunity for all dimensions of our lives. As such, they continue to be a crucial part of our corporate strategy and are deeply embedded in our company, driving our decision making. For us sustainability is more than reaching our ambitious ESG goals. It is about making a difference, creating the opportunities for economic development and social progress, us doing our part in building a sustainable future for everybody. In 2022 we did exactly that, we continued to drive the sustainability agenda across our whole ecosystem, with our investments in the essential ICT infrastructure, that in 2022 alone amounted to 231 million euros, enabling others to live and do business in a more sustainable manner. This is what we consider our biggest achievement, as for us, as a society to move forward, we all must do it together, with digitalization being a strong and essential platform.

Looking back at 2022 we are extremely proud of our progress and for having been recognized for implementation of a comprehensive sustainable development strategy, development of highly efficient infrastructure, introduction of modern ICT services and innovative network solutions, exemplary corporate governance and the highest ethical standards, as well

as for our unrelentless engagement in closing the digital divide gap.

In terms of our environmental goals, we have already, since beginning of 2021 reached the first one - running 100% on electricity from renewable sources. In 2022 we reached another important milestone in our energy transition plan by concluding a term sheet for a renewable energy Virtual Power Purchase Agreement (vPPA), covering a substantial volume of our energy demands in the future with 100% renewable energy. This confirmed our dedication to responsibly and proactively leading Hrvatski Telekom on its journey towards a sustainable future. We are also proud to have been recognized on an international level as one of Europe's climate leaders, while with our other climate goals we are aiming to become climate-neutral for direct and indirect energy consumption by 2025 and climate-neutral along the entire value chain by 2040. To get us there we have been operating our network and real-estate in an more energy efficient way and are constantly working on solutions to improve even further. We believe in accountability and hence energy consumption and CO₂ emissions have been a factor in our company's remuneration policy since 2021.

Regarding social goals and digital inclusion, by expanding further our fiber network which is already by far the biggest in the country, covering another 100,000 new households in 2022 alone, and again having made significant investments in the development of our 5G network which covers some 100 cities and over 2 million people throughout Croatia we are making sure nobody is left behind. At the same time ensuring STEM education, digital tools, and literacy programs to young and old, from elementary schools to homes for the elderly across Croatia, in big cities and rural areas, we are making a positive impact in our society, showing that we are not only thinking and acting sustainably, but first and foremost that we care. Our dedication was also recognized, winning for the second year in a row the Croatian Sustainability Index recognition for our community engagement.

Concerning governance, we are also proud of having been the first ever Croatian company included among 2022 World's most ethical companies,

receiving the highest rating in HANFA's Corporate Governance Annual Report, winning the ZSE's 'Share of the Year' award for the third year in row as well as the 'Top Turnover Share'. All these recognitions are testaments to the value we consistently deliver to our shareholders, with them serving as additional motivation for us to continue improving.

With us living in turbulent economic, social and in particular environmental times, with six of climate related issues considered among the biggest risks for the next 10 years, we as a society have a demanding task ahead of us, one that cannot be solved by a single action or by a set of short to mid-term initiatives. The only way we can move forward and see the results we are aspiring for is by dedicating ourselves fully, without reservations, because like there is no Planet B, at least not in the foreseeable future, so there can be no plan B, we need to act sustainably, and we need to act now.

From our side, we at Hrvatski Telekom will do everything in our power to enable making the most of the opportunities that lie ahead, so we can advance into a more sustainable future.



KOSTAS NEBIS
CEO



02 ABOUT US

Profile of HT Group

HT Group includes Hrvatski Telekom d.d. and its subsidiaries Iskon Internet d.d., Combis d.o.o. and Crnogorski Telekom AD, and it has business operations in the Republic of Croatia and the Republic of Montenegro.

HT Group is the leading provider of telecommunications services in Croatia, offering fixed and mobile telephony services, as well as wholesale, internet and data services. Hrvatski Telekom d.d., including its subsidiary companies, is the leading provider of comprehensive information and communication solutions and services to the entire territory of the Republic of Croatia. HT Group provides a wide spectrum of fixed broadband network products and services, mobile communications, internet, IPTV, IoT services and data transfer services between devices (M2M). The Group also provides integrated Information and Communication Technology solutions (ICT) for business and corporate customers and data transfer services (leased lines, Metro-Ethernet, IP/MPLS). Crnogorski Telekom AD is the largest telecommunications company in Montenegro providing the complete spectrum of fixed and mobile telecommunications services (voice services, messaging services, internet, TV, leased lines, data network and ICT solutions).

HT Group's fundamental business approach is the belief that commercial, social, and environmental aspects need to complement each other. For this reason, HT considers its impacts along the value chain. Cooperation with domestic and international suppliers includes the procurement of the following key products and services: infrastructure equipment and services, IT services, integration of ICT services, delivery, implementation and maintenance of service platforms, mobile devices, media content, postal services, energy sources, electricity, facility maintenance and employment of agency workers.

Value chain of HT Group



Corporate profile

Hrvatski Telekom d.d. (HT) is a joint stock company, majority owned by Deutsche Telekom Europe B.V. with a 53% holding. Deutsche Telekom Europe B.V. is 100% owned by Deutsche Telekom Europe Holding B.V. whose 100% owner is Deutsche Telekom Europe Holding GmbH. Deutsche Telekom Europe Holding GmbH is 100% owned by Deutsche Telekom AG, making it HT's ultimate parent company. Consolidated financial reports include subsidiary companies Iskon Internet d.d., Combis d.o.o., Crnogorski Telekom A.D., HT Holding d.o.o. and HT Produkcija d.o.o. which no longer exist and was merged into HT on 1 June 2022.

The Croatian War Veterans' Fund owns 6.9%, with the Restructuring and Sale Center (CERP)/the Republic of Croatia holding 2.9%. The remaining 37.2% is owned by Croatian citizens and other domestic and foreign institutional investors. Raiffeisen Pension Funds has the largest shareholding among private and institutional investors. As of 31 December 2022, the Raiffeisen Pension Funds had 11.2% of shares of the Company.

HT Group has an ownership interest of 39.1% in its joint venture HT d.d. Mostar headquartered in the Federation of Bosnia and Herzegovina.

HT Group members

HT Group members in Croatia

Hrvatski Telekom d.d.

Hrvatski Telekom is the leading provider of telecommunications services in Croatia and offers the service of fixed and mobile telephony, wholesale, Internet, and data service.

HT's core business is the provision of electronic communications services, and the design and construction of electronic communications networks in the territory of the Republic of Croatia. In addition to the provision of fixed telephony services, HT also provides Internet, IPTV and ICT services, data transmission services (lease of lines, Metro-Ethernet, IP/MPLS, ATM), GSM, UMTS, and LTE mobile services.

Turning to broadband and media services, HT has transcended the limited possibilities of traditional business growth in mobile and fixed telephony. Highest quality innovative and convergent products and services, expansion of the integrated ICT solutions offer which combines telecommunications and information technology services, are HT's path into a future with the focus on customers. Company headquarters are at Radnička cesta 21 in Zagreb.

Iskon Internet d.d.

Iskon is a modern telecom company recognized for its dynamic and entrepreneurial business culture and service quality, as well as its developed rapport with residential and business customers for whom it provides broadband internet access services. In addition to the internet, it provides telephony and digital television (IPTV) services, and TV content viewing on mobile devices.

The company operates as an independent company. Since 2006 it has been a member of HT Group and is wholly owned by HT. Through its infrastructure, Iskon provides services in Zagreb, Split, Dubrovnik, Rijeka, Pula, Osijek, Velika Gorica, Samobor, Opatija and Solin, while its affiliation

to the HT Group enables its availability across Croatia.

Combis d.o.o.

Combis, a regional system integrator, has been a member of the HT Group since 2010 and is wholly owned by HT. The company focuses on the development of application, communication, security, and system solutions and the provision of services for the development and integration of ICT solutions, ICT infrastructure management, and support. By integrating advanced technologies, it provides complete business solutions tailored to specific customer requirements on a turnkey basis.

In Croatia, it is present in eight service locations, and for several years it has been active in the region, with three service locations in Bosnia and Herzegovina and Serbia.

Adopting modern European and global business trends and constantly improving the quality of work and work environment, positions Combis as one of the leading ICT companies in the region in the segment of service provision and the leading provider of IT services in Croatia. Company headquarters are at Radnička cesta 21 in Zagreb.

HT Group members abroad

Crnogorski Telekom AD

Crnogorski Telekom is the largest telecommunications company in Montenegro, providing a full range of fixed and mobile telecommunications services (voice services, messaging services, internet, TV, leased lines, data networks, and ICT solutions). It has been operating within the HT Group since 10 January 2017, when HT d.d. acquired a 76.53% ownership stake. Company headquarters are at Moskovska 29 in Podgorica, Montenegro.

Changes in the composition of the HT Group

HT and Zagrebačka banka signed the Share Transfer Agreement on 21

January 2022, whereby transferring their shares in Optima to the company Telemach. HT holding thus transferred its 17.41% stake and Zagrebačka banka transferred its 36.90% stake in Optima to Telemach Hrvatska d.o.o., and Telemach Hrvatska d.o.o. acquired the total of 54.31% of the stake in Optima. HT thus completed the process of selling its entire stake in Optima. Optima has been deconsolidated from HT's financial reports as of July 2021.

On 15 March 2022, HT and HT Produkcija d.o.o. (HTP) concluded the Agreement on the merger of HTP into HT. On 1 June 2022 the merger has been entered into the Court Register of the Commercial Court in Zagreb, by which the merged company HTP ceased to exist and the acquiring company, HT became the universal legal successor of the merged company, thus entering into all legal relationships of the merged company.

Organizational structure

Flexibility, efficiency, and full dedication to customers are pillars of HT's organizational structure. The Company is comprised of several functional segments managed by members of the Management Board.

The business unit for residential customers includes marketing for residential customers, brand, residential customers sales channel management, residential customers sales, residential customers support, technical services for residential customers, product management, and customer experience management.

The business unit for business customers and customer experience includes marketing for business customers, brand development and management, sales channel management for small and medium business customers, as well as corporate customers, ICT business development, business management and background support.

Support and management functions include tasks shared by the entire company, ensure compliance of all business segments, and enable the

company to operate as one unit. These functions achieve synergy of different business segments, coordinate activities, provide guidelines, set standards, and ensure their application throughout HT. These include support and management functions of the President of the Management Board, support and management functions for finances, support and management functions for human resources, and support and management functions for corporate affairs. Support and management functions of the president of the Management Board include the responsibility for the coordination and implementation of the decisions of the Management Board in relation to sustainable business.

Technical functions include information and communication technology services at the company level, aiming to provide a technological platform for services and creating synergy effects at the internal and external levels.

Structure of governing bodies

HT applies a dualistic governance model, whose main characteristic is a strict division of jurisdiction between the two main bodies, the Management Board, and the Supervisory Board. The Management Board is authorized to conduct business affairs, while the Supervisory Board has an oversight function. At the General Assembly, owners exercise their management and property rights, as well as the right to be informed.

Management Board

Pursuant to the Croatian Companies Act and the Company's Articles of Association, the Management Board has the responsibility for managing the business affairs of the company. It is authorized to perform all activities and to pass all resolutions it considers necessary to successfully manage the business affairs of the Company, subject to such approvals as may be required from the Supervisory Board for certain matters and decisions (specific major transactions, long-term borrowing, and important appointments). The Company may be represented by any two members of the Management Board jointly.

Members and President of the Management Board are appointed and removed by the Supervisory Board. Their term of office is up to five years, with the possibility of re-appointment. The Management Board consists of between five and seven members.

The Management Board of HT¹ included seven members on 31 December 2022:



Kostas Nebis
President of the Management Board and Chief Executive Officer (CEO)



Nataša Rapačić
Member of the Management Board and Chief Operating Officer Residential (COO Residential)



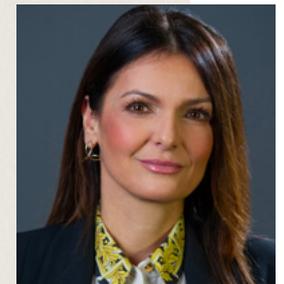
Boris Drilo
Member of the Management Board and Chief Technical and Information Officer (CTIO)



Ivan Bartulović
Member of the Management Board and Chief Human Resources Officer (CHRO)



Matija Kovačević
Member of the Management Board and Chief Financial Officer (CFO)



Marijana Bačić
Member of the Management Board and Chief Operating Officer Business (COO Business)



Siniša Đuranović
Member of the Management Board and Chief Corporate Affairs Officer (CCO)

¹ Detailed information on the age, education and careers of Management Board members are listed in the [Annual Report for the year 2022](#).

Daniel Daub resigned from the position of Member of the Management Board and Chief Financial Officer (CFO), with effect as of 1 August 2022, and the Supervisory Board appointed Matija Kovačević as Member of the Management Board and Chief Financial Officer (CFO), as of 1 August 2022.

The Supervisory Board adopted the new division of competences among Management Board Members, by which the Chief Operating Officer Business (COO Business) role was introduced to which Marijana Bačić was appointed as of 1 September 2022, and the Chief Corporate Affairs Officer (CCO) role was introduced with Siniša Đuranović appointed as of 8 December 2022.

Boris Drilo was re-appointed as Member of the Management Board and Chief Technical and Information Officer (CTIO), for another term of office, with commencement as of 1 January 2023.

Supervisory Board

The Supervisory Board is responsible for the appointment and recall of Management Board members as well as for supervising the management of the Company's business affairs. Certain major transactions and the assumption of long-term indebtedness require the approval of the Supervisory Board.

The Supervisory Board consists of nine members. Eight members are elected by the General Assembly, and one is appointed by the Workers' Council as the representative of the Company's employees. Out of eight members elected by the General Assembly, two members are independent, i.e., Dolly Predovic and Gordan Gledec, Ph.D.

Members of the Supervisory Board according to the position assumed in the Supervisory Board and business affairs conducted within boards and commissions of the Supervisory Board during 2022 are as follows:

- **Jonathan Richard Talbot**, Chairman of the Supervisory Board, Chairman of the Related Parties Transactions Committee and Chairman of the Compensation and Nomination Committee

- **Ivica Mišetić, Ph. D.**, Deputy Chairman of the Supervisory Board and Member of the Compensation and Nomination Committee
- **Vesna Mamić**, Member of the Supervisory Board and employees' representative
- **Dolly Predovic, Ph.D.**, Member of the Supervisory Board, Member of the Audit Committee, and Member of the Related Parties Transactions Committee
- **Marc Stehle**, Member of the Supervisory Board and Chairman of the Audit Committee
- **Eirini Nikolaidi**, Member of the Supervisory Board and Member of the Audit Committee
- **Eva Somorjai-Tamassy**, Member of the Supervisory Board and Member of the Compensation and Nomination Committee until 1 October 2022
- **Tino Puch**, Member of the Supervisory Board until 24 April 2022
- **Jonathan Abrahamson**, Member of the Supervisory Board from 25 April 2022
- **Gordan Gledec, Ph. D.**, Member of the Supervisory Board and Member of the Related Parties Transactions Committee

The Supervisory Board conducted an evaluation of its effectiveness for the business year 2022, led by the Chairman of the Supervisory Board, and based on the recommendations of the Corporate Governance Code. All Supervisory Board Members participated in the survey.

The Supervisory Board has concluded that the Board and its committees perform their roles and responsibilities appropriately and effectively overall. Structure, size, and composition of the Supervisory Board and its committees have been evaluated as adequate and appropriately balanced in terms of knowledge, skills, gender, and other characteristics.

To increase efficiency of the Supervisory Board and ensure lawful, compliant, and adequate fulfillment of duties, three committees have been founded and are in effect: Audit Committee, Compensation and Nomination Committee, and Related Parties Transactions Committee.

Membership association

HT actively participates in the work of organizations promoting sustainable development. Since 2007, HT has been a member of the United Nations Global Compact initiative linking the business sector with UN agencies, governments, and civil society in supporting core social values in the areas of human rights, workers' rights, environmental protection, and anti-corruption. In 2011 HT became a member of the Croatian Business Council for Sustainable Development (CBCSD), a nonprofit organization that encourages sustainable development in the economy and represents interests of the economy in sustainability matters.

At the national level, HT participates in the work of the Telecommunications Association at the Croatian

Chamber of Economy, Executive Board of the Energy Association, and the Association for Information and Communication Activities within the Croatian Employers' Association, is a member of the Environmental Protection in the Economy Association at the Croatian Chamber of Economy, the Association of Foreign Investors (FIC), the American Chamber of Commerce (AmCham) in Croatia, and the German-Croatian Chamber of Industry and Commerce (DKIHK). On the international level, HT is a member of the European Telecommunications Network Operators' Association (ETNO) and the GSM Association that advocate promoting interests of the electronic communications sector operators at the EU level, as well as ETIS - The Community for Telecom Professionals, a nonprofit organization gathering major telecommunications providers in Europe.

Combis is also a member of the Croatian Association of New Technology Distributors (HUDNT).





03 SUSTAINABILITY APPROACH

HT is a company that sets the best practice in determining the standards of top-notch communication, enabling integration into the information and knowledge society, and promoting sustainable development and awareness of the importance of environmental protection. HT believes that a company's reputation depends not only on the quality of its products and services but also on the quality of relationships with customers, business partners, employees, the environment, and communities. HT's purpose is to connect all people and organizations in Croatia and enable them to increase their quality of life by seizing opportunities provided by digitalization. Climate change mitigation and adaptation are prioritized in HT's telecommunications network expansion, availability, and accessibility of technology, and enabling smart ICT solutions by increasing energy efficiency and reducing the use of natural resources. For this purpose, HT systematically invests in energy saving measures and programs, as well as launching various initiatives aimed at reducing its carbon footprint.

Within the organization and in cooperation with business partners and other stakeholders, HT promotes ethical behavior, mutual respect, cooperation, efficient work, open expression of opinions, taking responsibility, and creating an environment that encourages, recognizes, and adequately values contributions and results. This aspect is formally regulated by HT's system of corporate values, Guiding Principles, and the Code of Conduct, which are publicly available on the website. Getting acquainted with HT's values and the Code of Conduct is included in the Welcoming and Onboarding Program for new employees, while conduct in accordance with the Guiding Principles is part of the Collective Agreement and the company's competency model, which means that all employees and management are familiar with them.

Our values

Vision

Deliver sustainable and profitable growth by connecting everyone in Croatia to the opportunities of digitalization enabling people to improve their lives.

Guiding Principles

- Delight our customers
- Get things done
- Act with respect & integrity
- Team together team apart
- I am T — count on me
- Stay curios & Grow

At HT, financial value is created by working in a stimulating work environment and taking care of the society, the economy, and the environment by creating value for all stakeholders. Business results are achieved by accepting and living shared principles that reflect company values. The Guiding Principles are an integral part of HT's work performance assessment for all employees and determine the way employees treat each other and customers.

HT Group's sustainability objectives

Sustainable business and social responsibility are integrated in the business processes of the HT Group. HT's strategic approach to sustainability is based on three key action areas agreed on the DT Group level: climate change, resource efficiency, and digital inclusivity.

Climate change

HT's Science-Based Climate Targets for greenhouse gas reduction are shared by all DT Group members and are in line with the objectives of the European Green Deal and recommendations of the Science Based Targets initiative (SBTi).

1. Procurement of 100% electricity from renewable energy sources
Status: Achieved

2. Net zero CO₂ emissions for direct and indirect energy consumption within the organization by 2025
Status: 86% reduction compared to 2015

3. As part of the DT Group, HT set an ambitious target – to cut CO₂ emissions by 2030 in the value chain by 55% compared to 2020
Status: The objective is being actively managed

4. Net zero CO₂ emissions in the value chain by 2040
Status: The objective is being actively managed

-  objective achieved
-  in progress
-  progress monitoring initiated

Resource efficiency

HT Group holistically approaches the responsible use of resources and the application of circular economy principles. At workstations in offices, stores and data centers, special attention is given to reducing resource use and increasing the use of sustainable materials; in establishing relations with suppliers and customers, targets have been set and initiatives implemented for more sustainable procurement and use of HT's products and telecommunications network infrastructure, as well as collecting, refurbishing, and reusing electronic devices. The goal in this aspect is to make products and materials that are part of HT's service packages as durable as possible and to ensure the proper disposal and recycling of valuable raw materials at the end of their lifecycle. These are HT's objectives in resource efficiency:

1. In 2022 to increase the rate of returned mobile devices to 3% of the sold devices in the previous year

Status: Achieved

2. Complete disposal of HT's technological waste in 2022

Status: Achieved

3. Sustainable product packaging

Status: Sustainable packaging has been introduced for all HT's products and HT has been working with business partners to continually increase the share of total products with sustainable packaging

Digital inclusion

Digitalization directly contributes to climate protection and resource conservation with innovations that make products more durable and energy efficient, but it only reaches its full potential when it is aimed at increasing the quality of life for all people. Digital inclusion in HT represents the responsible management of opportunities and risks of digital transformation. Digital divide and inequality were identified among the most significant risks attributed to the development of the digital society in Croatia in 2022, emphasizing the need for action. HT's approach to digital inclusion has two main components - enabling everyone to be part of the digital society and reducing the digital divide and inequality in society. For further progress in building customers' media and democratic competencies, especially among children, youth and the elderly, to be achieved the following objectives were set:

1. Equal opportunities for all children and young people – STEM education in 150 schools and educational institutions

Status: Achieved

2. Empowering the elderly by developing skills to use digital tools - digital education in 50 homes for the elderly

Status: Achieved

Implementation of strategic sustainability goals and remuneration

In HT, there is an executive level of responsibility for the management of corporate sustainability and corporate social responsibility. The fulfillment of set sustainability goals and targets is included in the remuneration of the members of the Management Board, management, and employees, on an equal level with the achievement of business goals. At the beginning of 2022, the Supervisory Board set corporate objectives that consist of the following components: financial objectives, strategic objectives that include, among other, employee and customer satisfaction, and climate objectives for reducing greenhouse gas emissions and energy consumption. Achieving objectives is part of the policy of evaluating and rewarding corporate achievements. Depending on the level of achievement, short-term incentives are paid to members of the Management Board² and all levels of management. For the fulfillment of collective goals, an annual bonus is also paid to workers in the quarterly performance management system. The purpose of Objectives and Key Results (OKRs) is to connect company and team goals, and individual tasks with measurable results in such a way that everyone works together to achieve goals that are important for the company in a certain period (quarter).

To ensure the effective implementation of strategic sustainability determinants of the HT Group, training on different sustainability aspects is being systematically carried out. Members of the Management Board regularly participate in international educations and discussions on specific sustainability topics as part of the leadership program and management of the Deutsche Telekom Group. DT's ESG strategy was presented at the Deutsche Telekom Sustainability Day, held for the first time in 2022 under the slogan "walk the talk". Some aspects of this strategy, such as risk management, social and environmental impact management, and new targets for reducing adverse impacts with equal treatment of financial and sustainability goals are scaled to HT. During 2022, members of the

² The remuneration and evaluation of the work performed by the Management Board are carried out in accordance with the Remuneration Policy for Members of the Management Board and have been described in detail in the [Annual Report for the year 2022](#).

Management Board and upper and middle management of the HT Group participated in the international Top Leadership Team conference, where one of the topics discussed was climate change, and in the EU Leadership Team meetings, where various environmental, social, and governance aspects were discussed.

A view towards HT Group's new ESG strategy

Sustainability and social responsibility are key elements of HT Group's growth and development. Hence, in 2022, HT launched the process of developing a comprehensive sustainability strategy, reflecting HT's ambition to be a digital, sustainable, and customer-centric telecommunication company. A long-term vision of sustainability is incorporated into the business strategy centered around sustainable growth of business activities by connecting everyone in Croatia to opportunities to improve the quality of life offered by digitalization. In addition to expanding ambitious goals in the fight against climate change and initiatives to increase circularity and digital inclusion, with the new strategy HT Group will additionally focus on building relationships with key stakeholders based on HT's Guiding Principles and implementing sustainability in the entire value chain. The integration of the sustainability strategy into business operations and its effectiveness in achieving desired social and environmental impacts will be achieved through a series of management process improvements. Among the most important are sustainability management and reporting according to the new European Sustainability Reporting Standards (ESRS), increased investment, procurement and supply of sustainable products and services. HT Group's ESG strategy will be adopted and published in 2023.

Economic environment and key impacts in 2022

The continuation of the COVID-19 pandemic and the war in Ukraine made 2022 a very demanding year for the HT Group, the economy, and the

entire society. The Republic of Croatia achieved a real GDP growth of 6.3%, doubling the European Union average, despite strong inflationary pressures that negatively affected consumer sentiment, especially in the fourth quarter. The robust and extensive growth of the Croatian economy was driven by an increase in household consumption by 5.1%, an increase in investment by 5.8%, an increase in state spending by 3%, exports by 25.4% and imports by 25%, and according to numerous indicators, a record tourist season.

The fluctuation of the inflation rate in 2022 accelerated monthly peaking at 13.5% compared to the previous year in November 2022, followed by a slowdown in December that continued into early 2023. The annual inflation rate was measured at 10.8% because of increases in food, housing, energy, and fuel prices. The negative effects of the energy crisis on households and entrepreneurs have been mitigated by a package of measures by the Croatian Government aimed at limiting the price of energy products, electricity, and basic food types, accompanied by stimulus measures. The unemployment rate continued to decrease. The average registered unemployment rate was 6.8%, a 1.2% decrease compared to 2021. Like many other EU countries, Croatia is faced with an increasing number of workers from third countries, which clearly reflects the mismatch between labor supply and demand.

In October 2022 the Fitch rating agency confirmed Croatia's credit rating at BBB+ with a stable outlook - the highest grade ever received by the agency. The stable outlook reflects the Fitch's expectation that the Croatian economy will remain resilient to external shocks, due in part to improved fiscal and external positions and euro adoption in January 2023.

In 2022 HT Group maintained its leading market position. All telecommunications market participants continued with 5G network development and fiber rollout. Investments in fixed and mobile networks continued to grow in 2022, while continued investments in broadband access infrastructure are a key enabler for further growth of high-speed broadband

connections and broadband traffic.

Croatia made strides in European Commission's Digital Economy and Society Index (DESI) in 2021. However, Croatia made a step back in the DESI 2022 index falling from 20th to 24th in the "Connectivity" category ranking, which is the largest gap to the EU average in the last five years. Even though the European Commission positively reflected on Croatia's development of 5G networks, the challenge remains the insufficient use of optical networks by Croatian citizens. The insufficient utilization of already built optical networks is the key issue seeing only 16% of Croatian households use services on optical networks, even though as many as 52% of Croatian households have access to optics. There are several reasons for this, one of the main ones being the purchasing power of Croatian citizens. Flexibility, which is not present to a sufficient degree is needed for operators to be able to create offers that correspond to market conditions, even in conditions of inflationary pressures and the increase of all costs. Primarily because the prices of HT, as the largest operator and the largest private investor in the digitalization of Croatia, are regulated in such a way that HT may not offer a price for fixed internet lower than the regulatory defined one.

HT Group in 2022

Despite increasing challenges in the macroeconomic environment, with inflationary pressures and unprecedented prices of energy and energy products, solid business results have been achieved. The challenging economic environment and constant uncertainty did not have a negative impact on HT's investments in connecting Croatia. In fact, considering the importance of digitalization as one of the key levers for more effective management of unfavorable economic trends and exiting the crisis, HT remained committed to making its contribution. HT's capital investments amounted to 1.7 billion kunas (231 million euros), which is by far the largest investment on the market and HT's continuous contribution to the digitalization of Croatia.

In 2022, HT placed special emphasis on the construction of optical infrastructure and the implementation of the Next Generation Access Network (NGA). As a result of these activities, HT's optical FTTH (Fiber-to-the-home) network, the largest in Croatia, achieved a growth of 21% compared to last year. By expanding the optical infrastructure to 100,000 new customers, optical connectivity was ensured for more than half a million households. HT's intention and investment plan are to ensure optic coverage for one million Croatian households. FTTH technology can be said to be the only gigabit technology of the present and future that enables and will continue enabling symmetric multi-gigabit speeds, ultra-low latency, and the highest energy efficiency, which is particularly important in terms of environmental protection and reduction of the CO2 footprint, both of which HT is devoted to.

At the same time, HT is still focused on investments in the development of the 5G network, which covers around 100 cities in Croatia and more than two million people throughout the country. 5G offers instant, permanently available access to everything ranging from education to modern, smart, and connected cities, making the expansion of 5G connectivity transformational in many aspects of life. This is confirmed by the publication "5G Atlas - Economic Effects of 5G Infrastructure Development in the Republic of Croatia", published by HT and the Institute of Economics in Zagreb. According to the study, investments in the development of the 5G network in the next few years will bring more than 10 billion kunas (1.33 billion euros) of added value to the Croatian economy, while the annual net benefit from investment in 5G is estimated at 1.72% of GDP. The [5G Atlas](#) has confirmed that 5G infrastructure development is one of the key drivers of economic growth and social progress in all Croatian counties. Moreover, the introduction of the 5G network opens significant entrepreneurial potential for a positive transformation of the economy in all regions making them more productive and increasing their future growth potential.

As part of the DT Group, one of the top three companies for digital inclusion (according to the Digital Inclusion Benchmark 2022), HT firmly believes that digital connectivity must be available to all. One of the main obstacles to accessing the benefits of connectivity nowadays are high prices of 5G smartphones. To contribute to solving this problem, HT introduced the T Phone and T Phone Pro 5G, smartphones that are more affordable to all.

As a result of network, product and service improvements, HT's customers had the best customer experience, which was reflected in the record level of satisfaction of both residential and business customers.

One of the priorities of the HT Group in 2022 was further improvement of employee satisfaction and engagement. The realization of the largest investment in employees to date, accompanied by the introduction of a comprehensive career path for all HT employees, resulted in employee engagement reaching a record level. HT, the Croatian Telecommunications Union (HST) and the Republican Union of Workers signed a new Collective Agreement, in effect from October 2022 until the end of 2023. With the new Collective Agreement, HT has confirmed its status as the most desirable employer in the telecommunications industry by providing its employees with the highest level of social and material rights.

Awards and accomplishments

In March 2022 HT was recognized by Ethisphere, a global leader in defining and advancing the standards of ethical business practices, as one of World's Most Ethical Companies in 2022. This is the first time a Croatian company received such a recognition and has met Ethisphere's criteria for excellence across five categories including the ethics and compliance program, ethical culture, corporate citizenship, governance, and leadership. In May 2022 the prestigious Financial Times included HT on the list of European climate leaders for 2022. HT was recognized for the quality of its corporate governance, implementation of its sustainability strategy, continuous investment, development of highly efficient infrastructure,

and introduction of modern ICT services and innovative network solutions based on which HT positively contributes to environmental protection and more efficient use of natural resources.

HT won the HRIO (Croatian Sustainability Index) award in the Community Relations category, awarded at the 14th Conference on Sustainable Development. HRIO represents the practice by which a company, integrates sustainable development into the decision-making system beyond legal requirements thereby managing the impact of its business activities on the environment and people. Thus, good business results cease to be the only criterion for evaluating the success of a company.

As part of the Days of Regional Development and EU Funds and the 2022 Best City Awards, HT received recognition for its contribution to sustainable development of cities and local communities. HT received the award thanks to continued investments, construction of critical infrastructure, and the development of innovative smart city solutions.

HT's smart public lighting project developed with the City of Sveta Nedelja has been awarded the National Geographic "Yellow Frame" award for the best program in the category „Sustainable cities and sustainable communities“.

In 2022, HT has also earned the EcoVadis certificate, which confirms that the Company undertakes all available measures to achieve business sustainability. HT holds the ISO 14001 certificate based on 20 years of continued care for the environment.

HT was awarded both industry standards as a network of the highest quality. HT won both umlaut “Best in test” awards for the mobile and fixed network, confirming the status of the best and fastest mobile and fixed broadband network in Croatia. This is the fifth time HT won the umlaut “Best in test” award for the best mobile network, while also receiving two years in a row awards for the best fixed broadband network as well.

The quality of HT's mobile network was confirmed by winning the Ookla Speedtest Award certificate for the fastest 5G network and the best mobile network in Croatia fourth time running. Ookla tests are run by customers themselves testing the network in a real environment and on their own devices, providing the best insight into their customer experience. The awards reflect HT's continuous investments in the development and quality of the network, both mobile and fixed, and the highest customer satisfaction.

Due to numerous initiatives dealing with key topics for employees, HT Group was the most awarded employer in 2022 and won seven 'Employer Brand' awards for practices, projects, and activities carried out by employers, resulting in exceptional satisfaction, experience, and employee engagement, and consequently a better customer experience. HT also won the main Grand Prix Adria Award, Grand Prix for the Croatian market, award for the best employer in the telecommunications industry, best employer brand activity in socially responsible projects, best employer brand event, and the award in the category Best programs for students, while Combis distinguished itself by numerous activities on cyber security and winning the award for the best integration of employer and corporate brands.

HT's and CT's excellence in human resource management, continuous improvement of work processes, and monitoring of global trends was rated highly, thus confirming the "Employer Partner" status in 2022 for both companies. In addition, as one of the best employers in Croatia, HT received additional confirmation of excellence with an "Above and Beyond" certificate awarded by the Selectio Group to 10% of the most successful Employer Partners in the region in five categories: proven impact of implemented HR activities on business performance, high employee satisfaction in various aspects of the organization, successful implementation of activities to promote internal and external inclusion, innovative HR practices that constitute a strong competitive advantage and sustainable business that ensures a positive impact on society and the future.

Within Deutsche Telekom Europe, HT was the only company in the top three in both categories in terms of customer and employee satisfaction.

Materiality process

Every year, in the preparation of the sustainability report, HT Group undertakes the assessment of key impacts of the organization on society, economy and environment. With an aim of ensuring that sustainability reporting always reflects the changes within the organization and in its context, the materiality process is continuously advanced with new perspectives. Sustainability Report for 2022 was composed in accordance with Global Reporting Initiative Standards (GRI). Materiality assessment was conducted using new GRI 3 Universal Standard. Besides the usual assessment of the most significant negative and positive impacts from external and internal perspectives, an additional due diligence was conducted comprising actual and potential negative impacts of business activities on environment, economy and people, including their human rights. The process of identification, assessment, and confirmation of material impacts of HT Group for 2022 included all parts of the organization – Management Board, managers and employees, along with a significant number of external stakeholders.

Context and sources analysis

The process of materiality assessment started with the analysis of all last year's material topics of HT and DT Group and by reviewing the most significant events in the telecommunications sector and as well as sustainability trends on local, European, and global levels. Such an approach made it possible to cover all short-term and long-term impacts of the organization on people and the environment along the value chain, as well as preparation for new regulatory requirements and the application of European Sustainability Reporting Standards (ESRS). Various sources were used in the preparation, such as scientific research, legal regulations, international treaties and agreements, standards, and guidelines for

the integration of ESG criteria and contributions to the UN's Sustainable Development Goals, recommendations of the UN Global Compact and feedback from stakeholders from previous years. The final step in this part of the process was a reporting workshop that engaged representatives of the most important organizational units of HT Group, which was attended by managers and experts from various specialties. Guided group work, facilitated by corporate sustainability consultants, in which 19 areas of influence of HT were determined, the significance of which should be additionally assessed:

Recognized potential material topics

Governance

- Business ethics and compliance
- Transparency
- Risk management

Market

- Digitalization of business
- Research and innovation
- Sustainable supply chain management
- Network expansion and infrastructure development

Customers

- Customer relations quality, relations and satisfaction
- Sustainable products and services (with social and environmental impacts)
- Security, privacy and data protection

Workplace

- Well-being, health and safety, work-life balance
- Culture fostering diversity, inclusiveness and equal opportunities
- Attracting talent, employee loyalty and development

Society

- Digital human rights and non-discrimination
- Digital inclusion and literacy
- Collaboration with local communities

Environment

- Energy efficiency
- Waste management and circular economy
- Climate change and GHG emissions

Stakeholder mapping

Responsible impact management, in addition to identifying material areas, also requires identifying individuals, groups and organizations that HT affects, together with its partners. With the purpose of in-depth understanding of the business ecosystem along the value chain, a new mapping of stakeholders was carried out in which 18 sectors of the HT Group participated. When determining the relevant stakeholders, the nature of the relationship, the assessment of attitudes and behavior, and the frequency and methods of communication with them were considered. More than 200 individual or sub-groups of stakeholders that are important for the sustainable business of HT Group have been identified, and a list of key stakeholder groups for inclusion in the materiality determination process has been created.

A view from two perspectives – internal assessment and stakeholder engagement

Based on the results of the analysis of the sustainability context and the reporting workshop, a comprehensive anonymous survey of 19 recognized potential material topics of the HT Group was conducted. The importance of positive and negative impacts and how successfully HT manages them was examined. The examination also included the first part of the process of establishing a comprehensive system of manag-

ing adverse impacts along the value chain - an in-depth survey aimed at identifying the impacts with the most serious and likely adverse consequences on the natural environment, economy, and human rights. The survey was conducted in accordance with the guidelines of the main international frameworks related to human rights and due diligence on sustainability, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Labor Standards of the ILO, and the global governance principles of International Corporate Governance Networks (ICGN).

49 decision-makers of different levels participated in the internal assessment, including members of the Management Board, directors and managers of HT and affiliated companies. The view from the inside makes it possible to determine which sustainability impacts are the most significant from an organizational perspective, that is, which areas are of greatest significance in the strategic management of sustainability. For a complete view of sustainability impacts, stakeholder engagement, that is, the engagement of those individuals whose interests are affected by HT's operations, was carried out again this year. In addition to assessing the same impacts that were verified within the organization, stakeholders were asked for feedback on additional activities or consequences that may be harmful to them, certain social groups, or the environment. A total of 211 stakeholders participated, of which six were representatives of owners, shareholders, and investors, 81 HT Group employees and 124 external stakeholders.

Internal assessment (49 participants)

- Management Board
- directors
- higher management

Stakeholder engagement (211 participants)

Owners, shareholders and investors

Employees

- HT Group managers
- HT employees
- Iskon employees
- Combis employees
- Crnogorski Telekom employees
- unions

External stakeholders

- business partners and business community
- suppliers
- customers
- civil society associations
- regulatory bodies
- state administration
- financial and credit institutions
- education institutions
- financial analysts
- interest and professional associations
- media
- auditors and certificate providers
- academic and scientific community
- local and regional government

Confirmation of material topics

The results of the materiality assessment showed that in the first step, the areas of key impacts were well recognized - the organizational assessment and the stakeholder assessment confirmed that all 19 recognized topics are material or significant for HT Group and its stakeholders, but that the impacts are not evenly distributed among them. All topics exceeded the pre-set threshold of an average rating of 5 on a scale from 1 "not important" to 8 "necessary", and stakeholders confirmed that HT manages all recognized impacts in accordance with standards.

In the final determination of the level of significance for the sustainable business of HT Group, several intermediate steps were carried out: analysis of due diligence of adverse impacts, individual interviews with representatives of several significant stakeholder groups, and the final confirmation by the Management Board.

Due diligence of adverse impacts

Due diligence of HT's activities and business relations focused on assessing the severity of the consequences and the probability of the occurrence of specific adverse impacts that HT needs to actively manage. The results of the internal and external assessment differ in some areas, but they are uniform in the evaluation that at this moment there is no danger of extreme or catastrophic outcomes, nor harmful effects on people and the environment. Due diligence process confirmed that HT already has impact management systems in place, with the most significant potential adverse impacts clearly identified, but also that it is extremely important to continue to establish and build on a comprehensive system for managing impacts on people and the environment along the value chain.

The most significant recognized impacts of HT Group from both perspectives are related to ensuring stable, undisturbed and safe functioning of the network, application of advanced and secure IT systems that ensure privacy and data protection of end customers and developing resistance to the volatility of the energy market. Additional impacts that can cause serious consequences in the event of occurrence, but with a low probability of occurrence, are inadequate prevention of cybercrime and non-compliance with regulatory requirements. Immediate impacts of a lower level of severity, but with a medium possibility of occurrence, refer to the provision of adequate conditions and opportunities for employee development, as well as the speed and the quality of solving customer problems and complaints.

Stakeholders' highlights

Individual conversations with representatives of stakeholders with whom HT Group regularly cooperates are a valuable source of information on progress in sustainable business, but also an opportunity to find out which areas should be paid more attention in the future. Every year, individuals and organizations are engaged, who can provide an informed opinion on current topics of common interest. For the purposes of deeper verification of the collected information on key influences, interviews were organized with representatives of the Zagreb Stock Exchange, the Croatian Employers' Association, the Croatian Telecommunications Union, the City of Pula, and our suppliers Ericsson Nikola Tesla, Croatian Post and Samsung Croatia.

The interviewed stakeholders stated positive opinions on HT's sustainability reporting practices, and in a constructive discussion they rated network expansion and infrastructure development, digitalization, and increasing digital inclusion and literacy as key topics. The stakeholders concluded that HT is aware of its role, it is already active in these areas and that due to its position it has the responsibility to continue to have an even stronger positive influence on the development of the Croatian economy and increase the quality of life of citizens. Furthermore, most of them think that HT should work even more actively to demystify 5G technology by continuously educating residential and business customers about all the possibilities and characteristics to use its full potential.

In addition to enabling the use of all the benefits of technology to as many people as possible, HT is expected to adhere to high standards of business conduct, improve working conditions and rights along the value chain, care for the security and privacy of end-user data, and develop environmentally responsible practices. As a result of the above, stakeholders see the significant role of HT as a responsible company in contributing to building people's trust in the responsible business of corporations. Although as a large company, HT can encourage others to improve their practices, the stakeholders are aware that to achieve the desired effects,

the cooperation of the public and private sectors as well as the active engagement of local communities and the entire society is needed.

Most of our interlocutors expect an accelerated increase in the level of citizens' awareness of sustainability in the coming years and an increase in the purchasing power of young generations for whom the social responsibility of companies is extremely important. Topics that HT should continue to take into account are ensuring the availability of products and services for all customers are respect for the human rights of all business partners, responsible management of the supply chain and suppliers' sustainability audit, application of the principles of circular economy in core business and contribution to fight against climate change. Although environmental topics are still not in the focus of customers and shareholders, HT should look at increasing resource and energy efficiency as financially profitable in the long term and more actively include them in its marketing practices.

Highlighted stakeholders' statements

"The role of HT as one of the key stakeholders in the digitalization of Croatia is to ensure a modern communication infrastructure, which is a prerequisite and foundation of digital connectivity. In this context, we are proud of the long-term partnership between Ericsson Nikola Tesla and HT. Access to modern technologies that enable the application and use of digital solutions significantly affects the quality of life of citizens and the progress of the entire society. From the aspect of responsibility towards the environment and the reduction of harmful impacts on the climate, which are primarily reflected in energy consumption and greenhouse gas emissions, they can be reduced by using optimized solutions and sustainable alternative energy sources where applicable."

"Technology, especially high-speed internet, is important for the development of smart cities. In addition to building technological prerequisites, HT can help with educational programs for young people and by informing citizens about the real advantages of technology."

"Croatian Post and HT support each other in increasing the quality and speed of delivery of products and services. Croatian Post collaborates with local and international partners to reduce the use of resources and greenhouse gas emissions in the entire value chain. Universal coverage of the 5G network would enable us, among other things, to better optimize the management of the vehicle fleet, which would increase customer satisfaction, lead to further resource savings and reduce greenhouse gas emissions."

"HT has a long history of dialogue with the social partner and supports collective bargaining. Although there were differed opinions between the social partners in the negotiations on the new Collective Agreement during 2022, they were concluded to the satisfaction of both partners, as well as the workers of HT, whose satisfaction, measured by internal tools, after the conclusion of the Collective Agreement increased significantly and was the highest in DT Group."

"HT plays the role of a company that enables the transition to other industries, and its most significant contribution is achieved through a high and committed level of investment in the network and infrastructure, which does not decrease even in conditions of uncertainty. Internet connectivity and speed are essential for productivity, and several awards for network quality and speed indicate the quality of HT's infrastructure. HT can contribute to building a modern education system, digitalization and accessibility, i.e., increasing the number of customers in the broadband network, but at the same time it has to keep focus on the key areas in which it is already successful."

"Although there have been initiatives for the return and replacement of electronic devices in Croatia for years, citizens' awareness of this topic has not yet been developed. A financial incentive and continuous communication are the best way to motivate customers to return devices that are no longer functional and are still valuable as a resource. HT has a unique position and influence by advertising its initiatives to increase circularity, enabling customers to achieve savings with responsible behavior. By expanding the 5G network, HT can make a significant contribution to the

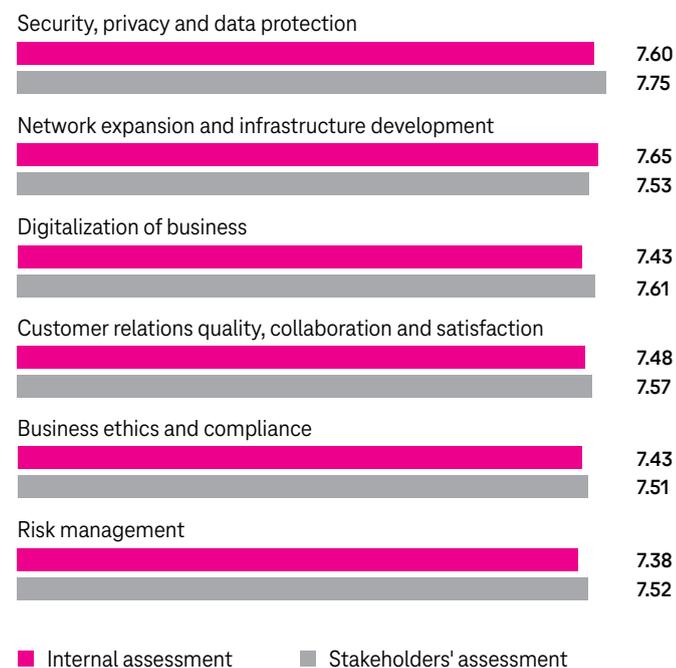
Croatian economy but cannot achieve it alone. Successful use of all the advantages offered by this technology requires the cooperation of all stakeholders in society and a positive entrepreneurial climate. HT has proven that it is always ready to contribute by building infrastructure in all parts of Croatia."

"Sustainability reporting is a big challenge for companies, and HT, as a company that has been reporting for 18 years, is in the maturity phase and ready to respond to new regulatory requirements. Even at the time of listing on the Stock Exchange, HT brought a lot of new knowledge to Croatia and set standards in relations with investors and in reporting, thanks to the transfer of knowledge, which was made possible by DT."

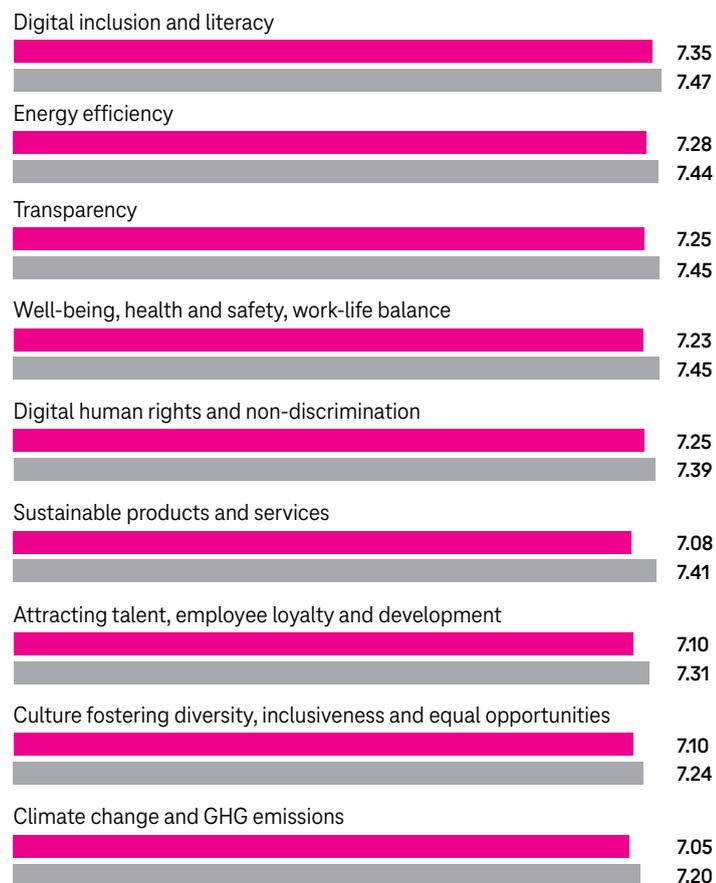
Material topics prioritization

Considering the results of positive and negative impacts of HT Group on the environment, economy and people, including their human rights, HT Management Board passed a decision on the material impacts for the year 2022.

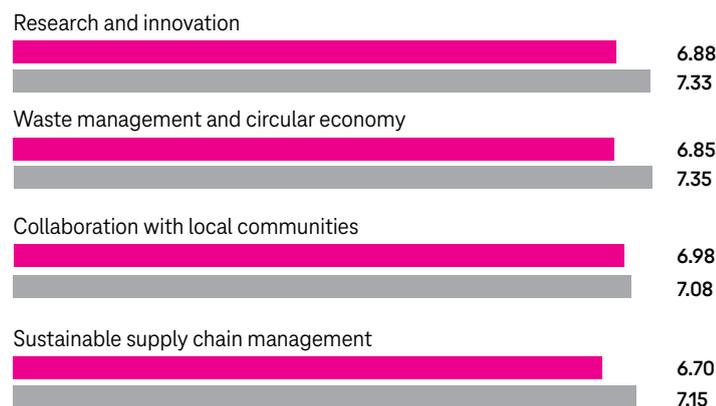
The most significant impacts



Highly significant impacts



Moderately significant impacts



■ Internal assessment ■ Stakeholders' assessment

Contribution to the UN Sustainable Development Goals

Digital revolution for sustainable development is one of six „transformations“ recognized by the United Nations as the key to the accomplishment of 17 Sustainable Development Goals (SDGs) until 2030.

These transformations require radical, deliberate, and long-term systematic changes in the use of resources, infrastructure, institutions and social relations, which must be realized in a short period of time. As a leading provider of telecommunications services, HT Group is committed to achieving universal access to high-quality and affordable broadband internet, promoting digital inclusion, digitalizing education, and healthcare, and encouraging innovation for sustainable development. HT's network infrastructure supports solutions for social and environmental challenges and provides a technological basis for sustainability, and in this way, in addition to the ninth SDG (Industry, Innovation and Infrastructure), contributes to numerous other goals:



Our networks provide conditions for economic and social participation, and thus access to education, the lack of which is one of the main causes of poverty.



We support the health sector by providing various ICT solutions and promote the health and well-being of our employees.



With diverse projects and initiatives, we support the population's media literacy and democratic skills. We offer our employees a wide range of individual professional training and development programs.



We promote equal opportunities and use targeted measures to increase the share of women in management, supervisory boards and STEM professions. We also invite our suppliers to prohibit gender discrimination.



We increase the share of green energy in total energy consumption and use energy-efficient technology.



We provide our employees with excellent working conditions, by digitalization we contribute to the development of the economy and we invest continuous efforts to make the supply chain more sustainable.



We invest significant resources in ensuring a stable, secure network infrastructure and in this way create the basis for economic growth, knowledge sharing and a digital society.



We clearly stand for diversity and support our employees, regardless of gender, age, sexual orientation, disability or ability, ethnic origin, religious beliefs and cultural origin, and we actively work to increase the standard of living within the organization and in society.



Our innovative solutions and developed network infrastructure help shape the transformation of cities into smart and livable urban spaces.



We are increasing the share of innovative, sustainable products in our portfolio. In addition, we reduce the amount of created waste and commit to proper recycling. We have been reporting on our sustainable operations for the 18th year in a row.



We contribute to climate protection - within the organization by taking measures to increase energy efficiency and using renewable energy sources, and outside the organization by providing sustainable products and services.



We are committed to ethical and legal business and have established a comprehensive compliance management system. Furthermore, our dedicated efforts and products contribute to data protection and security.



We cooperate with associations, institutions, and companies on a national and international level.



04 CORPORATE GOVERNANCE

Material topics:

- Business ethics and compliance
- Transparency
- Risk management

Contribution to the Sustainable Development Goals



The success of our business is built based on the trust by employees, customers, business partners and the community. The purpose of our company is to create conditions for the progress of society and to improve the quality of life of customers and employees, which obliges us to respect the highest standards in business. As evidence of a constant desire to improve business processes, HT has obtained the following certificates:

- **Certificate ISO 9001:2015** – Quality Management System
- **Certificate ISO 14001:2015** – Environmental Management System
- **Certificate ISO/IEC 27001:2017** – Information Security Management System
- **Certificate ISO 45001:2018** – Occupational Health and Safety System
- **Certificate EcoVadis (Bronze)** for Corporate Social Responsibility
- **Certificate TIER III** – Classification Standard for Data Centers

HT Group bases its business on respect for human rights inside and outside the organization and care for the environment. The business model, strategy, corporate culture, and policies governing business processes are compliant to all regulatory requirements that are transparent, coherent, and clearly reflect ethical and environmental principles. In 2022,

HT became the first Croatian company included in the list of the world's most ethical companies selected by Ethisphere, the global leader in defining and improving the standards of ethical business practices. HT is also one of only five winners in the telecommunications industry globally.

HT regularly and transparently informs its stakeholders about progress in business indicators and responsible management of the impacts of its business activities on the environment and people. In the [Annual Report](#) of HT Group for 2022, detailed consolidated information is available on the business results, financial position and operations of HT Group and owned companies. In 2022, HT Group received grants for education and training in the amount of 93,737.67 euros. Also, grants from EU funds were received for the CEKOM project in the amount of 1,083,035.37 euros and for EUBB projects in the amount of 828,288.82 euros. The Compliance Questionnaire for share issuers for the business year 2022 on the application of the Corporate Governance Code of the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange is also available on HT's website.

Progress in environmental, social and governance impact management is reported in the HT Group Sustainability Report, which is published every year. The Management Board of HT is the highest governance body that approves the Sustainability Report and confirms material topics. This report was prepared in accordance with the standards of the Global Reporting Initiative (GRI) for the period from 1 January to 31 December 2022, and includes consolidated data for all HT Group members included in the Annual Report for 2022. All previous HT Group reports on sustainability, responsible business and environmental protection are available on the HT Group website <https://www.t.ht.hr/drustvena-odgovornost>.

Contact person for questions about sustainability reporting: Igor Vu-
kasović, Corporate Communications Department, igor.vukasovic@t.ht.hr

Ethical and compliant business

HT, as part of the DT Group, considers it particularly important to act in accordance with international and national legal and internal regulations with the application of the most advanced practices of ethics and respect for human rights. The Code of Conduct governs the rules of lawful behavior and describes the basic principles of acting with integrity throughout the Group. The purpose of the Code is to provide all employees, managers, related persons, suppliers and partners a framework for business conduct in a simple and transparent manner, inform on the Group's ethical, social and environmental commitments, and provide everyone with clear instructions on how to act in all situations that can be expected in business operations.

In addition to the Code of Conduct, which is applicable to all stakeholders, HT Group also has a separate Code of Conduct for HT Group suppliers. Suppliers are required to accept this Code, to ensure that all HT Group suppliers in global supply chains respect human rights, take care of employees' working conditions, health and safety and environmental issues.

In addition to the codes, HT Group also has several specialized policies regarding anti-corruption and ethical and lawful behavior:

- Policy on Preventing Corruption and Other Conflicts of Interest
- Policy on Accepting and Granting Benefits
- Policy on Preventing Corruption Risks in Cooperating with External Consultants
- HT Group's Policy on Competition
- Guidelines for Preventing Conflicts of Interest
- Digital Ethics Guidelines on Artificial Intelligence

The Business Compliance Department is responsible for this business segment, headed by the Compliance Officer responsible for HT Group and related companies. Members of the Management Board and all HT

Group employees undergo training in the field of business compliance. The Commissioner for Business Compliance of HT Group and the Compliance Officer for the Europe Area of DT Group regularly, every two years, organize mandatory trainings attended by Management Board members, whereas all employees must undergo online training in the field of business compliance available on the intranet. Certain business areas within the Group regularly undergo live training workshops, and all new managers are required to undergo compliance training as part of assuming their duties. In addition to the Code of Conduct and other policies, all stakeholders can access trainings on business compliance and digital ethics at any time, which are available on HT's website.

During the reporting period, HT received one final court ruling for the violation of the Electronic Communications Act, in accordance with which it paid a fine in the amount of 24 million kunas. Against the verdict, a constitutional complaint was filed with the Constitutional Court of the Republic of Croatia and a proposal was submitted to the State Attorney's Office to initiate a legality assessment procedure.

For consultations regarding issues in the field of business compliance, stakeholders can contact the e-mail address compliance@t.ht.hr (Ask me! portal). Any employee, business partner, customer or shareholder can report violations of the Code, including illegal or unethical actions by HT, through the reporting channel. Applications can be made by mail to the Ethical Line, at the address Radnička cesta 21, 10 000 Zagreb, by phone at 0800 9823, by fax at +385 7 5802 472 or by e-mail at eticka.linija@t.ht.hr. HT's IT system SAD! (Anonymous Reporting System) and DT's BKMS (Business Keeper Monitoring System) enable completely anonymous reporting and subsequent communication via a special "mailbox", while maintaining the anonymity of the reporting party. To report irregularities based on the Act on the Protection of Persons Reporting on Breaches, any person can contact the email address: повjerljiva.osoba@t.ht.hr

Respect for human rights

HT Group obliges to undertake the respect for human rights in its business operations, adhere to the UN Guiding Principles on Business and Human Rights - a global standard on corporate responsibility in respect of human rights, and the Diversity Charter Croatia, of which it is an initial signatory. HT Group is also guided by the Basic Principles of the Social Charter of DT, by which all members of the Group express their commitment to act in accordance with internationally recognized norms, guidelines, and standards, especially those pursuant to the International Document on Human Rights, key conventions of the International Labor Organization (ILO), Organization for Economic Cooperation and Development (OECD) and UN Global Compact initiative.

In addition to the Social Charter and Guiding Principles, respect for human rights is included in HT's new Collective Agreement that ensures labor rights, a Code of Conduct that prohibits any form of discrimination, as well as a specialized Code of Conduct for suppliers that ensures respect for human rights inside and outside the organization. HT Group is one of the first companies to adopt Digital Ethics guidelines on artificial intelligence, which define the way artificial intelligence is applied in products and services.

Prevention of corruption and conflict of interest

HT Group has zero tolerance for bribery or corruption in all business activities. The Policy on the Prevention of Corruption and Other Conflicts of Interest and the Guidelines on the Prevention of Conflicts of Interest precisely define the scope of application, forms of corrupt behavior, measures, responsibilities, and organizational duties to avoid corruption and other conflicts of interest, which are applicable to all HT Group employees, including members of the Management Board. The aforementioned documents are also published on HT's website and are available to stakeholders. Instructions for handling cases of possible conflict of interest are also available on the intranet, which serves as a reminder to all employees how to act in situations of actual or potential conflict of interest. A

voluntary self-assessment questionnaire is also available to all employees, which can help them identify potential conflicts of interest.

Under its auspices, the Supervisory Board has the task of evaluating situations in which there is a conflict of interest between the members of the Management Board, the Supervisory Board and the company itself, especially when it comes to the prohibition of competition, the conclusion of contracts with itself and the approval of loans from the company's funds. The prohibition of competition is not absolute. Exceptionally, the Supervisory Board can give consent to a member of the Management Board to perform certain actions or functions that may lead to a conflict of interest, but this consent must be explicit, specific and must be given in advance. In the event of a violation of the prohibition of competition, i.e. if the Supervisory Board's consent was absent, this constitutes a valid reason for the revocation of the appointment of a member of the Management Board, and the responsibility of the Management Board member for the damage caused to the company in this way arises. The Business Compliance Department is responsible for receiving applications and keeping records of conflicts of interest in HT Group.

No confirmed cases of corruption or conflicts of interest were recorded in 2022.

Risk management

A systematic approach to monitoring social and environmental impacts on the organization and governance is necessary to recognize opportunities and risks arising from the environment before they occur. The risk management framework includes an assessment of various internal and external factors that may have an impact on the achievement of strategic goals. The purpose of this system is to ensure consistency in the timely identification and assessment of threats, the establishment of monitoring and the implementation of measures to avoid the risks, mitigate and respond to the consequences of their occurrence.

The annual assessment reviews previously recognized risks, provides an overview of emerging risks, and monitors the results of the implementation of risk mitigation measures. In this process, HT Group relies on partnerships regularly including key stakeholder groups, while HT experts participate in the work of numerous working groups and committees. Thematic risk analyzes are carried out quarterly or at the launch of individual initiatives and projects, as well as risk management measures. All risks in the quarterly HT Group Risk Report from 1 January 2023, are additionally considered in relation to the ESG classification of environmental, social and management risks.

Management of recognized risks takes place at all levels of the company, depending on the type and level of significance of the risk's impact on key business indicators. Measures to manage identified risks include, among other things, investment in security and modernization of the network and system, employee education, measures to reduce the impact or likelihood of risk occurrence, avoiding high-risk areas, transferring part of the risk such as insurance, up to accepting part of the remaining risk after the implementation of risk mitigation activities. In addition to business areas as owners of the first line of defense against risks, the supervision of the management of individual risks takes place through the so-called second and third lines of defense such as corporate security and business continuity assurance, information and cyber security, sustainable management, occupational safety, internal control systems, financial risk management, up to corporate risk management and internal and external audit.

Bodies such as the Committee for Corporate Risk Management and Internal Audit propose possible corrections to the management of HT and the Audit Committee to the Supervisory Board of HT. Internal audit provides independent oversight of the process and checks the functionality and effectiveness of the risk management system at regular intervals. Improvements and development changes of the risk management system are reported to the Audit Committee at least once a year. The conclusions

of the Audit Committee's previous work in relation to financial reporting, risk management, the business compliance management system, the engagement of internal and external audits indicate that there are no indications that the internal control system is not functioning effectively.

Recognized sustainability risks

Considering the nature of telecommunication operators' business, operational risks are the most significant in HT's risk management system, while sustainability risks are considered as obstacles to the achievement of set short- and medium-term sustainability goals and sustainable business standards. By creating a new ESG strategy, sustainability risk management will be adapted to new regulatory requirements for large companies operating in the European Union. In the telecommunications sector, the most significant recognized risks arise from technological threats that can endanger the security and privacy of data, social trends related to customer behavior, polarization and disruption of social cohesion, and environmental impacts that include climate change and extreme weather events. Due to the energy crisis in 2022, the issue of a potential further increase in energy prices has emerged as a significant risk, and risks related to disruptions in supply chains that could arise due to the emergence of new global crises such as the COVID-19 pandemic are also being monitored. and increasing regulatory requirements in the field of sustainability.

The telecommunications sector is extremely sensitive to the possibility of incidents related to the protection of personal data of customers and the security and stability of the system due to the large impact on the privacy of individuals. These possibilities represent a potentially significant reputational risk. Having in mind the rapid development of technology and increasingly advanced cyber threats, security measures for authentication and identification as well as the system's resistance to cyberattacks are constantly being improved. The risk of cyberattacks also increases the human factor, i.e. the lack of information of employees and customers about cyber threats, that is why great efforts are invested in education

and raising the awareness of all stakeholders about the importance of privacy protection, legal obligations, and continuous and systematic initiatives of the HT Group reduce the likelihood of incidents in this area. Within its significant social role, HT constantly monitors the state of contextual social risks, paying particular attention to the level of public trust in terms of community engagement, accessibility and social sensitivity, and corporate citizenship. Given the large and diverse customer base in the ICT sector, community relations pose low but important risks to social cohesion. In collaboration with civil society and local communities in which HT operates, their needs and expectations are monitored, and the activities carried out jointly are aimed at increasing the quality of life of the residents. The positive trend of the reduction of unemployment and employee turnover has created the challenge of a lack of workers on the labor market, representing a significant risk for the HT Group as well. This risk is mitigated by initiatives and programs to increase labor rights, human resource management strategies and active improvement of HT Group's practices in respect for human rights, diversity, and inclusion along the value chain.

Climate change risks and the related dangers of extreme weather events represent a threat and costs, with the potential of increasing significance for the sustainability of HT Group's operations in the long-term perspective. Natural disasters such as floods, storms, forest fires, heat waves and others can significantly damage our infrastructure, disable the network, or lead to disruptions in energy and energy supply chains. By constantly improving the infrastructure and optimizing the system, HT Group reduces exposure and vulnerability to individual events related to climate change, and the importance of developing a robust system for managing these risks was recognized.

The use of energy in the telecommunications sector to ensure power for communication networks, data centers and operations in 2022 experienced an increase in risk from moderate to high, due to the drastic increase in energy prices, primarily electricity as the most significant in

the provision of telecommunications services. In response to this risk, numerous mitigating activities have been initiated, from optimization of consumption, partial fixing of the contract price to consideration and agreement on new models such as Virtual Power Purchase Agreement (vPPA) or contracting future electricity supply capacities at a pre-fixed price. In addition to internal activities, the increase in prices in 2022 was also mitigated by measures to limit the prices of energy adopted by the Government of the Republic of Croatia for a six-month period starting on October 1, 2022, which was subsequently extended until September 30, 2023. The Management Board is informed about the monitoring of the effectiveness of the undertaken activities and their adjustment as part of regular business activities, and the Management Board and the Audit Committee are informed within the quarterly risk report. Exposure to climate change risks is mainly based on the effects that extreme weather events would have on telecommunications infrastructure and customers. Measures to address this group of risks include analysis and forecasting of possible future changes and plans for business continuity and recovery in areas that are particularly at risk in the event of severe and frequent natural disasters.

Regulatory requirements in the telecommunications sector are subject to frequent changes due to reliance on technology that is increasingly developing, social and economic implications for the population, and growing expectations that ICT contributes to mitigating climate change and preserving the safety of the online space. Frequent regulatory changes and high requirements require constant adjustments of business processes, organizational structure, education for all employees and two-way communication with business partners and customers while maintaining the business success of the organization. HT's response to this risk is an ESG strategy which is in preparation, and which will shape a comprehensive approach to the new regulatory framework in the field of sustainability and enable the management of all key sustainability impacts, risks, and opportunities along the value chain.

Exposure to the risks of supply chain disruptions became significant with the onset of the COVID-19 pandemic and continued with the war in Ukraine. HT Group has a very diverse supply chain, and it is extremely demanding to monitor all the risks that appear in that chain, this challenge is dealt with through timely planning and a flexible approach to suppliers. HT Group checks the business practices and resilience of suppliers to ensure compliance with the management rules which are applied in the company in cooperation with the suppliers. Every year, HT Group assesses exposure to risks in the field of business compliance (Compliance Risk Assessment - CRA), which is approved by the Management Board and based on which the activities of the Compliance Program for the following year are developed, and corruption risk is among the risks that are assessed. Before entering contracts with suppliers, various risk control methods are used, which include checks of suppliers from the point of view of compliance, credit checks, checking of possible legal disputes between suppliers and some members of the HT Group, and checking of relevant sanctions and embargo lists. Likewise, suppliers fill out questionnaires related to the topic of sustainable business and data protection and accept the Code of Conduct for HT Group suppliers, and contracts with suppliers must include an anti-corruption clause.



05 DIGITALIZATION FOR A BETTER FUTURE

Material topics:

- Digitalization of business
- Research and innovation
- Sustainable supply chain management
- Network expansion and infrastructure development

Contribution to Sustainable Development Goals



Building a world of better opportunities is the key message with which HT has promised to digitalize Croatia and use technology to connect its people with opportunities for a better quality of life, and this promise requires a great responsibility from the entire organization. The HT Group, as a technological leader and the biggest private investor in Croatia, can use its activity to help the society to move forward and achieve its full potential, which also acts as a way for the Group to contribute to its community. In accordance with these ideas, HT has a clear idea of how their organization is supposed to be structured: with a focus on sustainable and profitable business growth, all the while ensuring the best customer satisfaction in the Croatian market, and a digitally advanced workplace which is recognized as a leader in Croatia's digitalization.

On this path, the HT Group is led by a strategy which they employ and follow in their daily business, and they are consistently oriented towards achieving their defined targets and goals with systematic tracking of their key performance indicators.

Network expansion and infrastructure development

2022 was a challenging year with many volatile tumults which had an impact on the economy as a whole, because of the war in Ukraine, an inevitable energy crisis, and inflation which reached one of the highest levels in Croatian history. Despite all these challenges in the macroeconomic and business environment, strong foundations and a clear strategy have allowed HT to bring 2022 to a close with positive results, while keeping a high investment level and reaching many new milestones, as well as remaining focused on sustainability in all aspects of their business.

To provide both their customers and the society with an environment which enables and eases the facilitation of all business, educational, and private activities, HT has continued to invest in infrastructure, the network, and the further development of their services.

As the largest private investor in the digitalization of Croatia, HT has once more proven their dedication to providing a digital platform for strengthening economic activity and societal advancement. Through their further investment in the development of network infrastructure across Croatia, HT has furthermore solidified their lead in this area. Additional investments during 2022 have enabled high-quality services to all our customers with uninterrupted mobile data usage, which is still rising. For instance, during 2022, maximum mobile data traffic has noted a significant 30% growth when compared to the previous year.

A special emphasis was placed on the construction of the next generation fixed access network (NGA). The spread of the Fiber to The Home (FTTH) network for an additional 100,000 households resulted in a significant increase of FTTH coverage of 21%, which provided over 550,000 households across Croatia with gigabit internet speeds. At the same time, significant investments were made in the development of the 5G network, which resulted in HT having 5G network coverage of over 100 cities and more than 2 million people.

Mobile network

5G

We do not view 5G as a technology of the future, but a reality which HT made readily available to many its customers, as well as one of the key factors of economic and societal development. At the same time, HT has clearly defined plans for the further implementation of the 5G network across Croatia. In 2022, the expansion of the 5G network has continued across the country, focused on the areas with the most network traffic to maximize the positive effect. Altogether, the HT 5G network was available in all larger towns by the end of 2022, with a 51.3 % coverage across the population. Because of its broad implementation, practically every single economic and social area benefits from 5G technology.

5G technology allows for a faster and better internet connection, a faster network response, and a mass connectivity with approximately one million connected devices by square kilometer, which is also a requirement for smart industries. Precisely because of that, 5G is a significant opportunity for Croatian economy, and by 2035 it could result in economic results of 1.4 to 18 billion euros, depending on how proactively Croatia approaches the realization of its potentials.

HT Group's contribution to the Croatian economy

The complete benefits of investing in the 5G network, expressed in current net value in complete Croatian economy, based on the “5G Atlas³” publication created by HT and the Economical Institute of Zagreb, have an estimated value of 1.33 billion euros, which is three times more than the expenses of this investment, estimated at around 445 million euros. The average cost-to-profit ratio for 5G network investments in the European Union equals 4.3, and Croatia finds itself in the 19th place with a ratio of 3.0, sorted into a group alongside Estonia, Latvia, Greece, and

³ https://www.t.ht.hr/webresources/tht/pdf/HT_5G_atlas.pdf

Bulgaria. Annual net benefit per capita for 5G infrastructure investments equals 14.5 euros or 1.72% of GDP.

Related to the human rights, HT is the only telecommunications provider which takes part in the universal service obligation (USO) in Croatia, which includes the obligation for access to the public voice service via a fixed network connection, and duly fulfils all its obligations.

Fixed Wireless Access – FWA

Fixed Wireless Access (FWA) is a broadband network access technology which uses wireless communication to deliver high-speed connections to locations such as homes, companies, or schools. Throughout 2022, HT has started the commercial operation of the MAX2 and Office 5G Internet services which, for the first time ever, allow the usage of a 5G mobile network with purposes of simultaneous provision of high-speed internet access (up to 200 Mbps download, and up to 100 Mbps upload speed), and the usage of landline numbers for voice services for end customers.

Energy efficiency

Caring for the environment, addressing climate change, and an adequate approach to energy conservation are among the key components of sustainability for HT, having recently grown in importance and become a focus because of the recent happenings in the international market and the current global security issues. In 2022, additional measures were created and implemented for the mobile access networks which have, in addition to keeping the high quality of the mobile network, significantly reduced energy consumption and the company's carbon footprint.

In the fixed access network, the following measures have been implemented: long-distance shut down for devices with no network traffic, long-distance shut down of service modules with no existing customer connections, analog deactivated IP POTS port shut down, as well as the beginning of DSLAM and GPON modernization. In addition to that, the

Iskon DLS active equipment shut down process has been completed in over 240 locations, which has achieved significant electrical energy conservation.

Fixed network – creating new generation broadband access

The HT optical infrastructure, which allows multiple-gigabit speed for customers, was made available in 571,000 households by the end of 2022. Optical based access network (FTTx), which in addition to the design of Fiber to The Home (FTTH) includes implementation of the Fiber To The Building (FTTB) and Fiber To The Cabinet (FTTC) is available for, in total, 745,000 households. In addition, investments in the new XGSPON technology have been continued and at the end of 2022 enabled up to 10Gbps internet speed for approximately 30% of households with FTTH infrastructure.

HT continues intensive activity in implementing the next generation fixed access network (NGA) combined with optical technology. The optical end-to-end ports in so-called FTTH technology was made available for an additional 100,000 customer units through 2022. It should be noted that HT is implementing the optical access network not only in the zones of the largest cities, but the investments have also been distributed across all of Croatia. In doing so, equal conditions and digital infrastructure development potentials were ensured in all locations.

HT started developing Next Generation Access (NGA) broadband projects in 10 different counties. Currently, 13 partnership agreements, which are the constituents of the Public Invitation for creating NGA networks by the Ministry of Regional Development and EU Funds, have been realized. The project is being implemented according to structure rules of the General National Program for Broadband Infrastructure Access Development in Areas Without Sufficient Commercial Investment Interest. HT has won

13 projects in total and has committed to investing 328 million kunas of their own resources, and during 2022 initiated FTTH network construction in all contracted projects. Project completion is slated by the end of 2023, in which almost 150,000 new customers across cities, municipalities and suburban and rural areas in Croatia will be granted access to fast (+40Mbit/s) and ultra-fast (+100Mbit/s) broadband internet access.

HT also takes part in the “NGA White Areas” network development projects which are co-funded (at a maximum of 50% of the total cost) through European structural and investment funds, where the total available funding for Croatia equaled to 1.1 billion kunas (146 million euros).

SD-WAN

A Software-defined Wide Area Network (SD-WAN) refers to WAN architecture which allows for the usage of any combination of transport services, including MPLS, LTE, and broadband internet services, to securely connect customers either mutually, or by using applications. It offers the possibility of creating one’s own overlay network which connects geographically distant locations using both public-access internet and private MPLS networks. The overlay network is commanded through a central management, configuration, and supervisory platform which is accessed through a website. Through this, the management of numerous organization’s long-distance devices has been made significantly easier. The main benefit of the SD-WAN service is that it enables the usage of multiple access technologies, which also ensures greater bandwidth and reliability.

Central management and network visibility allow for faster service implementation and better usage of network capacities, while the complexity of the network and implementation has been simplified with the help of SD-WAN technology, which has reduced the necessity for customer IT support and key customer service breakdowns. SD-WAN stands to help improve productivity through intelligent application management.

Norton

Norton 360 Device Protection is a multi-layered protection option that can protect up to three devices (laptop, tablet, or mobile phone) from malicious software. The option includes Antivirus, Anti-Spyware, Malware, Ransomware protection with an advanced machine learning that scans and removes malicious software files that affect the device (PC, Mac, Android, iOS), protection from real-time threats to the device, firewall, backup cloud storage (50GB), and many additional protective options.

Cisco Internet Security

Cisco Internet Security is a service which protects business activity and blocks malicious content access through fixed and mobile connections. Advanced safety protection of fixed and mobile connections and devices allows for greater business activity security because it blocks server access requests containing malicious software (malware), as well as compromised internet websites through any applications, protocols, or ports. Cisco Internet Security blocks access to fake internet websites created for the purpose of personal data theft (passwords, banking data, personal information...) and blocks domains which consist of suspicious behavior patterns and can potentially be part of a malware attack.

Business Premium modem

The Business Premium modem is the most sophisticated network device currently available in the market which satisfies all customers’ needs for equipping business spaces with wireless internet connections. This modem represents top of the line offer by AVM, a highly awarded European manufacturer, and with its specifications it ensures a wider reach, speeds of up to 500 Mbit/s, as well as full WiFi network stability. With Business Premium MESH signal amplifier which enables the coverage of the entire office and equips it with WiFi signal, regardless of the layout configuration.

Network and service quality verification

Thanks to the dedicated continuation of creating and developing the best network, HT offers its customers the best possible customer experience which was confirmed in 2022 by both leading industry standards, Ookla and umlaut. HT has won the following awards:

- umlaut's "Best in test" award as the top fixed network in Croatia
- umlaut's "Best in test" award as the top mobile network in Croatia
- Ookla's "Fastest 5G network" award as the fastest 5G mobile network in Croatia
- Ookla's "Fastest mobile network", "Best mobile coverage", and "Best mobile network" awards as the fastest mobile network, the mobile network with the best coverage, and overall the best mobile network in Croatia

First-class customer experience is HT Group's number one priority, and, because of that, all network segments are continually transformed to additionally increase efficiency and performance.

Digitalization of business

For many years, HT has been developing digital services with which to encourage the digitalization process of business practices. All digital solutions (provided by HT) enable customers to complete their business dealings more efficiently, without unnecessary usage of paper and additional office equipment or devices. By investing in digital solutions, all the business resources are used in a more optimal way, which in the end encourages energy and natural resources conservation.

Services like the Cloud Call Center, Cloud Fax, or the Cloud Telephony Assistant reduce the need for plastic, physical devices, and paper. Cloud Vehicle Surveillance helps customers optimize their drivers' routes which reduces energy consumption and CO₂ emissions, while My Digital Office

and Microsoft 365 services allow customers to work remotely.

In 2022, HT has expanded its digital solutions portfolio with the Digital Business service which enables commercial customers to simply and quickly develop a new website or web shop which HT digital experts would create and provide support for the entire duration of their services, as well as taking care of SEO and hosting.

Through the digitalization of their own processes and customer relations in 2022, HT has continued to encourage customers to shift to e-billing and to substitute their monthly paper bills with the digital ones. In addition to the customers' readiness to change, the numerous activities that HT conducts have resulted in almost 50% of all HT service customers switching to e-billing by the end of 2022. The number of e-billing customers is continuously growing, and the company invests further efforts in promoting the importance of conserving natural resources.

To help customers to obtain information on particular ICT solutions (for instance, fiscal cash registers, fiscalization in general, and e-mobility) easier and faster, HT has created a chatbot channel implemented through WhatsApp, through which customers can get the answers to their questions without calling customer support channels and waiting to be connected to a provider.

When it comes to services used to encourage the digitalization process of customers' business activity, by the end of 2022, new digital mobile plans and optical fixed packages with unlimited internet traffic and significantly larger number of conversational minutes were implemented by HT. Cisco Internet Security service assisted in providing greater security related to internet and hacking threats.

Companies, especially small and medium-sized enterprises (SME), continue to use ICT solutions through which HT allows them to digitalize their business - from fiscal processes, to Microsoft 365 and My Digital Office

services which enables working regardless of the customers' location (in the office, at home, or during travel).

In 2022, HT has also continued hosting webinars to promote and support the digitalization of organizations. Through these webinars, customers receive education on how to digitalize their production with the help of non-refundable EU funds, about new digital services such as Digital Business, and how to use applications from the Microsoft 365 suite, like Teams, Planner, SharePoint, Bookings, and other productivity increasing applications.

Virtualization and migration to cloud

HT is a leader in virtualization and migration of data and information to cloud servers. Migration of telecommunication services and functionalities to the cloud is a critical and inevitable step with which the world of specialized telecommunication hardware is abandoned while new developments are focused on a software defined network which results in simplification and an increase in efficiency. New network architecture brings forth the benefits of a flexible platform with the means to increase resource efficiency, increasing the automatization degree, faster adjustment to change and new customers' requests, as well as increasing energy efficiency.

HT has become a leader in the DT Group with its virtualization percentage and transferring up to 69% of all network functions to the cloud. HT has, throughout 2022, shut down an entire series of old equipment in the speech platform domain. By shutting down, dismantling, and outplacing old equipment, old spaces that often no longer satisfy the demands of data centers' modern infrastructure are abandoned, the number of physical locations and the volume of equipment, which achieves significant energy conserves and a positive effect on the environment.

Implementation of the latest technologies and migrating existing servers to new technologies is a very demanding task which the HT Group ap-

proaches in a socially responsible way by encouraging the collaboration with academia and includes students in project of network modernization. This way, there is a greater impact on social development and helps keep implementation and migration in reasonable deadlines to expedite positive environmental impact.

Data centers

Data centers play a key role in HT Group's business since they enable storing, processing, and distributing a large amount of data. HT data centers are highly sophisticated systems equipped with high-end computers, network infrastructures, and safety systems to ensure security, reliability, and availability of data at any given moment. Users of HT services lean on data centers to get quick and reliable access to different services. These data centers also play an important role in providing support to business customers by offering different services, such as virtual private networks (VPN), equipment and service renting, and data management. In addition, data centers play a key role in the digital transformation process of a company, enabling the company to adapt to the changes in the market and ensure competitive advantage. With innovative technologies such as machine learning, data analytics, and artificial intelligence, HT data centers can improve the quality of provided services, increase the efficiency of business activities, and provide customers with personalized and relevant services. Data centers are necessary for HT Group's business activities because they enable a reliable, safe, and quick processing and distribution of a large amount of data, all the while supporting the process of digital transformation.

As the leading telecommunication services provider in Croatia, HT is dedicated to offering the best services to their customers while maintaining sustainability and environmental responsibility. This strategy of consolidating and modernizing data centers maintains HT Group's dedication to achieving these goals.

HT Data Center in the Selska Street in Zagreb has satisfied the highest safety, technological, and industry standards in 2022 and was awarded with the TIER III certificate of the UpTime Institute, the world leader in digital infrastructure performance standardization.

Research and innovation

While creating new services and solutions, HT follows worldwide industry trends and analyzes and anticipates current and future customer needs. The HT Group has a portfolio of telecommunication and ICT services and solutions, and they have created a model that offers customers a larger services spectrum than the average telecommunications provider. This is also a reflection of sustainability plans and expertise to offer customers integrated and innovative standard, complex solutions which fully align with their specific needs.

Thanks to this well-rounded approach, the HT Group possesses numerous competencies for various technologies and ensures a wide array of ICT solutions, starting with infrastructure and data centers, across a whole spectrum of network safety services and IoT solutions and smart cities.

Smart street lighting in Sveta Nedelja

In 2022 the realization of the research and development project was continued, with the goal of implementing advanced Smart City and IoT solutions in the infrastructure of street lighting in the town of Sveta Nedelja. The project encompasses 80 control-communication modules which connect existing street-light poles in Sveta Nedelja and make them “smart” by allowing long-distance management and surveillance of the streetlights through a wireless connection.

In addition to smart street-lighting, some other new functions include tracking of basic weather conditions (temperature, moisture, pressure, and UV radiation), tracking of air quality, measuring energetic indica-

tors of the lights, while some street-light poles have a pedestrian traffic detection and traffic noise measuring functions. The solution has been designed completely within the HT Group, it is compatible with all types of network technologies, and it is applicable to all types of street-lighting systems. In addition, it will significantly contribute not only to the energy efficiency of the town, but also to quality of life, citizen safety, and light pollution reduction.

This is the first project of its kind in Croatia, where street-light poles were fitted with hardware which isn't only intended to manage and survey public lighting systems. HT and Sveta Nedelja have received the prestigious “Yellow Frame” award for sustainable development in the category Sustainable Cities and Sustainable Communities.

Pilot project of smart long-distance water consumption metering

In July of 2022, HT and Đakovo Waterworks have successfully conducted a pilot project of smart long-distance water consumption metering. Within the project several tests were conducted on the equipment, consisting of a water-gauge and communication device which gathers data on water consumption and flow, communication NB-IoT technology which sends the gathered data to the central system for processing, and the central system - a platform for collecting, analyzing, and visualizing data - Com-Water.

The ComWater system allows for the collection of data from multiple measuring sites, as well as their real-time processing. Several alarms can be adjusted which can then alert field agents in case of, for instance, a water-bearing pipe burst event. The system, based on the received readings, then reports the location of the issue, and in doing so lessens system losses, as well as the time necessary for the problem's solution.

The system enables various data processing abilities and reporting, as necessary.

Integrated mobility

HT has, in collaboration with the Šibenik-based company City Parking, in November of 2022 presented a traffic application “City Parking Šibenik” which comprises useful information about the flowing and standing traffic in the city.

Through this application, citizens can follow news about the public transit system, check public transit and Brodarica-Krapanj ferry line timetables, easily purchase public transit tickets, as well as check parking space availability in several closed parking lots.

E-mobility

During 2022, e-mobility development was continued by increasing the network of e-charging stations and improving the digital charging service. In 2022, HT managed 240 charging stations with 22kW capacity (out of which, 180 are publicly available, and the rest are private), which represents a 32 % increase from the previous year, when only 182 charging stations were managed in total.

A total of 2,918,672 kWh of electrical energy were used across all charging stations managed by HT during 2022, which is a 232% growth in comparison to the previous year. If the average electrical energy consumption for 100 km passed is 18 kWh, it can be concluded that over 16 million “green kilometers” were achieved exclusively through HT charging stations in 2022.

In addition, the improvement of the mobile application espOTs was continued in 2022; an application intended to ease the usage for drivers and owners of electrical cars. By the end of the year, over 10,000 users were registered for the espOTs mobile app.

Public cycling system

In December of 2022, HT and Nextbike, collaborating with the city of Split, have successfully completed the Biraj biciklu! project (“Choose the bike!”), which was enforced in 8 cities and municipalities in UAS (Urban Agglomeration Split), which is also a record holder for number of public bicycle system users in Croatia. In total, 41 new terminals and 242 mechanical and electrical bicycles were placed in the cities of Split, Trogir, Kaštela, and Solin, as well as municipalities of Dicmo, Klis, Podstrana, and Dugopolje.

HT is strategically oriented towards digitalizing cities and municipalities with the goal of creating new opportunities and increasing quality of life for communities. The project of public bicycle systems is an excellent example of their contributions to strengthening connections between cities and municipalities, putting into focus the question of mobility as an important aspect of a healthier life of a higher quality, as well as reducing the carbon footprint.

Within the project, two cycling and pedestrian routes were created in Split and Trogir, and a study on the potential of development of cycling routes was conducted, which is the fundamental document for the development of an integrated system of cycling routes in this area. So far, up to 47,000 users of mechanical and electrical bicycles were registered within the project.

Digital transformation of factories

In the beginning of 2022, HT signed a partnership with Culmena on their “100 pametnih tvornica” (“100 Smart Factories”) project to enable simpler digitalization and application of Industry 4.0 in Croatian factories. For the purposes of digitalization and implementation of Industry 4.0 within the project, HT has, as a technological partner, provided the factories with an assortment of infrastructural services and the usage of the contemporary HT IoT platform.

As part of the complete offer for Industry 4.0, an application was made available for customers, which, in real time, follows the production process to raise quality control and further the digitalization process. The goal of Industry 4.0 is to establish communication between machines, people, products, and business applications, and for that digitalization is inevitable, with the goal of helping factories to run more efficiently, and to make the products competitive pricewise, while adhering to the highest quality standards.

IoT measuring device for meteorological data collection on Biokovo

HT has, in collaboration with HGSS Split (Croatian Mountain Rescue Service Split) and Nature Park Biokovo, as well as renowned alpinist Stipe Božić, placed IoT measuring devices for gathering meteorological data in Pakline mountaineering shelter on Biokovo mountain range. The purpose of these measuring devices is gathering data on air temperature and moisture which relay to a mobile application in real-time, allowing future users to follow and analyze data for various purposes. Through this app, for instance, HGSS can access precise meteorological data at a specific location and plan their interventions in accordance with this data.

The IoT technology mentioned can, because of its high customizability, find a use in almost all market segments such as industry, smart cities, transport, logistics, or agriculture. The solutions can be adjusted to the individual needs of the users who can read the status of chosen parameters and plan accordingly.

This is just one of the areas in which HT intends to contribute to the digitalization of society as a necessary precursor to creating a more sustainable and higher quality future, and as a leader in this area and a company that attributes a great importance to environmental sustainability, HT wishes to lead by example and use contemporary digital technologies to protect and preserve our environment.

Household Electric Energy Consumption Management System (SUPEER)

Iskon has, collaborating with the Faculty for Electrical Engineering and Computing in Zagreb, Sedam IT, HEP - Distribution System Operator (HEP-ODS), and the Energy Institute Hrvoje Požar, implemented a project worth more than 15 million kunas called "Household Electric Energy Consumption Management System" (SUPEER)". The primary goal of this project is to develop a technological platform which can enable the aggregation of small buyers and their involvement in balancing the electric energy system (EES). This project is, also, trying to establish a system which will allow HEP-ODS a better balancing of the EES. The pilot project was conducted on a real selection of households through IoT sensors, air conditioning unit consumption management, and aggregating consuming devices.

Responsible supply chain management

With an aim of ensuring responsible and sustainable business operations of the HT Group, collaborating with partners who share their values and adhere to the highest industry standards is of the utmost importance. By establishing a partnership with HT, all partners and suppliers agree to abide by the Code of Conduct. The purpose of this Code of Conduct is to provide all employees, handlers, connected persons, suppliers, and partners with a simple and transparent guide to conducting themselves in business dealings, to share their business ethics, social and ecological commitments, as well as give clear instructions on how to handle all situations that could expectantly arise during business collaboration. The Code points to other documents in which the HT Group details expected principles to which all our business partners must adhere, including the Suppliers' Code of Conduct, the Social Charter, Guiding Principles, and HT Digital Ethics.

HT Group's Suppliers' Code of Conduct stipulates the ways in which suppliers should ensure the lawful conduct and an adequate level of human rights and environmental protection enforcement in the entire

supply chain. Suppliers are obliged to ensure fair working practices and just worker compensation, the freedom to unionize and the right to collective bargaining, diversity, health and safety of the employees, data privacy and security, fair market competition and environment protection, as well as the prevention of child labor and the prohibition of forced labor, discrimination, procurement of conflict minerals, corruption and money laundering, overusing resources and creating negative impacts on the environment and human health. Before entering into the agreement with suppliers, various methods of risk control are utilized, which include reviewing the supplier from a compliance standpoint, a full credit review, review of possible legal disputes between the supplier and a member of the HT Group, as well as reviewing the DT Group Exclusionary List. Likewise, the suppliers fill out questionnaires on sustainable business practices and data protection, while the acceptance of HT Group's Suppliers' Code of Conduct and an anticorruption clause is a mandatory addition to the contract between HT Group and the supplier.

HT has a diverse and complex supply chain which includes collaboration with both domestic and foreign suppliers (see chapter Value Chain). In 2022, HT has collaborated with 9,950 suppliers. Even 93% of total suppliers and 73% of expenditure was realized in business collaboration with domestic suppliers.

Total number of suppliers	9,550
Number of domestic suppliers	8,889
Ratio of domestic suppliers	93%
Number of foreign suppliers	661
Ratio of foreign suppliers	7%

Attributing responsibility in the supply chain

Risks in dealing with suppliers, including potential discrepancies in environment protection and labor rights discrepancies, are recognized,

and minimized in the process of pre-screening partners, suppliers, buyers, and holders of HT realty. Integrity, solvency, eventual legal disputes, relevant sanction, and embargo lists are checked, as well as business sustainability through an appropriate questionnaire - the Supplier Questionnaire. Suppliers also fill out a GDPR Questionnaire before entering business relationship with HT. All contracts with suppliers have an anti-corruption clause incorporated into them and they are obliged to accept the previously mentioned Suppliers' Code of Conduct (in accordance with the German Supply Chain Act). These steps are a means of controlling potential risks and unwanted situations which can arise from supplier relations.

Before entering any business relationship with a partner or supplier, the responsible business areas for acquisition, sales, buying, or renting realty and areas of operations in accordance with the Procurement Procedure Enforcement Directive, are obliged to, through an appropriate link available in the intranet, enter a title and other necessary data requested from the potential partner or supplier. After the potential partner has been entered and a data check has been requested, work assignments are automatically sent to shared e-mail addresses for an Integrity check, Credit check, and Legal check, who carry out reviews in their jurisdictions and insert the review results into that same tool (the so-called White List). In this manner, it is ensured that all necessary reviews of potential partners are stored in the same place and made available to all interested organizational units, which helps promote the transparency of the partner review procedures.

Digital human rights and non-discrimination

Even though it makes our daily lives easier and offers us many advantages in our day-to-day, internet communication and the internet itself can have their significant setbacks. Hate speech, marginalization, and discrimination are some of the negative phenomena which pose risks and potentially put human rights at risk in the digital world. Customers' education can make a great difference in removing and mitigating these risks. HT Group manages this aspect of business operations based on various

guidelines and policies. In today's world, increasingly more decisions that are made each day are delegated to software algorithms which make social life significantly more dynamic. The rise of technologies such as artificial intelligence (AI) also greatly contributes to the challenges which the citizens, governments, and communities face globally. In addition to that, they also have an impact on the infrastructure network and data collection. Therefore, in 2022 across the entire Group, Guidelines for Digital Ethics on Artificial Intelligence were implemented. They maintain HT Group's understanding of artificial intelligence and its usage, and they are a framework for all its areas of use, as well to utilize AI technology. Each of the guidelines is a statement, but it also represents a promise that HT Group will take responsibility, give a promise of transparency, of data privacy and safety, and self-determination related to data and customer protection. By these guidelines, the application of HT core values is ensured when interacting with AI products and services.

To ensure that these guidelines are applied and elaborated into specific realization, an internal communication campaign was started and e-learning about digital ethics for business partners and employees was established.

In the yearly Compliance Risk Assessment (CRA) for the HT Group, a new risk was introduced: disrespecting guidelines of digital ethics about AI. While using AI tools, a new world of possibility opens to us, and along with those possibilities, also comes a set of challenges. For regular business of the HT group, these challenges can manifest as reputation risk and the risk of the Group's responsibility for eventual damages. By establishing and assessing the behaviors which are opposed to the guidelines provided, negative impacts on the company and employees can be prevented. Some of the situations which can be classified under this type of risk are:

- An organizational unit or HT sales partner is using chatbots to contribute to social media, but after some time this chatbot starts to publish racist contributions, or so-called "fake news"
- AI is used for a project which transfers customer data to third parties

- AI gathers and combines data in order to come to conclusions about certain persons regardless of their awareness or consent (i.e. discriminatory decisions regarding employment or contractual offers)
- The Group uses a chatbot (textual or voice-activated) to interact with customers, but this technical solution doesn't identify itself as a "bot", but instead presents itself as human when communicating with customers
- AI discriminates against certain groups of people based on their gender, age, etc. (i.e. where employment offers and contracts are concerned)

These risks can be recognized early on, but they can be prevented or diminished through the careful application and timely and adequate questioning. For instance, some of the questions which can help in identifying risks are:

- Are there projects within the Group which are utilizing or developing artificial intelligence?
- Can people be impacted by the usage of artificial intelligence (is there a possibility for material or immaterial damages to occur)?
- Can the responsible persons be found at any time and take the necessary actions to reduce the damages created (emergency stoppage, or workarounds created) in case of a greater AI malfunction?
- Is the AI bought from or developed in countries outside of the EU (the background of this is a check of data protection guidelines compliance, and the problem can present a deviation from data protection standards outside of the EU)?

Results of this risk review also support the development of adequate measures to ensure guideline compliance and to raise awareness of the necessity for respecting ethical guidelines in AI projects in the long term. Enforcing these measures will positively affect the business, lower

negative effects on AI projects, products, and services which can arise from disrespecting these guidelines, and will positively affect the already established trust that customers, employees, and other shareholders have in the HT Group.

The goal is to allow people to independently use new technologies. Technicians and software programmers have to develop and improve technology in a socially responsible way, and HT has to make sure to provide an ethical “guiding light” with which they can align themselves. The boundaries within which self-learning systems can function must be defined in a clear, transparent, and safe way which inspires trust by the community and customers. Listed below are key messages from HT Group guidelines regarding AI.

Message	Values
We are responsible.	The primary responsibility for AI characteristics lies in human beings.
We care.	AI systems are subjected to IT standards, laws, values, and ethical values of our society.
Our customers come first.	AI isn't its own purpose. We care for the needs of our customers in a moderate, but direct manner.
We are transparent.	AI systems must be able to be identified as such when interacting with humans and the use of customer data must be clearly defined.
We are safe.	High security standards have been satisfied.
We set the rules.	Risk and opportunity analysis and being well-prepared are of the utmost importance.
We have control.	We follow AI behavior and the possibility of its shut down when necessary.
We encourage a collaboration model.	Technology is a means of providing humans with support.
Sharing by teaching.	AI and technology knowledge must be shared.

The Compliance Department is responsible for this segment of business operations and for the implementation of guidelines. All employees of the HT Group are obliged to conduct business in accordance with these listed

guidelines. Specifically, to ensure respect and digital ethics compliance, HT has organized an e-learning education system regarding digital ethics for all our employees. This course is also available to all our partners, suppliers, and users on HT website.

In 2022, other than our Guiding Principles, the courses were organized on the purpose of the Guiding Principles. Among them is the principle “Act with respect & integrity” which requires to avoid any prejudice, especially discrimination. Detailed descriptions are made available to all employees, and all our managers and most of HT employees have been instructed to comply through in-house workshops. Topics on human rights and non-discrimination have been covered through the HT e-learning platform. However, because of changes made in the education and monitoring tool, there is no exact figure or percentage of valid certificates within the HT Group. Despite that, all employees are encouraged to participate in the education and earn a certificate which had a validity period of two years after course completion.

In 2022, there were no cases of recorded cases or complaints regarding digital human rights disrespect or online discrimination.



06 THE BEST CUSTOMER EXPERIENCE

Material topics

- Customer relations quality, collaboration, and satisfaction
- Sustainable products and services (with social and environmental impact)
- Security, privacy, and data protection

Contribution to Sustainable Development Goals



Relationship quality, collaboration and customer satisfaction

Customer in the center

The ambition of the HT Group is to connect all people across Croatia using the benefits of modern technology. To achieve that, continuous investment in perfecting the services and ensuring a positive customer experience is undertaken. All segments of the HT Group take special care that the products, service, and processes are created and conducted in a way that maximizes the needs and wishes of the end user.

Through the “Customer Centricity” program, the customer experience is continually examined using advanced tools and processes. The results are continually monitored and analyzed, and the experiences of customers are reported to the highest company level (Management) and the executive level (agents, salespeople, and technicians). Short-term measures are taken immediately, while mid-term and long-term initiatives are kickstarted to improve the customer experience.

Special attention is devoted to monitor the customer experience and improve the work, knowledge, and skills of agents, salespeople, and technicians through continual educations and training. HT ensures education about the services and products for frontline employees, while

team leaders conduct more intensive coaching in their day-to-day work. Databases and digital tools allow employees to efficiently solve queries, demands, and problems of HT customers.

For the realization of the ambitions established in the “Customer Centricity” program, an NPS model of Inner & Outer Loops was established to monitor the complete process - from gathering customers’ feedback to specific actions based on the provided feedback. Complying with DT’s own and other EU countries that are a part of DT’s Group’s practices, this program enables the sharing of good practices and efficient solutions to improve the customer experience across the entire DT Group.

Since the customer experience is affected by numerous elements - from the point of first contact, products, services, processes, network, and system performance - customer satisfaction is a priority of the entire company.

Continued customer experience advancement

The dynamic development of modern technologies, constant demographic, and social changes, and increasingly educated customers are turning customer experience into an especially dynamic business segment. With an aim to respond to all the external environment changes, HT consistently follows these changes, while keeping all the relevant organizational units informed, and through its agile approach it arranges and decides on future measures and initiatives.

Each year, the company strives to achieve significant progress in customer experience in comparison to the previous year, guided by two key indicators: TRI*M and NPS which are part of the “Voice of our Customers” (VoC) research and the “Usage & Attitudes” research.

The best success indicator to this approach of managing customer experience is the result achieved in 2022. A combination of investments made into the network, telecommunication services, digital and other channels, and a culture firmly oriented towards its customers have resulted in a

positive customer experience in all contact points and a record-high customer satisfaction. The high customer experience quality has been independently confirmed by the TRI*M customer satisfaction research conducted in the Croatian market, in which HT placed first in 2022, thanks to their continuous improvements.

The TRI*M index is a metric of customer satisfaction and loyalty, and the name of the research TRI*M refers to measurement, management, and monitoring (Three*M), and it is a customer satisfaction and loyalty measurement within the DT Group. The index is the result of customer answers to four main questions relating to performance, recommendation, intent to continue usage, and competitive advantage. Other than these questions, the research encompasses network quality, product and price, customer journey, and contact point questions. The research is conducted continuously and at the same time the customer satisfaction is tested for all present telecommunication operators on the market, which ensures comparability of the results provided. Even though the TRI*M research has been conducted for several years, HT keeps setting new goals of success and the company is consistently working on improving their statistics to fulfil their goals within the given timeframe. The index is a part of the company’s corporate goals. When divided by group of services, HT has stayed on top of the ranking within the DT Group where customer satisfaction through convergent services is concerned.

As part of the customer experience “Voice of our Customers” research, which was established in 2021, customer feedback is gathered using advanced tools and processes, and the research encompasses various levels of customer satisfaction - from general company perception, to experience with product usage, to customer experiences with certain digital and non-digital contact points. The “Voice of our Customers” customer experience monitoring program contributes to the transparent communication within the company and towards the end users about all aspects related to current customer satisfaction, as well as offering guidelines for

further improving customer experience. The VoC program is used as a key tool in achieving excellence in customer orientation, in listening to their needs, and making nearly real-time improvements.

Courses and workshops are continually conducted for employees regarding the “Customer in the center” and “Voice of our Customers” programs, as well as the areas for improvement and customer experience promotion measures based on customer feedback.

As part of the “Usage & Attitudes / Brand Equity” research, which is conducted bi-annually on a nationally representative sample, the NPS index of residential and business customers and competition customers is also measured. NPS is the measure which, through a question that gauges the likelihood that customer would recommend the services provided to their friends, family, acquaintances, business partners, and co-workers, provides the company with the information regarding the connection and quality of the customer’s relationship to their service provider.

Taking care of customer needs

During 2022, in monitoring customers' needs, numerous customer satisfaction projects have been conducted, among which the Moj Telekom mobile application projects are highlighted. In collaboration with our partners, the program “In good hands” regularly prepares special benefits for Moj Telekom application customers throughout the entire year. Customers were also provided the chatbot functionality through which they can reach the most frequently asked questions or contact an agent within only a few clicks of a button.

The procedure of submitting complaints and their solution in fixed and mobile electronic communication networks in the Republic of Croatia is regulated through the Electronic Communications Act (ZEK) and is conducted in two degrees through communication with the service provider. The customer can submit a formal written petition (electronic corre-

spondence included) to the service provider regarding the provision of services, the quality of service provided, and the amount charged for the service provided. In addition, a formal complaint can be submitted for the impairment of customer contract regulations, which has to consist of the facts and proof upon which it is based. Petitions and complaints are settled by the decision of the authoritative service in the first-degree procedure.

After a first-degree decision has been made, the customer can submit a second-degree complaint to the Committee, which relays a final decision on the entire HT Group level. The customers can in case they disagree with both the first-degree and second-degree decisions of the Committee, initiate a third-degree complaint procedure with the Croatian Regulatory Authority for Network Industries (HAKOM).

HT Group’s goal is to consistently decrease the number of received customer complaints and disputes through numerous proactive actions which the company takes to adapt to the customers’ needs. In 2022, the number of disputes was decreased by approximately 10% in comparison to 2021, in all three degrees. A special achievement is HAKOM’s report on customer disputes in the network industry for 2022, in which HT was distinguished as the service provider with the lowest number of complaints per 10,000 customers, again in all three degrees.

Sustainable products and services

Electromagnetic field effect awareness

HT consistently seeks to make its communication infrastructure, products, and services upon which they are based more resource sustainable. Taking into consideration the numerous base stations, as well as the large number of customers, the public interest in the effect technology has on human health is approached in earnest and all questions are addressed in an open, constructive, and honest manner, while offering trusted facts and scientific arguments.

HT respects the viewpoints of independent, relevant sources such as the Ministry of Health, the Croatian Regulatory Authority for Network Industries (HAKOM), the World Health Organization (WHO), and the International Commission for Non-Ionizing Radiation Protection (ICNIRP). Borderline exposure values have to be defined based on scientific research, and because of that HT takes into account the latest research on mobile communication and health and offers its customers transparent information related to this issue.

In March of 2020, ICNIRP published revised guidelines for protection of people exposed to electromagnetic fields, which protect from all potential harmful impacts on health related to electromagnetic field exposure, including 5G. European Commission's Scientific Committee on Health, Environmental and Emerging Risks published their preliminary opinions in August of 2022, accepted the ICNIRP guidelines (2020) on exposure, and has positively advised on the necessity for technical revision of supplements in recommendations/directives 1999/519/EC and 2013/35/EU considering radio-frequency electromagnetic fields.

The World Health Organization has formed a Task Group for examination of exposure to radio-frequency electromagnetic fields and health risks. It is expected that the Task Group's effort will be completed by the end of 2023. A clear statement by WHO on radio-frequency electromagnetic field exposure and health, which the creators of policies and the public recognize and trust as a global authority on health-related questions, is significant in solving public concerns, as well as for the adjustment of harsher restrictions for radio-frequency electromagnetic fields in countries like Croatia.

Even though the effects of electromagnetic fields on health remain a topic that is to be further explored, in the past years recognized professional organizations such as WHO and ICNIRP have, based on the most recent scientific breakthroughs, revised acceptable benchmarks of exposure for mobile communications, including 5G, multiple times, and have deemed it safe if these values are respected.

HT procures exclusively products which satisfy all prescribed criteria. All mobile phones in our offer satisfy security standards according to the European Union and Croatian regulation on protection from electromagnetic fields. The Specific Absorption Rate (SAR) of all cellphones that are placed on the market are lower than 2 W/kg. Furthermore, all base stations of HT mobile networks have been developed, tested, and commissioned in accordance with the international standards and requirements. Additionally, equipment manufacturers deliver certificates which confirm that the base stations fill out all safety requirements of the ICNIRP, responding to an array of product safety standards and electromagnetic compatibility, as well as general technical regulations. All base stations have a compliance certificate for numerous European and international norms which is issued by the Croatian Regulatory Authority for Network Industries (HAKOM).

It is important to point out that all base stations in HT mobile network have a usage arrangement issued by the Ministry of Health. The stipulated electromagnetic field level measurements have been continuously conducted for several years, and all up until now have shown that the measured levels are far below the prescribed borderline level, while considering that Croatian legislation regulates a significantly stricter allowed electromagnetic value than those recommended by ICNIRP and the Council Recommendation 1999/519/EC. Measurement laboratories authorized by the Ministry of Health conducted 1,260 measurements in 2022, which have once more confirmed the safety of HT mobile network base stations.

In collaboration with other network service providers, the authorities, and the scientific community, HT supports scientific studies in the domain of health research, as well as takes part in consultation, communication, and informing stakeholders.

A significantly lower presence of discussion and questions asked by interested stakeholders and inspections about electromagnetic field

discussions were noticed in the public, which can be interpreted because of successful informative and educational activities, both independent and industry-based, by which the public is continually provided relevant information on 5G and electromagnetic fields.

Even though it has been significantly decreased when compared to the previous two years, there is still a noticeable public interest in the effect of electromagnetic fields released by mobile network antennae, especially in the commercial dawn of 5G technology, which places challenges before HT in finding suitable new locations for base stations or location rental extensions.

During 2022, HT has received a total of 29 interested stakeholder queries, which is 56% less than in the previous year, and a sizeable portion of those queries was related specifically to the topic of electromagnetic fields and health protection. HT has responded to these concerns by referring to the information of relevant, independent, and authoritative sources and all queries, including requests made by sanitary inspections and the Ministry of Health, were positively resolved, meaning that there were not any inconsistencies noted where following through with regulations or voluntary codices was concerned. All inquiries related to electromagnetic fields can be directed to the e-mail address zastita.okolisa@t.ht.hr.

Device delivery

The device delivery process has been agreed upon with a partner who cares just as much as the HT Group does about sustainable business. For all customers who decide to buy a device through HT online channels, a so-called Click and Collect process is offered, meaning that customers can collect their new devices in their chosen retail outlets. As an example of a good business practice, the Exchange and Save project can be highlighted, which allowed HT customers in 2022 to receive a discount on the purchase of a new device if they return an old, unusable device which would be disposed of in accordance with the ecological guidelines of handling electronic waste. In addition, HT offers the possibility of buy-

ing a used device which prolongs the device's lifespan and has a positive impact on circular economy.

Process of sending customer documentation

In addition to the standard method of physically mailing customer documentation, customers are enabled to send a part of their documentation digitally. Within the existing regulations, HT strives to enforce all notification and documentation sending through a digital channel, all the while respecting the verification processes to ensure that the customers will receive notices.

Moj Telekom application and digital tools

Around 61% of HT residential mobile network customers use the Moj Telekom application at least once per month, with which the customers help contribute to business sustainability. To ensure additional benefits, several programs were added to the application, such as internet access without an additional fee for a certain period, or additional benefits supplied by HT business partners.

Most HT mobile network customers have decided to use the e-billing system, which avoids the printing process for customers' monthly invoices and instead delivers them digitally. Additionally, the Smart WiFi Manager was made available to customers, which manages router activities and other devices which are connected to it through the Moj Telekom application, for quick and easy information browsing about the WiFi router and sharing WiFi data. Through this service, customers can monitor who is connected to their WiFi network at any given time which increases the security of their data.

Mobile devices

As a member of the DT Group, HT uses the EcoRating mobile phone sustainability grading system developed in collaboration between several mobile network service providers and manufacturers. This platform enables customers to inspect certain mobile phone specifications, such as

durability, repair and recycling options, climate conditions, and resource conservation. HT expects this list to grow in order to encompass most mobile phone devices offered in the market and HT Group's own offer.

T Phone

In the second half of 2022, HT has implemented smartphone devices T Phone and T Phone Pro 5G, which were developed in a partnership between DT and Google, into their offer. Aside from being delivered in sustainable packaging, these devices are more affordable than other smartphones in the market which contributes to the increase of digital inclusivity.

Office 5G Internet

The Office 5G Internet uses mobile 5G technology to produce a seamless, fast, and stable internet connection and fixed voice services. The service is available only within 5G network service coverage. The Office 5G Internet service relies on mobile 5G technology to provide a high-quality service without the use of fixed services.

This service is intended primarily for customers who live in certain suburban and rural areas in which advanced fixed options aren't available currently, but it is also available in cities where the fiber optic cable has not been introduced yet.

New Magenta 1 Business

By this service, HT allows for the merger of the fixed and mobile service in accordance with the customers' business needs, by choosing a package that offers both fixed and mobile services, with advanced digital solutions that can ease business dealings. With safety solutions which offer adequate protection, a fixed network, and mobile connections, customer safety is at the highest level. In Magenta fixed packages, HT offers top-line modems which ensure greater speeds and network stability, a better-quality WiFi signal, and a greater reach when compared to standard modems.

Security, personal data, and privacy protection

In the very core of business operations is responsible management of information systems and infrastructure where data protection is concerned, due to which the HT Group puts a lot of emphasis on informational security considering the dynamic development of technology and new communication solutions.

HT has fully integrated a system of continual management of information security (ISMS - ISO/IEC 27001:2017). This is a basic international norm which determines requests for connection, implementation, upkeep, and continual upgrading of the information security management system, and which includes requests for risk assessment and treatment, adjusted to the organizational standards in accordance with which HT has conducted business since 2009.

The area of security is managed by HT Group's Safety Policy, which has the main goal of ensuring a high level of security for customers, employees, services, products, assets, and business activity. Ensuring complete security and data protection is a clear indicator of HT service quality and the fundamental prerequisite for maintaining trust.

Since potential cybernetic attacks are evolving and are becoming more resourceful with each new day, it is important to correctly define and determine information security in business activities. Adequate data and information safety, their integrity, availability, and confidentiality are of the utmost importance, and they are ensured by conducting numerous security measures through three basic links in the security chain - people, processes, and technology. A PSA process is implemented and applied, which ensures a "privacy by design" and "security by design" approach, meaning that all relevant requests for personal data protection and safety have been embedded into HT products and services.

Personal data and privacy protection

In the HT Group, a high security and personal data protection standards are applied both in business activity and relationship with the customers. Technical and organizational measures are undertaken which are in accordance with the best practices which transcends legal obligations. Employees are frequently educated and partners engaged with whom the applicable protection measures are implemented in accordance with HT standards.

With the goal of protecting people and assets, it is important that all employees have a developed consciousness on security and to adhere to safety standards which are a prerequisite of achieving that goal. Developing consciousness on security and introducing safety policies and procedures to employees are facilitated through mandatory online courses for all HT employees. Courses are conducted regularly, and they encompass areas of physical, cybernetic and information security. These courses are based on the Safety Policy of the HT Group, and they are intended for all employees. In addition to on-line courses, educational brochures were created for physical, cybernetic, and information safety which are used to educate and raise awareness in all employees.

All HT employees are familiar with the policies and procedures of data privacy and protection. Employees are obliged to take educational tests on the protection of personal data, physical, and informational safety. In 2022, 81.3% of HT Group employees took part in data and privacy safety and protection (HT 77.8%, Combis 91%, Iskon 75%).

HT conducts a comprehensive revision for sales partners and their GDPR compliance, technical and organizational measures which ensure customer data protection. HT has implemented an advanced system through which the customers' rights are ensured in a way that they can supply their questions and complaints to a unique e-mail address (osobni.podaci@t.ht.hr). Specific GDPR-regulated customer rights can be realized through other HT channels, such as the www.hrvatskitelekom.hr website and HT retail outlets. In 2022, HT has received 14 petitions from the

Croatian Personal Data Protection Agency (AZOP), 10 cases of customer information loss, and 27 complaints from customers relating to breach of privacy.

The protection of personal data ensures better citizen safety and greater control over personal data processing. Customers can submit their requests or disputed digitally and through HT retail outlets. Personal data protection influences raising awareness about HT Group customer data security.

Before offering services and products to customers, HT fulfils safety requests and data protection requests by anonymizing customer data with the highest security level, stability, and privacy protection, and through implementing all available protection measures on data-carrying systems. HT conducts regular checks of security measures and personal data protection.

So-called „Security Parkour“ interactive courses have also been carried out, focusing on cybernetic and information security topics (including phishing and social engineering), physical security, information classification, and safety policies which includes all HT employees. Briefing programs have been kickstarted for all employees through educational material, for instance Cyber AwareNess (intended for younger generations), as well as through appropriate intranet articles and informative posters. Once a year, a survey is conducted on raising security awareness - Online Awareness Survey (OAS) - which is conducted by the DT Group. OAS provides us with the ability to determine informational security clearance level for the entire Group and through it a more precise information is gained on which areas need improvement and inefficiency resolution. The Survey has been conducted since 2005.

Business units responsible for information security management system ISO/IEC 27001:2017 for SUIIS (ISMS) continually monitor and assess the state of security under their jurisdiction, both on the operative and strate-

gical level. The primary process is based upon the operational collection of notices and information which relate to security questions. Through collaboration and reporting the success rate of valid applications is graded and there is a continual progress on improving the security system with the goal of increasing the system's resistance to potential threats.



Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.

Report of the World Commission on Environment and Development: Our Common Future, 1987.



07 **WE CONNECT
TOGETHER**

Material topics:

- Well-being, health and safety, work-life balance
- Culture fostering diversity, inclusiveness and equal opportunities
- Attracting talent, loyalty and development of employees

Contribution to the Sustainable Development Goals



HT Group believes that business success largely depends on the satisfaction and motivation of its employees. That is why it builds relationships with its employees based on respect and responsibility. Their opinions are respected, their needs are monitored, and their satisfaction is taken care of. HT Group develops a working environment where everyone can recognize their potential and develop their desired career path.

Total number of employees of HT Group in Croatia on 31 December

	2020		2021		2022	
	M	Ž	M	Ž	M	Ž
Total number of employees	2,975	1,777	2,871	1,687	2,808	1,689
Fixed-term contracts	232	1,420	204	161	157	118
Permanent contracts	2,743	357	2,667	1,526	2,651	1,571
Full-time contracts	2,971	1,775	2,866	1,683	2,802	1,684
Non-full time contracts	4	2	5	4	6	5

In 2022, 4,497 employees and 1,750 external workers worked in HT Group members in Croatia. In addition to permanent employees, the Group employs agency workers, as well as students, many of whom are gaining their first experience in the business world and the ICT sector. There are 28% of such workers in HT Group, mostly in the frontline part. Of that, 8% are agency workers who are mainly involved in sales. Agency workers are persons employed by third parties, i.e. agencies with which HT has a contractual relationship. Students most often work in the call center and as help in administrative tasks. Most of the students are employed only in the period of increased business needs, on a part-time basis.

In 2022, negotiations were successfully conducted on the new Collective Agreement, which provides HT workers with an even higher level of income and social rights. Months-long negotiations with social partners from the Croatian Telecommunications Union (HST) and the Republic of Workers' Union (RSR) were concluded to mutual satisfaction with the conclusion of a new Collective Agreement, signed for the period from 1 October 2022, to 31 December 2023.

The social partners agreed on a three-month extension of the existing Collective Agreement, and HT initiated the payment of monetary supplements to the salary during the negotiations to increase the income of the workers and enable them to bear inflationary pressure more easily until an agreement is reached. Believing that monetary claims are not the only key to employee satisfaction, HT also proposed provisions related to their additional social rights. Therefore, the possibility of absence from work as well as foster parental leave was included in the Collective Agreement, even before the law began to regulate it.

Until the signing of the Collective Agreement itself, and before the decision by the Croatian Government, HT increased the non-taxable part of the amount and started with the monthly payment of the allowance for a hot meal, as well as the payment of a fixed monthly allowance, which was subsequently included in the Collective Agreement.

Rights from the Collective Agreement

Two days for leave of absence – although the Law guarantees one day

Possibility of choosing payment of overtime hours or a day off

The possibility of working remotely for up to 12 days

Obligation to notify employees 15 days before the expiration of the fixed-term contract

Advancement along the career path for a minimum of 600 employees during the duration of this KU

Limitation of the introduction of the contractual competitiveness ban clause only to employees who have a salary higher than 1.5 of the average salary in Croatia

Prohibition of overtime work in the case of unequal working hours, if the work schedule is six days per week

The possibility for the employee to divert part of the income to a closed pension fund

Above legal framework – in employee focus

1,205.52 kunas per month during parental leave

Subsidized recreation

For workers with more than five years of service, a severance pay of at least 5,000 kunas per year, or 6,500 kunas per year for employees with more than 10 years of service

Sports meetings once a year (HT Olympics)

Two days off for blood donors

According to the new Collective Agreement for overtime work during the regular working day, workers have the right to choose one of the two options offered. They can be paid an hour of overtime, or they can exchange one hour of overtime for one hour and thirty minutes of a day off.

Great progress was achieved in the development of a career path that ensured that employees, based on their work performance, have continuity of promotion in the organization. The processes of internal education and transition to other positions within the company have been initiated. For this purpose, the "I know what I want" platform was designed, through which employees can express their desire to change careers. Retraining for new jobs has already been carried out for two groups of participants who acquired the skills of junior software developers through three months of professional IT training.

The satisfaction of HT's employees, which was achieved through the continuous improvement of several processes aimed at rewarding, development and welfare of employees and the implementation of new benefits. After the adoption of the Collective Agreement, the satisfaction increased significantly and was the highest in the DT Group. In 2022, negotiations for the Collective Agreement began in HT Group members Combis and Crnogorski Telekom.

Culture fostering diversity, inclusiveness and equal opportunities

The company values of HT Group are defined in six Guiding Principles, communicated to the entire organization. Each of the Guiding Principles has a clear description of certain behaviors, and everyone is expected to understand and behave in accordance with the set expectations. It is extremely important to create a working environment of equal opportunities, inclusiveness and zero tolerance for all forms of discrimination. HT was able to achieve this by promoting the Guiding Principles, a transparent process of hiring, working, and leaving the company, as well as various procedures and rules that ensure the rights of workers. Since 2017, HT has been a signatory of the Diversity Charter, which recognizes the importance of diversity in the business world and as a fundamental value of modern society. Through several policies, regulations and codes, the issue of diversity has already been covered, but independently of that, the Diversity Policy is being prepared, and will be adopted in 2023.

In order to highlight even more the commitment to building the desired organizational culture, from 2021 the values of HT, i.e. the Guiding Principles, are integrated into the work performance management system of all employees. In addition to evaluations of employees' work performance, an evaluation of their compliance with the principles is also carried out. With this decision, HT makes it clear that values are an equally important aspect of business and that excellent business results are achieved in a

sustainable manner and in a stimulating work environment. These company values are fully integrated into the key processes of human resource management, talent selection, creation of development programs, assessment centers and the like. The evaluation of work performance in the last three years includes all employees, regardless of gender or type of contract.

In addition, HT Group follows the values of the Diversity Charter and the Social Charter. The values they promote are incorporated into the Collective Agreement, as well as the Code of Conduct, which prohibits any discrimination. The basic principles, i.e. the Social Charter followed by HT, are in accordance with internationally recognized norms, guidelines and standards, primarily those derived from the International Document on Human Rights, key conventions of the International Labor Organization (ILO), the Organization for Economic Cooperation and Development (OECD) and UN Global Compact initiatives. Company values are additionally promoted and determined by the Code of Conduct for employees, as well as the Code of Conduct for suppliers.

HT Group respects the highest standards of behavior towards customers, as well as towards other business associates, which creates a stimulating, responsible and ethical work atmosphere. All members of the HT Group share responsibility for promoting the company's values, from top management to all employees. By accepting the principles, not just as a series of rules, but as values that motivate, inspire and fill with positive energy, top results can be achieved, by everyone in their work, in the teams and as an entire organization.

Diversity in leading positions

In addition to the Guiding Principles, which are integrated into all business segments, equality in the working environment is also promoted. Employees are paid equal wages for equal work or work of equal value, regardless of gender, age, or other personal characteristics. HT Group considers that two persons of different gender perform equal work when they perform the same job under the same or similar conditions or could

replace each other in relation to the work they perform. Work is also considered equal when it is mutually similar in nature, and the differences between the work performed and the conditions under which it was performed have no significance in relation to the nature of the work as a whole or occur rarely and do not affect the nature of the work as a whole. On the other hand, work of equal value is performed by two persons of different sexes when the work performed by one of them has the same value as the work performed by the other person. In doing so, qualifications obtained at a certain level of education and the nature of the job itself, which is determined by objective criteria such as the required knowledge, skills, responsibility and independence, and the conditions in which the work is performed, are considered.

HT Group promotes equality and equal opportunities and the creation of an atmosphere in which the equality of all employees is ensured. According to Selectio's index of women for the year 2022, the percentage of women in management positions in Croatia was 22%, and in HT this percentage has been almost twice as high for years. HT Group works to further increase diversity at all levels of the organization.

Women in HT Management Board on 31 December

	2020	2021	2022
Men	4	4	5
Women	1	1	2
Total	5	5	7
Ratio of women (%)	20	20	29

Women in managerial positions in HT on 31 December

	2020	2021	2022
Men	109	104	100
Women	71	71	66
Total	180	175	166
Ratio of women (%)	39	41	40

Salaries

Compliance with the rules of equal work and work of equal value, performed by two people of different sexes, also applies to the income that employees receive based on the employment relationship. This means that HT, as an employer, is obliged, at the request of the employee, to provide information on the criteria based on which the employee performing tasks of the same or similar nature received a salary.

In its system, HT Group does not monitor the ratio of standard starting and minimum wages. Wages in HT are determined by the Collective Agreement, exclusively according to the position and salary grade, and a salary grade is defined for each position. The starting salary is the lower limit of each salary grade. The systematization of jobs and associated pay grades is published in the Rulebook on Organization and Systematization of Jobs. The Salaries Ordinance and the Collective Agreement are the main documents that define wage ratios. HT strives for equality in the ratio of wages and benefits for men and women, among whom the differences were almost imperceptible in the past three years.

Ratio of gross salaries of women and men

Employee category	2020	2021	2022	Comment
Non-managerial positions	0.95	0.95	0.97	On average, women have a 3% lower salary than men (gap reduced by 2pp YoY)
Managerial positions	0.98	1.01	1.01	On average, women have a 1% higher salary than men (= YoY)

The annual total compensation ratio for the highest-paid individual in HT Group in 2022 to the median annual total compensation for all employees (excluding the highest-paid individual) was 19.36. In 2022, the increase in the highest compensation of 6% compared to the previous year was recorded, while the increase in median compensation was 1.6%. In 2022, as a response to the consequences of inflation, an inflation allowance in the amount of 1,000 kunas was granted to all employees, which increased the median income by 12% per month.

Employment policy

HT's employment policy includes encouraging diversity and equal employment opportunities through various activities and initiatives. The employment policy promotes inclusiveness and flexibility and shows employees that there is no place for discriminatory behavior in the Group. HT's job tenders and advertisements are inclusive and clearly communicate that all potential candidates have equal opportunities according to their knowledge, skills, and attitudes. The tenders emphasize the possibilities of development, progress, financial benefits, as well as the SmartWork model of work, i.e. flexible forms of work, which proved to be especially important for candidates who live outside of larger cities. In some cases, such as areas where there is a need for more frequent recruitment and a larger number of people, there is the option of joining teams that work exclusively from home.

In addition to hiring candidates who contribute with their fresh knowledge and skills, programs are occasionally implemented that include candidates without any work experience, but with a clearly expressed desire and motivation for learning and development. One such program is Magenta LogIn for interns. Candidates without work experience are included, whose first job will be in the HT Group with an assigned experienced mentor. Young people with minimal work experience are regularly employed and mentoring programs are implemented for their training.

With a very wide spectrum of jobs according to complexity, HT offers opportunities for professionals of all levels of education. HT Group also cooperates with secondary vocational schools in the field of telecommunications and encourages young people to look for their first job after finishing high school in HT Group, where they can apply the acquired theoretical knowledge to all types of technology and further improve their skills.

Having conducted employment process and been included in work, new employees very quickly can participate in a whole series of development programs designed for different groups and to attend online training available in the internal system.

The total diversity of HT Group employees in Croatia in the last three years, by gender and age, is shown in the table below. Differences between age groups are more significant, but not surprising, because they reflect the usual shares of age groups in the labor market.

Employees by age and gender on 31 December

	2020		2021		2022	
	M	Ž	M	Ž	M	Ž
< 30 years of age	527	304	491	275	441	260
30–50 years of age	1,860	1,228	1,803	1,166	1,764	1,155
> 50 years of age	588	245	577	246	603	274

Measures to ensure diversity in the company

By supporting and encouraging diversity, employees are provided with fully equal opportunities for personal growth, development based solely on required competencies, compensation in accordance with a transparent assessment of work performance, equal opportunities for career changes and a whole range of material rights and financial benefits.

The right to parental leave is equally available to all employees, regardless of gender. The satisfaction of employees with their workplaces and the opportunities they gain from them is partially accompanied by an extremely high rate of return to the company after parental leave.

Parental leave in HT Group on 31 December

	2020		2021		2022	
	M	Ž	M	Ž	M	Ž
Total number of employees entitled to parental leave, by gender	118	111	115	110	130	116
Total number of employees that took parental leave, by gender	8	93	10	95	21	109
Total number of employees that returned to work after parental leave	8	85	10	90	21	106
* Return to work rate of employees who took parental leave	100%	91%	100%	95%	100%	97%
Total number of employees retained 12 months after returning to work following parental leave	6	80	8	85	18	101
** Retention rate of employees who took parental leave	75%	94%	80%	94%	86%	95%

* Return to work rate = Total number of employees that did return to work after parental leave / Total number of employees due to return to work after taking parental leave x 100

** Retention rate = Total number of employees retained 12 months after returning to work following a period of parental leave / Total number of employees returning from parental leave in the prior reporting period(s) x 100

Awards and recognitions

In 2022, HT Group was the most awarded employer and won seven employer brand awards, which are awarded for practices, projects, activities carried out by employers, which result in exceptional satisfaction, experience and engagement of employees and, consequently, a better customer experience. HT won the main Grand Prix Adria award and the Grand Prix for the Croatian market. Excellent results were also achieved in the categories of best employer brand activity focused on socially responsible projects, best employer brand event, best employer in the telecommunications sector and best student programs. Combis distinguished itself with numerous activities on cyber security and received the award for the best connection between the employer brand and the corporate brand.

HT and Crnogorski Telekom have successfully completed another round of certification for the Employer Partner Certificate awarded by the SELECTIO Group's HR experts for excellence in human resource management. Holders of the Employer Partner certificate are companies that have proven true excellence in people and culture management and have demonstrated strong support for the long-term growth of employees and the organization. As one of the best employers in Croatia, HT received additional confirmation of excellence with the award "Above and Beyond". The implementation of the activities ensures a high level of equality and inclusiveness, and in case there is a suspicion of any kind of unethical behavior, systems are available to employees through which they can report such suspicions or actions. "Tell me!" is a specialized portal that enables all employees to report inappropriate behavior or violations of the Code in a confidential and anonymous manner.

Besides the mentioned portal, complaints related to the protection of workers' dignity from harassment and sexual harassment, as well as complaints related to protection against discrimination, can be submitted to the person authorized to handle them.

In 2022, HT Group received two complaints regarding the protection of

employee dignity, which related to alleged mobbing at the workplace. In both cases, an internal investigation was conducted, and it was concluded that the reports were unfounded. Grievance investment mechanisms, diversity initiatives and programs are numerous and available to all employees.

Ensuring well-being, health, safety, and work-life balance of employees

HT Group attaches great importance to ensuring the health and safety of employees. Working conditions are continuously improved in the belief that good working conditions, satisfied and motivated employees contribute to quality and successful solutions to challenges in the very dynamic ICT industry.

The company's strategic goal is to preserve and protect the health and safety of employees and their workplaces, emphasizing that employee health is a basic prerequisite for productivity and economic development. This primarily refers to the reduction of the number of injuries at work, but also the level of danger, harm and effort, prevention of occupational diseases and ensuring quality protection at work in all parts of the organization.

Issues of all occupational health and safety activities are defined at the level of a member of the Management Board and the Chief Human Resources Director (CHRO). Employees of the Human Resources Services Management Department are appointed and responsible for the performance of professional work related to health and safety at work, and they monitor workplaces and the application of health protection measures at work daily. They are supported by other sectors or departments depending on the need and the nature of the work itself.

- All managers or leaders, who are legally responsible for the implementation of occupational health and safety measures, are appointed and trained as occupational safety authorities. Thus the implementation of occupational safety measures is ensured at

every workplace.

- All elected employees were appointed and trained for the role of worker commissioner for occupational safety. The commissioner of workers for occupational safety is obliged to protect the interests of workers in the field of occupational safety and to monitor the application of rules, measures, procedures, and activities of occupational safety.
- At the regional level (in Zagreb, Split, Rijeka, Osijek), four occupational safety committees and the Central Occupational Safety Committee were established, which serves as an advisory body for improving occupational safety. Committees meet at least once every six months and keep minutes of their work. Members of the Occupational Safety Committee are managers of organizational units that generate high or significant risks of injury to workers, occupational safety experts, occupational medicine specialists, and workers' commissioners for occupational safety or their coordinator.
- HT contracted occupational medicine services (jobs with special working conditions, computer work) in all regions in accordance with regulations on specific health care and health insurance. Employees are provided with health supervision appropriate to the dangers, harms and efforts that can potentially befall them during work.

The area of occupational health and safety is regulated by internal policies and systems.

- The documents used by HT to manage this area of work are Ordinance for Occupational Safety, Workplace Risk Assessment and Occupational Health and Safety Policy. In addition, there are training manuals for safe work and fire protection, as well as safe work instructions for all workplaces. During 2021, most of the documentation was revised, so in 2022 there was no need to create new or revise existing documentation.
- The management of the area of occupational health and safety is

aligned with the ISO 45001:2018 standard. The continuous implementation of internal audits ensures, maintains, and proves that HT manages this area responsibly and actively implements and improves the occupational health and safety system.

- Additional guidelines for the management of this area fall under Croatian legislation such as: the Occupational Safety Act and related regulations, the Fire Protection Act and related regulations, and the recommendations and instructions of the Croatian Institute of Public Health. HT also follows international guidelines such as European guidelines (Safety and health at work EU-OSHA), instructions and recommendations of the European Center for Disease Prevention and Control (ECDC), and guidelines and instructions of the World Health Organization (WHO).

Risk assessment

All risks that may occur in the work environment are observed in the Workplace Risk Assessment. In order to reduce health risks to an acceptable level while performing work in a safe manner, a whole set of preventive measures has been defined and work and production procedures are continuously implemented to prevent and reduce employee exposure to identified risks.

The workplace risk assessment was approved by the Central Board of Occupational Safety and was communicated to all employees. The signatories of the assessment are experts in the field of electrical power and mechanical engineering, occupational safety experts, employer representatives, managers and occupational safety authorities, and specialists in occupational and sports medicine. The risk assessment was made in cooperation with commissioners and representatives of occupational safety and health workers.

In the Workplace Risk Assessment process, actual and potential, negative, and positive impacts that can affect employees are recognized. and resulted in the following list of impacts:

Application of basic safety rules at work

Protection against mechanical hazards

Dangers of falls and protection

Protection against electric shock

Prevention of fire and explosion

Ensuring the necessary work surface and workspace

Ensuring the necessary routes for passage, transport and evacuation of employees and other persons

Ensuring an appropriate working environment: necessary lighting, prescribed temperature and air humidity, and air flow speed limitations

Protection against noise and vibration in the working environment

Protection from harmful atmospheric and climate impacts

Protection against physical, chemical, and biological harmful effects

Protection against electromagnetic fields and other radiation

Protection against excessive efforts

Analysis of workplaces with a computer

Ensuring the cleanliness of the premises and devices for personal hygiene

Application of special safety at work measures

Arrangement and implementation of safety at work

Training of employees to work in a safe manner and professional training

Prevention when performing tasks with special working conditions

Placement of safety signs and instructions for safe work

Procurement and use of personal protective equipment

Organization of first aid

Contracting occupational medicine services and performing health examinations of employees

Organization of working hours

Prevention and control of work-related or work-related stress

Impacts that are recognized as negative are monitored by implementing activities to mitigate or prevent them. Based on recognized negative impacts and significant risks and opportunities, plans are drawn up and measures are implemented to systematically monitor their implementation. Plans are made based on the general principles of prevention, which are:

General prevention principles

Risk avoidance

Risk assessment

Preventing risks at their source

Adapting the work of employees related to the design of the workplace, the choice of work equipment and the way of working and working procedures to alleviate monotonous work, work with an imposed rhythm, work by performance in a certain time (normed work) and other efforts with the aim of reducing their harmful effect on health

Adaptation to technical progress

Replacing dangerous with non-dangerous or less dangerous

Development of a consistent comprehensive prevention policy by connecting technology, work organization, working conditions, human relations and the impact of the work environment

Giving preference to collective protection measures over individual ones

Adequate training and notification of employees

Free prevention, or safety measures at work

Ensuring cleanliness of premises and devices for personal hygiene

If the risk is recognized as high or significant, a whole series of measures are implemented, such as education in the field of safety, health protection and disease prevention, and the organization of health campaigns. In addition, periodic checks such as tests, reviews, internal supervision, and audits are carried out to determine that the system of preventive measures is implemented, applicable and most importantly, effective. All employees (including agency employees and students) are covered by the health and safety management system.

HT ensured the possibility that the employees themselves, occupational safety commissioners and third parties react to the potential risk and point out possible irregularities and potential risks in the field of occupational safety with their proposals. With this approach and the established mechanisms of direct communication, (via e-mail or other digital tools such as the HPSM Service Management Desk and contact with experts in

occupational safety and fire protection, additional care is provided for the protection of health and safety at work.

There are many indicators that are considered when evaluating the functionality of the occupational health and safety system, including the state of occupational safety implementation. It is based on the results of internal supervision over the application of occupational safety rules and the findings of inspection bodies. In addition, the frequency and causes of workplace injuries, occupational diseases, work-related diseases and accidents at work and the severity of their consequences are monitored. Analysis of the implementation of decisions and conclusions from occupational safety committee sessions and indicators of employee satisfaction with aspects of occupational safety and health protection, which are measured by surveying worker satisfaction, are also considered.

The occupational health and safety management system is evaluated by the Management and the employees themselves by participating in surveys of employee satisfaction, involvement, and experience.

One of the more important projects implemented as part of health promotion, disease prevention and general employee safety in 2022 was the campaign for vaccination against COVID-19. The campaign was organized in cooperation with the Croatian Institute for Public Health (HZJZ) and the Training Institute for Public Health (NZJZ) of Split-Dalmatia County. Furthermore, the World Hypertension Day was marked by the organization of seminars in cooperation with the Red Cross in all regions. As part of that project, five automatic external defibrillators and blood pressure monitors were purchased for use in HT's largest facilities. Preparations were made for change management, in which employees were provided with education about what exactly happens in the change process and how to prepare for it. Many other projects that were implemented in 2022 is listed in the following table:

Health protection and safety projects

Organization of a seminar with prominent epidemiologists of the Croatian Institute of Public Health on the topic "Vaccination against COVID-19 and other measures to prevent the spread of the disease"
Vaccination / re-vaccination against COVID-19 for HT employees throughout Croatia.
Conducting flu vaccination for HT employees in all regions.
Health campaigns World Hypertension Day, World First Aid Day, World Occupational Health Day, and other campaigns
Ergonomic training (relieving and stretching exercises when working from work or from home) in collaboration with well-known trainers
Mental well-being webinars: Resilience, Change Management, Balance between business and private life

The rate of injuries in HT on 31 December

	Number of injuries			Lost working hours			Lost working days		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
	No.	No.	No.	No.	No.	No.	No.	No.	No.
Total injuries at work	25	18	16	2,584	5,736	3,816	323	717	477
In the work process	14	13	10	784	4,976	1,656	98	622	207
Out of work process	11	5	6	1,800	760	2,160	225	95	270

In 2023, it is planned to continue the activities of the integration of occupational safety and fire protection. In addition, it is planned to integrate the digitalization process of health and safety at work. As part of the "Healthy Living" project, which is carried out in cooperation with the Croatian Institute of Public Health, the implementation and certification of the organization for the "Friendly Health Company" system is planned, a module designed to encourage and introduce special labels for working environments aimed at adopting healthy lifestyle habits, promoting health in the workplace, and showing concern for the health of employees.

Creating an engaging and motivating workplace

Investing in the knowledge and well-being of employees ensures the constant improvement of collective knowledge and skills, contributes to the development of a stimulating working atmosphere aimed at top achievements and ensures the mental health of everyone in the organization. Employee education contributes to their personal progress and potential development, and at the same time to the achievement of the company's strategic goals.

An employee satisfaction survey is conducted twice a year, covering all areas of activity in the organization. The survey consists of 32 questions, is conducted online, and participation is anonymous so that participants feel safe and answer the questions in the most honest way possible. In the last survey conducted in May 2023, 85% of employees from all parts of the company participated. According to the results, the overall satisfaction of employees was a high 84%, and an increase in results was recorded in almost all examined areas.

Transparent performance management systems, work with a purpose, rewarding and promotion according to clear criteria and development opportunities are the basic prerequisites for engagement. Employees have equal opportunities and a transparent process of advancement through a career path that results in rewards, development programs to sharpen their talents and the possibility of changing careers.

It is important to emphasize that HT employees also participate in bringing business decisions using the OKR (Objectives and Key Results) method of setting goals and thus have a clear purpose for their work. This method was implemented in business so that common company OKRs were "downgraded" to lower levels of departments and divisions. After that, each team creates its own OKRs that are in line with a certain relevant business segment. The creation of team OKRs is a structured pro-

cess in which employees at workshops discuss the goals that need to be achieved at the level of their department and agree on ways and concrete tasks, the realization of which will lead to the achievement of the goal. Positive and negative impacts can be distinguished in this business segment as well. Among the positive impacts, the most important are inclusion and equal opportunities for employment, opportunities to change careers within the company and development, and opportunities to co-create your own workplace. In addition, there is a whole range of positive influences on the organization such as safety from any form of discrimination, promotion and rewards according to clear performance-oriented criteria, inspiring and affirming work environment, clear expectations from each individual (through detailed descriptions of the Guiding Principles and clear tasks via OKR), work with a purpose and a sense of belonging.

Among the recognized negative impacts in this business segment are the more frequent adjustments of OKRs, which are affected by unpredictable circumstances and changes in the market, which requires the adjustment of tasks. Also, the efficiency of certain processes will be further improved by the digitalization of business operations through the automation of some processes. Activities are continuously implemented to prevent or reduce negative impacts. They are regular, i.e. quarterly OKR workshops where goals are updated, training and development programs that encourage behavior according to the Guiding Principles, process automation, mandatory training in the area of compliance with legal regulations, IT application "Tell me" for reporting any non-conformities or risks and internal process auditing. Negative impacts are minimized with clear tools and processes.

In addition to the assessment of work performance, a whole series of different development and education programs are implemented, which aim to improve competencies as a tool for better work performance. The development programs that included a larger number of employees during 2022 are:

- Boosting High Potential and Different View Think Weeks, which are part of the career path for employees who have been evaluated for high performance
- Leadership Academy for newly appointed managers
- Career Shifter program for retraining as a software developer, talent program aimed at developing leadership skills: Board challenger and 30under30
- New Skilling for the development of future skills; educational programs for Velebit field technicians and engineers in Back2Core technology
- Sales academy, a set of internal and external trainings to improve sales skills and skills of cooperation with customers

Besides the listed educational programs, employees have a constantly available (0–24) platform for online learning and the possibility of rotating through temporary work in other companies within the DT Group. More than 50,000 courses, knowledge tests, practical exercises and books are available to employees on the online platform. In this way, employees are provided with modern tools for self-initiated learning and continuous improvement, adapted to the specific needs of individual groups of employees. It is worth noting that in the last four years, the number of completed online educations has increased by 80% per year on average.

Policies, rules, and procedures govern work performance, career path and professional development. The implementation of the rules and operational instructions ensures the transparency of the process and sets completely clear expectations from everyone regarding the work they perform (contribution to team OKRs) and in terms of values promoted by a clearly defined set of behaviors (Guiding Principles). The rulebook on the performance and career management of workers serves as an umbrella document, and with it there are several operational instructions and guidelines that further structure and improve human resource management processes: Career path in the non-frontline part of the organization, Guidelines for Successful Training and Personal Development, Talent HUB, Successi-

on Management, "I know what I want".

In the field of professional development, the positive and negative impacts are recognized, that HT manages. Positive impacts are internal and external. The recognized internal impact is the continuous successful development of skills and abilities, which increases the engagement of employees and enables them to develop within the organization. An increasing number of employees are advancing in the company because their work exceeds the company's expectations. The general satisfaction of employees with the quality of development programs, but also a stable number of career changes within the company itself, which is made possible for employees through internal competitions and facilitated through the "I know what I want" platform, resulted in a high level of employee satisfaction and engagement. From external positive impacts, HT was recognized on the market as a very desirable employer among candidates and receives a satisfactory number of applications for advertised positions. Independent research that measures employer perception ranks HT highly among companies.

In 2022, a series of activities was carried out with the intention of reducing employee turnover. The presence of target groups on the labor market, participation in career fairs, professional conferences has increased, and cooperation with faculties has been continued and initiated. In addition to traditional cooperation in joint projects and guest lectures, summer and autumn student internships were organized in 2022. Also, HT continued to implement the "ICT Academy", in which it offers 15 hours of interactive workshops and lectures on the topic of the ICT industry, to which 1,100 students applied in 2022. Students were offered more than 20 positions with mentoring in the summer "Magenta Jump In" internships. In this way, HT actively influences the attraction and retention of employees. Greater visibility increases the probability that vacant positions will be hired and filled within a satisfactory period, thus reducing the negative effects of turnover. Employee turnover, i.e. their arrivals and departures in the last three years, are presented in the tables.

Employee turnover of HT Group employees in Croatia

Employed	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	83	55	99	59	131	87
30–50 years of age	147	89	155	68	142	98
> 50 years of age	17	0	11	2	15	4

Left	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	46	17	58	46	80	33
30–50 years of age	170	113	258	155	180	105
> 50 years of age	108	56	108	63	65	20

For employees whose employment will be terminated, a personal budget is provided that they can use for self-training and those activities that will enable them to integrate and compete in the labor market more successfully.

Hours of education per employee in HT in the last three years

	Number of hours	2020		2021		2022	
		M	F	M	F	M	F
Management	Average	29	30	30	31	30	32
	Total	2,200	1,800	2,100	1,900	2,350	2,300
Employees	Average	32	35	31	36	32	37
	Total	64,000	62,000	64,500	62,500	64,800	63,100

HT continuously monitors the needs of its employees, and in 2022 material rights were increased. Material rights support equal opportunities for parents, family members, children of workers, persons with disabilities and individuals for special occasions as well as in specific and difficult life circumstances.

Highlights:

- One-time support for the birth and adoption of a child in the amount of 10,000 kunas / 1,300 euros per child
- Payment of support to the employee during parental leave in the amount of 1,205.52 kunas / 160 euros per month, for a maximum of 6 months
- One-time grants to single parents for the education of children from preschool age to the end of high school in the amounts of 753.54 kunas, 1,130.18 kunas and 1,507 kunas / 100, 150 and 200 euros
- Monthly support for the education of children of deceased employees from pre-school age to high school graduation in the amounts of 753.54, 1,130.18 and 1,507 kunas / 100, 150 and 200 euros
- Occasional gifts for employees' children up to 15 years of age in the amount of 600 kunas / 79.63 euros
- A one-time gross sum of 3,000 kunas/ 398.17 euros per child up to 15 years of age is paid as a special gift to single parents as well as children of workers from families with four or more children.
- Two additional days of annual leave for the employee/parent of a child with developmental disabilities
- One day of additional annual leave for each child up to 15 years of age
- Two additional days of annual leave for an employee/single parent for each child up to 15 years of age

In addition to material rights that have been increased for all employees, special emphasis is placed on the rights and conditions of persons with disabilities. HT has ensured that facilities, systems and working methods are designed with accessibility in mind, so that all employees can fully exercise all their rights, participate in all work processes, and work environment, and make business progress.

HT is proud of its achievements but is constantly looking for opportunities for improvement. Considering that many individuals with rich life

experience and inspiring stories work in the organization, the "World of the same opportunities" platform was launched, where the personal life stories of colleagues who inspire with their positivity and perseverance are shared. The platform includes stories about individuals who, with digital technologies, managed to overcome their problems, raise awareness, and inspire the community, and who in their own way change the world and show what is possible.

HT considers personal and corporate responsibility, mutual respect and appreciation based on an inclusive culture in which no one is left out, and everyone, individuals, and companies, has the opportunity to succeed and grow as key factors in building a world of equal opportunities, and therefore a world of better opportunities – personally and professionally. As part of the promotion of inclusiveness, a brochure on how to communicate and deal with people with disabilities was created for employees who are in daily contact with customers.

Outside the company, HT supports the work of people with disabilities in various ways - by concluding business cooperation agreements with protective and integrative workshops, providing student internship, and constantly considering new opportunities and inclusion. In cooperation with state institutions, employees are encouraged to regulate their status and to use all the opportunities that HT offers them as an employer. A special place within the company certainly deserves our "Friend Foundation", which was founded with the aim of providing additional material assistance to HT Group employees and their relatives or family members when they need it most. Thus, in 2022, aid in the amount of 313,535.81 kunas was paid from this Foundation.

All decisions that can affect the business, i.e. employees' jobs, are included in the regulations. All Regulations regulating these issues are published in the official gazette and on the intranet eight days before they come into force. Intranet is the main channel of communication that includes all the most important information, links to regulations, links to

systems, directory, and others. In addition, employees are regularly informed by e-mail about important issues.

The achievement of goals in the professional development management segment is monitored and measured using the following methods:

Objectives of professional development management

Rank in the "Employer of the First Choice" survey

Percentage of career promotions

Appointment of Principal and Key Experts

Linear salary increase for all employees

Percentage of employees who changed careers

Number of employees in development programs

Talent identification and implementation of talent development programs

Evaluation of satisfaction with educational programs

In order to increase its attractiveness as an employer and attract the desired group of highly qualified workers, i.e. retain the existing one, HT offers its employees various benefits. They are valid for full-time and part-time employees, as well as in all locations in the same way. The introduced privileges are continuously improved from year to year. Thus, for example, free medical examinations are provided for all HT employees. A 40% discount is provided for all additional tests for employees and members of their immediate family. All employees have 24-hour accident, disability, and death insurance. From 2023, HT plans to offer share ownership to all employees, not just management and key employees, as was the case until now.

HT employees have the option of flexible working hours, which means that the employee can come to work between 7 and 10 in the morning and, accordingly, leave work between 3 and 6 in the afternoon. Flexible working hours, which employees decide on themselves, directly contribute to the balance of their work and private lives. Of course, at the same

time, everyone is responsible for considering that they are obliged to work 40 hours in the working week.

The balance between the work and private life of the employee is additionally made possible by a paid working day in various cases. For example, during the marriage of an employee or their child, birth of a child, death in the family (parent, spouse, child, brother, sister, member of the immediate family and parent of the spouse), moving, for the removal of damage caused to the employee in the event of a declaration of natural disaster, severe illness of a member of the immediate family, for the parent of a child with severe developmental disabilities, attending organized medical examinations, for a child attending the first day of the first grade of primary school (for one parent), for participation in cultural, sports and other events, volunteering in socially responsible activities (Croatian Mountain Rescue Service, Red Cross, etc.) or in other particularly important, unpredictable and unplanned cases. Various benefits are paid to employees in situations such as death, birth of a child, long-term sick leave, natural disaster, education assistance and other circumstances.

Pregnant women are given a day off once a month so that they can have prenatal check-ups. In agreement with the company, the pregnant woman has the right to use her free hours in such a way that she schedules and uses all the corresponding hours of the working day multiple times, during several working days during the month. Fathers are entitled to leave from birth to the sixth month of the child's life, which depends on the number of children born. Adoptive employees have the right to a paid leave of six months from the day of adoption, as well as adoptive parents for each adopted child.

Employees also have benefits in the form of a closed voluntary pension fund of HT. Workers can join it, and HT then pays 100 kunas to their account on an annual basis. There is also the possibility of paying into the third pension column from the gross salary or from the bonus for all employees and managers.

For the year 2022, in agreement with the social partners, an allowance in the fixed amount of 500 kunas and a fee for a hot meal was introduced. Quality work is recognized and rewarded accordingly. HT provides various forms of monetary and non-monetary benefits, described in the table.

Monetary benefits	Non-monetary benefits
Easter / Christmas bonus	The third pension pillar
A gift for a child	Accident insurance beyond the legal minimum
Holiday bonus	Medical checkups higher than legal provisions
One-time assistance for the birth or adoption of a child	Mobile phone for private purposes
Financial assistance (in case of death, serious illness of an employee or a close family member, assistance for the education of children of single parents and children of deceased workers)	Paid leave (for example for additional education)
Transportation fee	More favorable bank loans (own loans or HT loan)
Reward programs outside the bonus scheme and variable salary (ad-hoc bonuses)	Subsidized sports activities (HT Olympics)
Subsidizing parental leave	Multisport card
Severance payments above the legal minimum	Company products
More favorable conditions for banking operations	Discounts for employees
Fee for a hot meal	
Fixed fee in the amount of 500.00 kunas / 66.36 euros	

Agency workers are entitled to additional benefits by working for HT Group. One example is the bonus for HT employees, which frontline workers also receive. Benefits for employees are defined individually by each HT Group company, so they may differ between HT Group members.



08 DIGITAL SOCIETY

Material topics:

- Digital human rights and non-discrimination
- Digital inclusion and literacy
- Collaboration with local communities

Contribution to UN Sustainability Development Goals:



Nowadays, with the help of the internet, people are enabled completely new means to develop their business and private lives. There are opportunities for work, education, culture, connection, regardless of our location, gender, age, or income. Today, access to the internet is considered a universal right that significantly affects the quality of life and opportunities for social development. To make this right available to everyone, as part of its social responsibility, HT Group ensures the conditions of access to technology by developing the network and digital products and services. Digitalization creates numerous opportunities, for example in economic and social development, contributing to climate protection and resource conservation through various permanent and energy-efficient innovations. In digitalization processes, HT is focused on people and values. The strategic direction Digital Inclusion reflects HT Group's determination that, through its business engagement, provides the benefits of digitalization to everyone. With its activities, it helps shape the digitalization process and at the same time prevent negative impacts that would result if there were no digitalization.

Digital inclusion and literacy

Digital inclusion is an important aspect of HT Group's social activities. Our mission is to ensure that all people have equal opportunities and

are included in the digital society so that no one is left behind in the digital world. With its engagement, HT wants to provide everyone with the opportunity to realize their potential and reduce the digital gap and inequality between various groups. HT is focused on the technical aspects of broadband access, accessible devices, and services, regardless of the financial status of individuals and the customer's ability to competently use digital media. At the same time, several measures and projects are being implemented, which aim to contribute to building the media and democratic competence of customers, especially children, young and elderly persons. HT has set various goals to promote digital inclusion. Special focus is placed on children and young people, with the aim of helping them achieve modern education, acquisition of digital skills and access to equipment to enable a society without a digital divide in the future. Also, it is important for HT to take care of the elderly because they are the group that is potentially most exposed to exclusivity and the negative consequences of technological development. Therefore, in accordance with the Sustainable Development Goals Program of the United Nations until 2030 and special care for the elderly, HT strives to open a window to the digital present, show them that they should not be afraid of technology, and introduce them to the skills of using digital tools.

There are three key aspects that ensure equal access to digitalization for all members of society: access to a high-speed network, affordable prices for services and devices, and the ability and motivation to competently use digital technologies.

The management of this business segment is carried out based on internal documents and guidelines that define the selection and implementation of the programs. No new policies were adopted in 2022, but the existing ones are regularly revised to ensure efficiently.

HT monitors the needs of society as well as the communities in which HT operates, and for their prosperity, programs and activities are designed in accordance with specific needs. Negative impacts are prevented or

reduced to the greatest extent by continuous monitoring of results and efficiency in the form of an increase in the number of people and organizations that benefit from HT Group's socially responsible engagement. In 2022, HT received several different awards for social contribution and engagement, among which the most commendable was the Croatian Sustainability Index in the category of community relations. On the other hand, social trends in this aspect are monitored and responded to by acting faster and expanding the scope to enable the accessibility of the digital world to as many stakeholders as possible. HT works closely with representatives of civil society with the aim of timely recognition of society's needs and ensuring adequate activities. The projects implemented by HT to speed up the integration of stakeholders into the digital society and thereby improve their quality of life are listed below.

Generation NOW

We believe that the promotion of knowledge is one of the key social contributions of our company. HT is particularly motivated to support STEM education for young people, in which it has invested more than four million kunas in the Generation NOW program. The program was launched in 2004, in cooperation with the Institute for Youth Development and Innovativity (IRIM), and more than 2,700 children and young people participated in it. More than 450 mentors from 360 educational institutions were educated in this program. In 2022, 169 institutions throughout Croatia participated in the program, of which as many as 60 were new participants. The goal of HT in the field of technology is to connect existing and new knowledge with creative IT projects, encouraging innovation and supporting students to develop their own projects.

Generations Together

In 2022, HT continued its involvement in the Generations Together program, intended for digital education, in cooperation with the Volunteer Center Zagreb. It was additionally expanded to 12 new retirement homes, so that at the end of 2022, HT helped its fellow citizens in 54 homes for the elderly and infirm to stay in touch with their loved ones and be part

of the digital world. As part of this program, the participating retirement homes were donated tablet devices and provided with free internet. The new homes included in the project in 2022 are: Home for the elderly Korčula, Home for the elderly and disabled Konavle, Home for the elderly and disabled Novigrad, Home for the elderly and disabled Velika, Home for the elderly Volosko Opatija, Home for the elderly Marko A. Stuparić Veli Lošinj, Home for the elderly and disabled Petrinja, Home for the elderly and disabled Makarska, Home for the elderly and disabled Knin, Home for the elderly Tisno, Home for the elderly Oklaj and Home for the elderly and infirm persons Vinkovci.

Cooperation with volunteers outside the HT Group system was made possible with the help of the "Volonteka" platform of the Volunteer Center Zagreb. A two-day workshop was held at the Maksimir Elderly Home, where users gained additional knowledge about various applications, data updates, and the like. This national program of digital education of elderly people in retirement homes is recognized at the international level, and in "The SABRE Awards 2022", it was included among the three best social responsibility projects in the entire EMEA region.

Digital Innovation Incubator

HT is the leading partner of the Digital Innovation Incubator, an online project where students learn about creativity and innovation, while at the same time connect with leading companies in the region and develop applicable innovative solutions in selected industries. In 2022, more than 2,500 registered primary and secondary school students and students from all over Croatia participated in the Digital Incubator organized by the Institute for Innovation. The goal of the project is to build a community of exceptional individuals who want to develop their own potential and be recognized as talents, leaders and experts for the future. Through a structured process and program, the project develops key knowledge, skills, and competencies vital for the development of innovation projects that create value.

Program How are you?

At the end of 2022, HT conducted a national survey on communication habits and the importance of communication for mental health as part of the How are you? platform, dedicated to the issue of mental health. A panel discussion was also organized with renowned experts Prof. Dr Sc Nataša Jokić-Begić from the Faculty of Humanities and Social Sciences, University of Zagreb, Tanja Sever from the Sever Psychological Center and Prof. Ph.D. Neven Ricijaš from the Faculty of Education and Rehabilitation of the University of Zagreb, who spoke about the importance of honest and open communication. They also discussed providing support to loved ones as one of the key prerequisites for mental health, how to deal with problems, stress, and loneliness, and what we can do for ourselves and others to feel better.

In cooperation with the association How are you?, a non-profit organization whose goal is to empower people to face various everyday difficulties, a series of 15 informative and educational videos was created that draw attention to often neglected topics of mental health.

#WhatWeValue

The free digital platform #WhatWeValue provides financial support to young volunteers and connects them with experienced leaders of humanitarian and socially responsible actions, to facilitate the achievement of their goals. Access to the platform is free and open to volunteer project managers between the ages of 18 and 30. Diverse categories include gender, race and social equality, disability rights advocacy, climate change, urban regeneration, mental health, migration, animal rights and others.

SIM cards

As a contribution to the curricular reform, HT donates SIM cards for customers, that is, students and teachers who are part of the "School for Life" project. SIM cards include 2.5 GB of internet traffic every month

without a monthly fee, they provide access to school content without charging for traffic, and they do not need to be topped up to remain active. SIM cards are available for use throughout the school year, and the quantities are replenished throughout the year according to the schools' needs.

Knowledge society

In 2022, HT continued the collaboration with higher education institutions and the student population. Students are provided with student internship under the guidance of experienced HT experts in the role of mentors. During 2022, HT, in cooperation with the faculties, organized guest lectures and joint projects as well as summer and autumn student internships and continued to organize the "ICT Academy". More than 20 different positions were offered to students through summer "Magenta Jump" internships, as well as mentoring by HT experts. At the ICT Academy, students can learn directly from our experts who are part of some of the leading projects of the ICT industry through 15 hours of interactive workshops and lectures. More than 1,100 students applied to participate in this project.

Collaboration with local communities

By digitalizing communities, developing optical infrastructure, applying modern technology, and investing in the development of the environment in various social projects and activities, HT facilitates the transformation towards a sustainable future for local communities. It cooperates with communities and wants to be a reliable technological partner for cities and municipalities. By investing in the economy and the environment, it contributes to the quality of life of customers. Through active participation and engagement, HT can contribute and educate society so that citizens can use the advantages that modern technology offers us in a reliable and safe way. HT encourages integration into the society of information and knowledge, with the mission of contributing to a better and

more sustainable future in which the infrastructure it develops enables others to do business and live more sustainably, in a future in which resources are managed more efficiently, in which we live in smart cities and have numerous smart solutions.

HT is active in local communities and always ready to cooperate. HT representatives participate in meetings with local authorities and other relevant institutions, respond to community events and meetings with citizen representatives. He also organizes public events in HT, thus creating the opportunity to get to know its stakeholders. It regularly participates in consultations with associations that monitor the impact of companies on society, and public opinion surveys are followed.

WiFi4EU

As part of the WiFi4EU program, the European Union co-financed the project of public Wi-Fi networks. Cities and municipalities that meet the set conditions receive vouchers in the amount of 15,000 euros to provide free internet in public locations. This program promotes the introduction of free Wi-Fi for citizens and visitors in public spaces across the European Union, such as parks, squares, public buildings, libraries, health facilities and museums. Local self-government units are enabled to acquire state-of-the-art equipment for free wireless internet in public places. So far, in the WiFi4EU program, HT has introduced Wi-Fi in more than 50 cities and municipalities.

Volunteer Club

HT Group Volunteer Club currently gathers 296 members. In 2022, several volunteer actions of various engagements were organized. For example, we started arranging a hospital stay for the association Krijesnica, participated in the reforestation campaign and two humanitarian campaigns, among which, the collection of Christmas packages for the Association Mali zmaj in Zagreb, and the collection of supplies for the Maestral Children's Home in Split. HT volunteers also took part in the Good Deeds Day action, which was held throughout Croatia, and included activities

related to the preservation and cleaning of nature Resolution Earth. In cooperation with the Red Cross throughout Croatia, HT organized several voluntary blood donor campaigns.

Aid to persons affected by the war in Ukraine

In addition to free calls and SMS messages to all networks in and from Ukraine and roaming from Ukraine to other countries, HT additionally donated more than 2,500 SIM cards, chargers and other equipment for Ukrainian refugees to the Red Cross, as the central point of contact for all refugees displaced persons. HT installed WiFi hotspots and MAXtv in Red Cross centers throughout Croatia. HT also offered the possibility of prompt employment in Croatia to those displaced due to the war.

Together with colleagues from DT Group, four batches of products were collected for the central center for refugees in Poland.

Humanitarian phone

The long-standing tradition of HT is the allocation of 060 numbers for use in the implementation of humanitarian actions. The phone numbers that the actions use include the number series from 060 9000 to 060 9009. Among other things, support was provided for the implementation of the actions "RTL helps children", which helps exclusively project organizations operating in the territory of the Republic of Croatia for the welfare of children and the "Ana Rukavina Foundation" with the aim of expanding the Croatian register of bone marrow and stem cell donors and establishing a cord blood bank for public needs. HT also supported the work of the Brave Phone (Hrabri telefon) association, a non-governmental, non-profit organization with the aim of providing direct help and support to abused and neglected children and their families, as well as prevention of abuse and neglect and unacceptable behavior of children and youth.

Responsible gaming

Ultimate Gamer, HT's YouTube show, during its seven-week run, in addition to entertainment, paid special attention to education about responsi-

ble gaming. An integral part of the show was raising awareness of existing prejudices in gaming and the main risks that young people are increasingly facing. HT, in cooperation with the market research agency SmartUp, conducted research on the gaming habits of young people. It showed that, despite the existence of a high level of awareness of dangers, 50% of young people still engage in some risky behaviors. An extremely high percentage of young people (81%) is aware of the addictive effect that games can have. Despite this, as many as 60%, aged 12 to 15, still play games for several hours a day, risking neglecting their responsibilities. As much as half of young people have accepted an invitation from an unknown person on their friend list within games, and the same number have suffered some form of insults and aggressive behavior while playing. Through a series of educations, Ultimate Gamer tried to change these negative and stereotypical attitudes, with special attention devoted to breaking prejudices against girls in gaming.

HT, in cooperation with Crnogorski Telekom and Makedonski Telekom, launched the first regional Telekom eSport Championship. This competition was not only intended for entertainment, but also for education, promotion of equality, fight against hate speech, and self-care, topics such as "girls in gaming" and "eSports as a profession". The Telekom eSport Championship included various activities that encouraged the development of new skills.

Combis

Combis organized the online panel Discuss IT "Innovations for a better society" focusing on tourism and the needs that the tourist sector may have from the IT sector. This stimulated the great interest by the community, which further expanded the dialogue regarding the relationship between the IT sector and economy sectors in Croatia.

In November 2022 "Combis humanitarians" project was launched. The goal of the project was to educate children about the dangers of the internet. Combis' humanitarian workers sold picture books from the Fairy

Tales in the Digital World collection, which was created in cooperation between Combis and the Center for Missing and Abused Children. Three different picture books were available in this campaign: "The Three Little Pigs", "The Ugly Duckling" and "Pinocchio". The proceeds from the sold picture books went to the Center for Missing and Abused Children. The campaign won the Best Employer Brand Adria award for the best integration of employer brand and corporate brand.

Crnogorski Telekom

In order to encourage young people to engage in STEM fields and develop innovations and digital solutions in various fields, Crnogorski Telekom provided support for activities in the fields of education. They supported the organization of Kangourou sans Frontières, one of the world's largest mathematical competitions for children. In addition, they helped organize a competition for young developers. As part of the partner Cortex Academy, which is the largest online and hybrid platform for education in Montenegro, young people spent several months developing web and mobile applications, with mentoring support.

In 2022, they continued to implement the Free Internet in Schools project. This way, almost all Montenegrin schools get free internet, which is necessary for their daily needs. They also provided free mobile internet to schools in rural and suburban areas of the country to ensure equal access to technology for all. This project has lasted over a decade and a half and over half a million-euro worth of cooperation was realized with the Montenegrin Ministry of Education.

Crnogorski Telekom carried out blood donor campaigns in cooperation with the Montenegrin Institute for Blood Transfusion. Crnogorski Telekom traditionally participated in the humanitarian Christmas diplomatic bazaar. They also supported the humanitarian initiative by which hundreds of children from all over Montenegro delivered humanitarian packages with food and school supplies.





09 TOWARDS A GREENER FUTURE

Material topics:

- Energy efficiency
- Waste management and circular economy
- Climate change and greenhouse gas emissions

Contributions to the Sustainable Development Goals



Plans, activities and goals of climate and environment preservation for every organization are becoming obligations inseparable from everyday business – moreover, they change the business paradigm, encouraging business development that will not only reduce adverse impacts on the climate and the environment, but will also contribute to the positive ones to ensure survival of the coming generations.

HT Group is aware of the importance that digitalization and technological development have for mitigation of climate change. As our own environmental impacts are being recognized, new opportunities for reduction of the carbon footprint across the entire value chain are being researched – especially ones that come from its business aspect – by offering innovative ICT services and solutions for low-carbon future.

Following the DT's climate and environmental strategy, HT Group also accepts its obligations and is continuously working on fulfilling its targets while simultaneously following the firm principles of commitment to climate-neutral business practices and ensuring products and services compatible to the principles of circularity. In that sense, particularly important areas of climate and environment protection are energy sufficiency, greenhouse gas emissions, waste management and circular economy. Energy and resource efficiency is a prerequisite to successfully combat-

ing climate change. Therefore, HT Group systematically invests in energy saving methods and programs, and launches various initiatives aimed at reducing the carbon footprint. Climate goals are given great importance and are for that reason included in the company's reward system, alongside other key business goals. The strategy relies on the umbrella goal of achieving climate neutrality by 2040, with additional goals set to continuously increase the circularity of technology and devices.

Managing environmental footprint

HT Group aims to develop business models that will ensure both the company and the society it operates in, long term sustainability and prosperity, aware that an important part of this effort is comprehensive management of environmental impacts, while accounting for all the risks and opportunities that could originate from them.

HT has been actively managing its environmental impacts for more than twenty years and it certifies its management according to the globally recognized standards of good practice. It shapes its business according to the requirements of the Integrated Environmental, Health and Safety system in line with ISO 14001 and ISO 45001. HT earned its first environmental management certificate back in the year 2002 and was one of the first companies in Croatia that has aligned its business practices with this certificate.

As a significant participant of the Croatian market, HT believes it is important to participate and contribute to the public dialogue aimed towards the topics of sustainable development of the economy, in any way it can. That is why it participates in and conducts regular dialogues with different stakeholder groups, to understand their expectations and so that it can contribute to common progress.

With its Environmental, Occupational Health and Safety Policy, HT is committed to protecting its employees and the environment, and in

this regard aims to observe all the risks, while trying to find solutions for improvement, educate about sustainable development practices, and inform the public about its environmental protection efforts. Energy efficiency holds a special place in these efforts, and the management approach of this segment is regulated by the Energy Policy that HT has in place since 2007.

Electromagnetic fields from the base stations of mobile networks constitute one of the significant aspects of the environment, as such the procedure for the verification, monitoring and measuring of this system are described through the operational procedure Monitoring EMF levels, within the scope of the certified environmental management system. Management of this segment is defined in Policy on Electromagnetic Fields.

Inquiries and complaints regarding the environment and questions about the impact of electromagnetic fields from the base stations of mobile networks that stakeholders might have can be asked using the usual means of business communication, as well as directly using e-mail at the address: zastita.okolisa@t.ht.hr.

In all these areas, ambitious targets have been set that follow the expectations of the stakeholders, and the best examples of business practices from the whole world.

EcoVadis certificate – independent confirmation of sustainable practices

In 2022, HT received confirmation of its environmental management system, as well as other sustainability practices, by being awarded the bronze EcoVadis Certificate. This certificate represents the recognition of the initiatives for socially responsible business conduct in the areas of ethics and compliance, integrity and culture, responsible business conduct, corporate responsibility, governance, and leadership. For HT, the EcoVadis certificate is a significant step that provides stakeholders with

an official confirmation that all aspects of the company's conduct are independently verified and certified, as well as proof of HT's complete dedication towards satisfying the highest sustainability standards.

Energy efficiency

Since 2022, the company's corporate goals include those related to reducing consumption of electricity, energy sources for heating and fuel. Goals have been established within the company, and regular monitoring of the results of the measures introduced in relation to the set goals has been implemented.

Measures set to reduce the consumption of electric energy have been established in all technologies and business segments. They range from retirement of the old technologies and migration to newer ones in fixed and data center segments, replacement of rectifiers and optimization of the air conditioners, migration of customers to optical infrastructure, the use of energy saving functionality in mobile segment standards and aggressive settings, to usage of new rectifiers and new batteries that can withstand higher temperatures.

In the field of managing the consumption of the heating energy sources, HT has invested in the latest heating management systems, and has introduced remote measuring, wherever possible, by setting the maximum temperature in offices to 21°C during the winter period. Also, measures for extinguishing unnecessary lighting in T-Centers, and energy saving measures within the networks have been introduced. In its mobile networks, HT also uses renewable sources for charging the base stations, and regularly renews and modernizes its vehicle fleet, which allows for enhancement of the quality and efficiency, while reducing the negative impacts on the environment.

During 2022, the implementation of the advanced functionality for more energy efficient performance of the equipment, which is used in all parts

of the HT mobile network – from radio access to data centers – was continued. In radio approach, these functionalities are based on the advanced management of the power output of the amplifiers, which allows for significant saving in electricity consumption. Furthermore, the concept of sharing IT structures as needed was implemented in the cloud, which additionally reduces the consumption of electrical energy, as well as the CO₂ emissions without compromising the level of safety. Through migration of hardware-based functions onto the virtualized ones, savings are being achieved in the form of space and energy needed for cooling down the equipment, which has an overall positive effect regarding carbon footprint reduction.

Data centers are equipped with advanced power, cooling, and fire protection systems to ensure the continuity of operations and availability of the data, even in the instances of unexpected power interruptions or system failures. HT's power supply system for the data centers is based on a series of generators and UPSs (uninterruptible power sources) which ensure continuous power supply to data centers in the event of interruption of the main power source.

In the end of 2022, HT received a TIER III certificate, meaning that Data Centre in the Selska Street underwent and passed a demanding and strict assessment of the facility performance, capacity, and all other engineering requirements, including the mechanical and electrical systems, and met all the set requirements in accordance with all the current technological standards.

HT is carrying out a strategy of consolidation and modernization of its data centers to achieve the best possible energy efficiency. The goal is to optimize the capacities and business processes into two productions, two EDGE and two B2B data centers with highly reliable infrastructures. As part of the strategy of consolidation and modernization of the data centers, HT will continuously work on processes and infrastructure optimization, which will result in reduced costs and increased efficiency.

Leading the transition towards the renewable energy source markets

In this reporting period, HT continued to use CO₂-neutral electrical energy for 100% of its consumption needs. However, a step forward was made towards ensuring a stable supply of energy from renewable sources. HT concluded the first corporate agreement on main conditions for virtual Contract on the supply of energy from the renewable sources, which is the first corporate vPPA agreement of this kind in Croatia. In accordance with the agreement, Liburana company, owned by Professio Energia, will build a wind farm, Mazin Gračac, which will produce electrical energy from renewable sources in the amount of 50 GWh annually. The wind farm is planned to start operating in the last quarter of 2024.

This agreement presents a big structural energy transition for HT. This is a major step in meeting significant part of HT's annual need for electricity from renewable resources, which will directly contribute to achieving ambitious sustainability targets. PPA agreement also symbolizes the commitment HT has for the sustainable development, the EU's goal considering increasing the share of renewable energy sources in final energy consumption up to 45%, and in this way contributes to creating preconditions for opening new job positions, greater stability, and economic growth in Croatia.

Energy efficiency measures have led to a reduction in energy consumption in most HT's operations.

Energy consumption in the last three years

Direct energy consumption according to the primary energy source in GJ	2020	2021	2022
Total direct energy consumption (from non-renewable sources)	92,604	101,100	99,233
natural gas	25,591	31,715	24,176

fuel for the car fleet / gasoline fuel, diesel, LPG	55,192	54,408	62,770
other fuels	11,821	14,977	12,287
Total indirect energy consumption (from non-renewable energy sources) in GJ	101,508	9,872	8,572
purchased electrical energy	92,398	0	0
heating energy from heating plants	9,110	9,872	8,572
Total indirect energy consumption (from renewable energy sources) in GJ (electricity purchased)	379,829	463,496	422,492

Total direct energy consumption from non-renewable sources during 2022, was reduced by 1.85% in comparison to 2021. Consumption of energy sources for heating is significantly reduced, considering one of the buildings was sold and due to the investments in new heating technologies, but also milder winters. Total indirect energy consumption from non-renewable sources has been reduced by 13%, and the one from renewable sources was reduced by almost 9% in comparison to 2021, because of measures for reduction of electricity consumption implemented throughout the whole company and all its segments. The only segment that has noted an increase of energy consumption was the fuel consumption for motor vehicles of HT's vehicle fleet, due to the complete cessation of travel restrictions due to earlier COVID-19 measures.

Step towards climate neutrality

Transition towards a low carbon economy is a crucial element of HT's business strategy. HT manages its impacts on the environment in accordance with modern standards and develops strategies and plans that will contribute to the fruition of climate neutrality. HT adheres to the strictest principles to contribute to the effort of Europe truly becoming the first climate neutral continent.

Risks that can potentially impact the stability of HT's business operations, and in so the infrastructure services it provides, are being considered

regularly. Physical risks of climate change include the impact of disastrous weather events on ensuring a stable and safe network infrastructure, while energy risks in 2022, included the increase of energy prices due to the energy crisis. Measures for addressing these groups of risks include an analysis and anticipation of possible future changes and plans for business continuity and recovery in the areas that pose particular risk in the event of severe and frequent natural disasters.

Climate goals of HT include:

- Procurement of 100% electricity from renewable energy sources – goal achieved!
- Net zero CO₂ emissions for direct and indirect energy consumption within the organization by 2025
- As part of the DT Group, HT set an ambitious target – to cut CO₂ emissions by 2030 in the value chain by 55% compared to 2020
- Net zero CO₂ emissions in the value chain by 2040

The achieved goal of purchasing the certified energy from renewable sources impacted the overall reduction of the greenhouse gas emissions. All electrical energy purchased from the contractual supplier HEP Opskrba, holds a ZelEn certificate, in other words origin confirmation. For the rest of the consumption, generated by the consumers at the leased premises (both from residential and businesses), for which, according to the Croatian Market Energy Operator (HROTE), it is not possible to purchase certificate on the Croatian market, HT has procured certificates of guarantee of origin on the international market.

Also, with the goal of controlling its own climate change impact, HT, within the certified Integrated Management System for Environment, and Occupational Health and Safety, among other things, defined a procedure for dealing with substances that have damaging properties for the ozone layer, that are present in the refrigeration and air conditioning systems, as well as fire protection systems with energy management procedures and efficient driving of official vehicles.

In addition to working on achieving its own goals, as part of the DT Group, HT is committed to contributing and achieving common goals. Therefore, it is also working on reducing the direct and indirect emissions, which include emissions produced using gas, diesel, and oil, for example, for heating or the vehicle fleet. To become fully carbon neutral, all remaining emissions from 2025 will be offset by appropriate measures for long term carbon sequestration.

HT Group's CO₂ emissions

In line with the energy consumption reduction, carbon emissions in almost all segments of business operations have decreased too. Exception being fuels, whose increased consumption has also increased transport emissions, because of lifting the pandemic travel restrictions. On the other hand, the emissions have somewhat significantly decreased due to reduced consumption of gas and fuel oil for heating purposes.

Total indirect CO₂ emissions have, therefore, been reduced; all consumed electrical energy is certified energy from renewable resources, and CO₂ emissions relate to consumption of energy for heating.

HT is the main source of recorded greenhouse gas emissions, while Iskon and Combis have negligible shares, and almost negligible contribution of the emissions related to electricity and fuel consumption for its vehicle fleet.

In comparison with 2015, as the base year, the emission rate of total greenhouse gas emissions for direct and indirect energy consumption within the company has been reduced by 86%.

Greenhouse gas emissions in the last three years compared to the base year 2015

Total direct and indirect greenhouse gas emissions by weight (tons of CO ₂ e)	2015	2020	2021	2022
Total greenhouse gas emissions (sum of direct and indirect emissions)	47,723	15,027	6,861	6,797
total direct CO₂ emissions (from non-renewable resources)	6,529	6,256	6,377	6,377
natural gas	1,448	1,240	1,238	943
fuel for the car fleet (gasoline, diesel)	3,586	3,981	3,952	4,460
fuel oil	1,495	1,035	1,187	974
Total indirect CO₂ emissions	41,194	8,771	484	420

Sources for calculating: GHG Protocol tools.

Other emissions into the air

NO _x , SO _x and other significant emissions to the air by type and weight in tons (for boiler rooms with a power exceeding 100 kW)	2020	2021	2022
Total NO ₂ emissions	1	2.87	2.3
Total SO ₂ emissions	2.97	3.61	2.94

Handling substances that impact ozone layer is a part of the Integrated Environmental, Health and Work Safety Management System, in which it states how to conduct monitoring and management of the activities related to the maintenance of different equipment that contains substances that can possibly have an impact on the atmosphere.

Emissions in the air out of the boiler rooms are continuously being monitored at HT and are reported in accordance with the Croatian regulations. The quantities of emissions in the air are determined directly from the measurements or indirectly from the fuel consumption calculations.

When it comes to NO₂, every other year the trend changes from increase to decrease and vice versa, due to the different ways of calculating emissions that have been used (the obligation to perform measurements is biannual). Emissions obtained based on measuring results are lesser than the emissions calculated from emission factors. Due to reduced energy consumption over the years, the NO₂ and SO₂ emission trend is, in general, in decline. Reasons for the decline are warmer winters compared to 2021, implemented saving measures, sale of facilities in Zagreb and replacement of the boiler room with a heat pump in one facility in Rijeka.

Circularity as a principle of resource efficiency

HT Group systematically considers the responsible and careful use of resources in office spaces, stores and data centers. Alongside the usage of resources in the core business, their use for production, and usage of products, as well as network infrastructure, occurs throughout the value chain – with suppliers and consumers.

HT Group works with dedication on this in all phases of the business operation and applies a holistic approach to contribute to the establishment of the circular economy. The aim is to produce more durable products and materials that will be used in services and to ensure adequate disposal and recycling of the valuable raw materials at the end of their life cycle.

Resource efficiency objectives:

- Intensifying the return of the old mobile devices and the CPE equipment (fixed equipment; routers; transmitters, etc.)
- Complete disposal of HT's technological waste – goal achieved!
- Sustainable product packaging

In 2021 targets have been set for the return of the mobile devices and mobile equipment with the intent of increasing the rate of returns in the

coming years in comparison to the mobile devices sold in the previous year, specifically:

- 3% in 2022 – goal achieved!
- 7% in 2023
- 10% in 2024

Careful resource management entails working to ensure that the devices that are in good working condition last as long as possible – therefore, used but functional electronic equipment is sold for further use, while the electronic waste is recycled. In all T-Centers conditions for the reception and the disposal of used electronic devices from HT's sales range, including their batteries, are provided. HT has disposed of more than 165,000 mobile devices, their batteries and associated equipment brought by the customers to T-Centers from 2002 to this day.

During 2022, HT has ecologically disposed and recycled 7,816 mobile devices, 792 devices purchased from the customers were handed over to an external partner for further handling, while 433 used mobile phones have been repaired and their lifespan extended by selling them at an internal auction for the employees. HT is a part of the EcoRating initiative – assessment of mobile devices by sustainable features such as durability, repairability, recyclability, climate, and resource efficiency, to help customers compare and choose more sustainable devices.

Devices are gathered in several ways, depending on the value of the device that can still be used. When purchasing a new device, customers can request an estimation of the value of the device they have used before and reduce the price of the new device by the estimated value of the old one. These devices are packed in special packaging and sent to a partner company that buys and repairs them, and then resells or recycles them. Devices and equipment that are returned by customers within the legal deadline, and are not in a shape to be resold, e.g. exhibited devices that are not the property of vendors, damaged devices, replacement, test and others, are sold to the companies that are engaged in the purchasing of

such products, while the devices that cannot be repaired, and which are brought to T-Centers by customers, are received and delivered to the contracting partner for recycling.

Collection and disposal of devices

From 2021, HT has started reporting on the new nonfinancial indicators, related to products in fixed and mobile networks, and in 2022 additional indicators for collection and disposal of electronic devices have been brought forth. The plan is to establish a solid system and indicators for monitoring sustainable products, and sustainable packaging from 2023.

Collected devices (pieces of)	2021	2022
Renewed fixed equipment (routers, repeaters, media receivers, TV sticks) leased to customers	111,187	56,706
Fixed equipment taken from customers for restoration and reuse	167,042	189,582
Fixed equipment taken from customers for further handling or recycling	39,118	80,491
Renewed mobile devices sold to customers	3,784	433
Mobile devices and mobile device equipment received from customers for further handling or recycling	543	12,566
Total	321,674	339,778

Greener T-Centers

HT's branch offices are arranged and equipped in a way where they consider the requirements of sustainability, alongside all the convenience and accessibility requirements, important to the employees and customers. HT's prominent (flagship) stores have a „green wall“ with a secure irrigation system. Statistics can best conjure up the blessings of this element in a sales area – a square meter of this wall neutralizes 2.3 kg of CO₂ and can produce 1.7 kg of oxygen.

Arranged in accordance with the highest technological and esthetical standards, in 2022, T-Center as part of Zagreb Point Center was opened,

special in that it is the first HT's digital store where customers can make a purchase independently, without having to wait in line.

Special attention was given to the reduction of paper consumption, wherever it was possible. A pilot program Zero Concept Store was conducted, where the branch offices supported the cancellation of paper documentation by sending the documentation to the customer via e-mail. Also, all paper pamphlets, that HT does not necessarily have to have in a physical format due to regulation requirements, were removed from the sales area, or rather, were replaced with QR codes that lead to the web site providing customers with all the necessary pamphlets (in the digital format). In this way paper consumption needed for print and packaging was reduced, as well as the CO₂ emissions that would otherwise occur during transport.

Waste management in business

Efforts directed towards stimulation of resource efficiency and increase of the longevity of the devices and the equipment in business operations, resulted in a considerate reduction of the quantities of the disposed waste in 2022. In addition to the fact that no major replacement of technologies and equipment was carried out in 2022, an extension of use was provided for the part of the equipment that was replaced by selling to business partners.

When talking about the use of materials in the organization, as in most other tertiary sectors, the most significant impact is the consumption of paper. Data shows that paper consumption in 2022 was at the nearly exact level as the year prior. Assessment of current business shows that in this way a minimum consumption possible was achieved in the existing conditions, but this level is expected to reduce by further development of the digitalization of the internal processes and the culture of electronic business.

Waste by type and method of disposal in the last three years

Waste (t)	2020	2021	2022
Dangerous waste (total)	1,664	330	290
Recycled	1,664	330	290
Recovered	0	0	0
Disposed	0	0	0
Non-dangerous waste (total)	636	503	141
Recycled	636	503	141
Recovered	0	0	0
Disposed	0	0	0

Paper consumption in the last three years

Paper consumption (t)	2020	2021	2022
	35,355	28,469	28,167

In order to continue to influence the reduction of paper use, a digital signature for employees was introduced in 2022. Several types have been introduced, i.e. levels of signatures that guarantee their legal value, so there are simple, advanced and qualified digital signatures. Depending on the level of signature, the level of security of what electronic signature allows increases.

Also, in 2022, the reduction of the use of plastic continued by ceasing the ordering of water and juices in plastic bottles as well as disposable cutlery that have been replaced by glass and sustainable materials. At the stores and inside the premises of HT buildings, containers for battery and plastic caps collection were installed.

Our initiatives and partnerships

Aware that the contribution of employees in the efforts for climate and environmental sustainability is extremely important, HT conducted informational and educational campaigns focused on "green" topics in 2022.

Apart from a series of educational articles on the intranet and internal media dedicated to waste separation, electricity savings, economical heating, and use of air conditioners, turning off devices, using public transportation or bicycles instead of driving, online knowledge quizzes were also organized in which employees could check their level of knowledge and awareness of sustainable living habits.

Additionally, HT regularly maintains and renews its vehicle fleet, and the employees are reminded about the basics of economical driving that can contribute to reduced environmental impacts.

HT „Earth Resolution“ initiative partner

HT is a partner and one of the first 15 signatories of a major environmental initiative called „Earth Resolution“, launched in 2022 by Večernji list. As many as 47 actions, 35 cleaning actions, 4 reforestation actions, more than 120 tons of collected waste, and 512 tons of recycled paper are the initiative's current results and are still ongoing.

Earth Day action in Combis

A two-day action entitled "Let's help the environment without beating around the bush" („Pomozimo okolišu bez okolišanja“) was held on the occasion of Earth Day in Combis. The people of Combis organized the collection of electronic waste such as old cell phones or printers.

Iskon's initiatives

In cooperation with the owner of Croatia's first zero waste shop, Anamarija Prgomet, in 2022, Iskon created a series of video guides on positive developments that can be made in the household to reduce the personal environmental footprint. The people of Iskon urged customers to take concrete action and to switch to an e-account, which was further promoted by rewards. By the end of the year, Iskon had directed a total of 40% of the customer base to the e-account.

Iskon also joined hackathon „ZGHack“ as a sponsor. In a period of three days, 14 teams of students from Zagreb elementary schools developed their solutions using the Minecraft Education Edition platform and presented them to the jury. The aim of the project was to involve young people in awareness raising activities about the importance of education and learning about environmental protection and to point out the necessity of behavioral change when it comes to waste separation.

In the fall of 2022, Iskon also received recognition for its engagement in the field of ecology - Plastic Free Croatia certificate for the successful implementation and maintenance of workspace, promotional materials, and packaging of products without excess plastic materials.

Volunteer actions of Crnogorski Telekom

In April 2022, Crnogorski Telekom launched a campaign to raise customer awareness on the importance of recycling and responsible management of electronic waste. Customers who decided to bring used devices to be collected for recycling were rewarded with free gigabytes and discounts on devices and services. In addition, Crnogorski Telekom announced that it will organize the planting of 100 trees in the cities of Montenegro for the first 100 old, recycled devices collected.

A major donor initiative has also been launched, to plant trees in Podgorica's Gorica Forest Park, which was destroyed by a major fire last year. All postpaid and prepaid Crnogorski Telekom customers were able to donate a euro through the Telekom ME application, and Telekom doubled each donation. Telekom Volunteer Club, on the other hand, participated in the largest volunteer ingenuity, which is held annually around the world, and which is organized in Montenegro as part of the International Coastal Cleanup Day.

Disclosures in accordance with the EU Taxonomy

The Taxonomy Regulation is the result of a significant European regulatory initiative aimed at shifting capital flows towards environmentally sustainable and climate neutral economic activities. As a classification tool to help implement the European Green Deal, the Taxonomy lists climate and environmentally sustainable economic activities and investments, thus contributing to an understanding of environmental sustainability. The regulation also lays down corporate reporting obligations on these economic activities. For 2022, the regulation imposes an obligation for corporate reporting on taxonomically eligible and aligned economic activities to companies covered by the Non-Financial Reporting Directive for the first two taxonomic objectives: climate change mitigation and adaptation, in accordance with the Taxonomy Regulation 2020/852 and Commission Delegated Regulation (EU) 2021/2139.

The Group provides an overview of key indicators (KPIs) through the share of taxonomically eligible economic activities in its turnover, capital expenditure (CapEx) and operating expenditure (OpEx). According to the Taxonomy Regulation, the first step is to determine the economic activities of enterprises that are taxonomically eligible. These are activities covered by the EU Taxonomy and potentially significantly contribute to the achievement of environmental objectives, regardless of whether they meet the technical screening criteria laid down in delegated acts. Taxonomically ineligible economic activity is any economic activity which is not described in delegated acts supplementing the Taxonomy Regulation. The second step is to verify that the identified Taxonomy eligible activities are aligned. An activity is considered aligned with the Taxonomy if it fulfills the technical screening criteria set out in Annexes I and II. of the Delegated Regulation (EU) 2021/2139 of significant contribution to at least one environmental objective, without doing significant harm to any other environmental objective and compliance with the minimum safeguards laid down in international conventions and principles on human and labor rights set out in the Taxonomy Regulation (EU) 2020/852.

Taxonomically eligible activities under Regulation 2020/852⁴

Given that HT Group's primary business activities are in the information and telecommunications sector, it recognizes two Taxonomy eligible economic activities in its core business aimed at climate change mitigation:

- 8.1. Data processing, hosting and related activities
- 8.2. Data-driven solutions for GHG emissions reductions

The additional activity by which HT Group generates revenues has been recognized and which, although is not part of the core business activities of the information and telecommunications sector, potentially contributes to climate change mitigation:

- 6.15. Infrastructure enabling low-carbon road transport and public transport

No economic activities relevant to the climate change adaptation target for the financial year 2022 have been recognized.

Calculation of Taxonomy KPIs

The total amounts for HT Group used to calculate KPIs in accordance with the EU Taxonomy in the reporting year amounted to 7.41 billion kunas for turnover, 4.428 billion kunas for capital expenditures and 1.737 billion kunas for operating expenditures. The definition of turnover according to the EU Taxonomy is equivalent to the Group's net income. The relevant capital expenditure is determined based on the consolidated financial report and is calculated by adding up the following key items: additions and changes in the Group's composition by property, plants and equipment, intangible assets (excluding goodwill) and right-of-use assets. The definition used in the EU Taxonomy for the calculation of relevant operational expenditure covers the costs related to research and development, building recovery measures, short-term rental, maintenance and repair and any other direct expenditure relating to the daily maintenance of real estate, plants and equipment presented in the consolidated financial

⁴ In calculating Taxonomically eligible activities HT Group used DT methodology, in which it added some specific activities of HT Group.

statement of profits and losses under other operating expenses. To calculate the share of taxonomically acceptable OpEx, a total OpEx was used.

The EU Taxonomy, as a list of economic activities contributing to climate objectives, currently does not include criteria for the economic activity of providing and operating telecommunications network infrastructure. Since the EU Taxonomy still does not adequately cover HT's core business, the overall presentation of all Taxonomy eligible economic activities gives low shares of revenues (1.51%), capital expenditure (0.33%) and operating expenditure (3.52%) for HT Group. The largest share of taxonomically eligible revenues (84.45%), capital expenditure (81.31%) and operating expenditure (96.69%) relates to economic activity 8.2 Data-driven solutions for GHG emissions reductions.

The EU Taxonomy, currently, does not offer an opportunity to adequately describe the contribution to climate change mitigation regarding the network infrastructure. That is why, together with other members of the DT Group, HT is active in several business and industry associations to include appropriate, relevant criteria for describing the contribution of the core business to climate and remaining environmental objectives.

Disclosure of material Taxonomy eligible economic activities

Taxonomy eligible activity 8.1. Data processing, hosting and related activities include "storage, manipulation, management, movement, control, display, switching, exchange, transmission or processing of data through data centers, including edge computing." Of the business activities at the HT Group level, activities related to the Data Centre are included in this activity. To ensure that data centers make a significant contribution to climate change mitigation in line with the EU Taxonomy, they must comply with the EU Code of Conduct on the Energy Efficiency of Data Centers. Since the compliance with the Code of Conduct was not verified through external audits in accordance with the requirements of the EU Taxonomy, the activities related to HT's Data Centers as Taxonomy were not assigned as aligned in the reporting year.

Those products, solutions and services that are „predominantly focused on providing data and analytics that enable the reduction of greenhouse gas emissions,, are associated with an economic activity 8.2. Data-driven solutions for GHG emissions reductions. These are solutions and products that have a clear potential to enable customers to reduce greenhouse gas emissions. Considered were products, services, and solutions from the following categories:

- Business video conferencing (avoided greenhouse gas emissions in transport)
- IT business and cloud solutions (increased energy efficiency due to optimizing server use)
- IoT solutions (avoided greenhouse gas emissions due to more efficient use of the system)
- Cloud vehicle monitoring

The technical criterion of substantial contribution screening requires a lifecycle analysis as evidence of Taxonomy alignment of these solutions. Companies need to show that the solution results in a significant reduction in greenhouse gas emissions during and after the entire life cycle compared to the relevant reference solution available on the market. Since the criterion of a significant contribution from companies, in addition to the life cycle assessment, requires a verification of the scientific basis of the greenhouse emission reduction assessment implemented by an independent third party, these activities cannot be classified as Taxonomy aligned.

Economic activity 6.15. Infrastructure enabling low-carbon road transport and public transport is one of Taxonomy eligible economic activities but does not belong to the core business of the information and telecommunications sector. The verification of the technical criterion for the assessment of physical climate risks is done at the level of the entire DT Group for economic activities related to the core business and critical

infrastructure. Since location assessments of physical climate risks have not been specifically carried out for HT Group, this activity cannot be classified as Taxonomy aligned in the year 2022.

In its operations, HT Group commits itself to respecting human rights in accordance with internationally recognized norms, guidelines, and standards, especially those arising from the International Human Rights Document, key conventions of the International Labor Organization (ILO), the Organization for Economic Cooperation and Development (OECD) and the UN Global Compact initiative. In the reporting year, a due diligence aimed at identifying the impact with the most serious and likely adverse impacts on human rights was conducted.

Taxonomy compliance of HT Group's turnover for 2022

Economic activities (1)	Absolute turnover (3) (HRK millions)	Proportion of Turnover (4) %	Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (7) Y/N	Taxonomy aligned proportion of total turnover, year N (18) ^{***} %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
			Climate Change Mitigation (5)* %	Climate Change Adaptation (6) %	Water (7) %	Pollution (8) %	Circular Economy (9) %	Biodiversity and ecosystems (10) %	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (taxonomy-aligned)																		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0.00	0.00%																
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
6.15. Infrastructure enabling low-carbon road transport and public transport	4.11	0.06%																
8.1. Data processing, hosting and related activities	13.29	0.18%																
8.2. Data-driven solutions for GHG emissions reductions	94.54	1.28%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	111.94	1.51%																
Total (A.1+A.2)	111.94	1.51%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy-non-eligible activities	7,298.06	98.49%																
Total (A+B)	7,410.00	100%																

Taxonomy compliance of HT Group's capital expenditure for 2022

Economic activities (1)	Absolute capital expenditure (5) (HRK millions)	Proportion of capital expenditure (4) %	Substantial Contribution Criteria					DNSH criteria (Does Not Significantly Harm)					"Taxonomy aligned proportion of total capital expenditure for year N (18)*** %	"Category (enabling activity) (20)" E	"Category (transitional activity) (21)" T	
			Climate Change Mitigation (5) %	Climate Change Adaptation (6) %	"Water (7)" %	"Pollution (8)" %	"Circular Economy (9)" %	Biodiversity and ecosystems (10) %	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	"Water (13)" Y/N	"Pollution (14)" Y/N				"Circular Economy (15)" Y/N
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
Capital expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0.00	0.00%														
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
6.15. Infrastructure enabling low-carbon road transport and public transport	0.94	0.02%														
8.1. Data processing, hosting and related activities	1.79	0.04%														
8.2. Data-driven solutions for GHG emissions reductions	11.88	0.27%														
Capital expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	14.61	0.33%														
Total (A.1+A.2)	14.61	0.33%														
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Capital expenditure of Taxonomy-non-eligible activities	4,413.39	99.67%														
Total (A+B)	4,428.00	100%														

Taxonomy compliance of HT Group's operating expenditure for 2022

Economic activities (1)	Absolute operating expenditure (5) (HRK millions)	Proportion of operating expenditure (4) %	Substantial Contribution Criteria					DNSH criteria (Does Not Significantly Harm)					"Taxonomy aligned proportion of total operating expenditure, year N (18)*** %	"Category (enabling activity) (20)" E	"Category (transitional activity) (21)" T	
			Climate Change Mitigation (5) %	Climate Change Adaptation (6) %	"Water (7)" %	"Pollution (8)" %	"Circular Economy (9)" %	Biodiversity and ecosystems (10) %	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	"Water (13)" Y/N	"Pollution (14)" Y/N				"Circular Economy (15)" Y/N
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
Operating expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0.00	0.00%														
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
6.15. Infrastructure enabling low-carbon road transport and public transport	2.02	0.12%														
8.2. Data-driven solutions for GHG emissions reductions	59.04	3.40%														
Operating expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	61.06	3.52%														
Total (A.1+A.2)	61.06	3.52%														
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Operating expenditure of Taxonomy-non-eligible activities	1,675.94	96.48%														
Total (A+B)	1,737.00	100%														

GRI INDICATORS

GRI standard	Disclosure	Page	Chapter
GRI 1 Foundation 2021			
GRI 2 General Disclosures 2021			
The organization and its reporting practices			
GRI 2 General Disclosures 2021	2-1 Organizational details	9-13	About us
	2-2 Entities included in the organization's sustainability reporting	11-13	About us
	2-3 Reporting period, frequency, and contact point	50	Corporate governance
	2-4 Restatements of information	/	/
	2-5 External assurance	/	/
Activities and workers			
GRI 2 General Disclosures 2021	2-6 Activities, value chain and other business relationships	9-10; 78	About us Digitalization for a better future
	2-7 Employees	101-102	We connect together
	2-8 Workers who are not employees	102	We connect together
Governance			
GRI 2 General Disclosures 2021	2-9 Governance structure and composition	13-17	About us
	2-10 Nomination and selection of the highest governance body	14; 16	About us
	2-11 Chair of the highest governance body	14-15	Sustainability approach
	2-12 Role of the highest governance body in overseeing the management of impacts	26	Sustainability approach
	2-13 Delegation of responsibility for managing impacts	26	Sustainability approach
	2-14 Role of the highest governance body in sustainability reporting	34-44	Sustainability approach
	2-15 Conflict of interest	53-54	Corporate governance

	2-16 Communication of critical concern	50-54; 92; 96-97; 108; 112-113	Corporate governance The best customer experience We connect together
	2-17 Collective knowledge of the highest governance body	26-27; 51-52	Our sustainability approach Corporate governance
	2-18 Evaluation of the performance of the highest governance body	26	Sustainability approach
	2-19 Remuneration policies	26	Sustainability approach
	2-20 Process to determine remuneration	/	Annual Report of HT Group for 2022
	2-21 Annual total compensation ratio	109	We connect together
Strategy, policies, and practices			
	2-22 Statement on sustainable development strategy	5-7	About us
GRI 2 General Disclosures 2021	2-23 Policy commitments	22-25; 37; 45-47; 53; 105-106; 164	Sustainability approach Corporate governance We connect together Towards a greener future
	2-24 Embedding policy commitments	26; 43; 50; 54-59; 120-121	Sustainability approach Corporate governance We connect together

	2-25 Processes to remediate negative impacts	34-44; 53-59; 80-83; 89-92; 112-113; 115-119; 121; 123-124; 131-133; 151-153	Sustainability approach Corporate governance The best customer experience We connect together Digital society Towards a greener future
	2-26 Mechanisms for seeking advice and raising concerns	51-54; 92; 96; 116-117; 121	Corporate governance The best customer experience We connect together Towards a greener future
	2-27 Compliance with laws and regulations	51-52	Corporate governance
	2-28 Membership associations	17-18	About us
Stakeholder engagement			
GRI 2 General Disclosures 2021	2-29 Approach to stakeholder engagement	36-43	Sustainability approach
	2-30 Collective bargaining agreements	102-105	We connect together

GRI standard	Disclosure		Chapter
GRI 3: Material topics 2021	3-1 Process to determine material topics	34-44	Sustainability approach
GRI 3: Material topics 2021	3-2 List of material topics	35-36; 43-44	Sustainability approach
Business Ethics and Compliance			
GRI 3: Material topics 2021	3-3 Management of material topics	51-52	Corporate governance
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	51-52	Corporate governance
	205-3 Confirmed incidents of corruption and actions taken	54	Corporate governance
Risk management			
GRI 3: Material topics 2021	3-3 Management of material topics	54-55	Corporate governance
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	57	Corporate governance
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	59	Corporate governance
Improving infrastructure and expanding the network			
GRI 3: Material topics 2021	3-3 Management of material topics	62	Digitalization for a better future
GRI 201: Economic performance 2016	201-4 Financial assistance received from government	65-66	Digitalization for a better future
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	62-66	Digitalization for a better future
	203-2 Significant indirect economic impacts	62-66	Digitalization for a better future
Digitalization of business			
GRI 3: Material topics 2021	3-3 Management of material topics	68-69	Digitalization for a better future
Research and innovation			
GRI 3: Material topics 2021	3-3 Management of material topics	72	Digitalization for a better future
Responsible management of the supply chain			
GRI 3: Material topics 2021	3-3 Management of material topics	77-79	Digitalization for a better future
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	78	Digitalization for a better future

Quality of relationships, cooperation, and customer satisfaction			
GRI 3: Material topics 2021	3-3 Management of material topics	85-86	The best customer experience
Sustainable products and services			
GRI 3: Material topics 2021	3-3 Management of material topics	89-90	The best customer experience
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	91-92	The best customer experience
Security, protection of personal data and privacy			
GRI 3: Material topics 2021	3-3 Management of material topics	95-96	The best customer experience
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	96-97	The best customer experience
A culture of diversity, inclusiveness, and equal opportunity			
GRI 3: Material topics 2021	3-3 Management of material topics	105-106	We connect together
GRI 401: Employment 2016	401-3 Parental leave	111	We connect together
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	107-108	We connect together
	405-2 Ratio of basic salary and remuneration of women to men	109	We connect together
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	112-113	We connect together

Ensuring the well-being, health, safety, and balance of life of employees			
GRI 403: Zdravlje i sigurnost na radnom mjestu 2018.	403-1 Occupational health and safety management system	113-115; 117	We connect together
	403-2 Hazard identification, risk assessment, and incident investigation	115-117	We connect together
	403-3 Occupational health services	117; 128	We connect together
	403-4 Worker participation, consultation, and communication on occupational health and safety	117-118	We connect together
	403-5 Worker training on occupational health and safety	117	We connect together
	403-6 Promotion of worker health	118-119	We connect together
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	116-117	We connect together
	403-8 Workers covered by an occupational health and safety management system	128	We connect together
	403-9 Work-related injuries	119	We connect together
Creating an engaged and motivating work environment			
GRI 3: Material topics 2021	3-3 Management of material topics	120-123	We connect together
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	124	We connect together
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	124-129	We connect together
GRI 402: Labor management relations 2016	402-1 Minimum notice periods regarding operational changes	126-127	We connect together
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	124	We connect together
	404-2 Programs for upgrading employee skills and transition assistance programs	121-124	We connect together
	404-3 Percentage of employees receiving regular performance and career development reviews	120-121	We connect together

Digital inclusion and literacy			
GRI 3: Material topics 2021	3-3 Management of material topics	131-132	Digital society
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	133-135	Digital society
Cooperation with local communities			
GRI 3: Material topics 2021	3-3 Management of material topics	136-137	Digital society
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	137	Digital society
Digital human rights and non-discrimination			
GRI 3: Material topics 2021	3-3 Management of material topics	79-80	Digital society
Managing the environmental footprint			
GRI 3: Material topics 2021	3-3 Management of material topics	144-145	Towards a greener future
Energy efficiency			
GRI 3: Material topics 2021	3-3 Management of material topics	146-148	Towards a greener future
GRI 302: Energy 2016	302-1 Energy consumption within the organization	148-149	Towards a greener future
	302-4 Reduction of energy consumption	149	Towards a greener future
Step towards climate neutrality			
GRI 3: Material topics 2021	3-3 Management of material topics	149-150	Towards a greener future
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	152	Towards a greener future
	305-2 Energy indirect (Scope 2) GHG emissions	152	Towards a greener future
	305-5 Reduction of GHG emissions	151	Towards a greener future
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	152	Towards a greener future

Circularity as a principle of resource efficiency			
GRI 3: Material topics 2021	3-3 Management of material topics	153-154	Towards a greener future
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	155	Towards a greener future
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	156-157	Towards a greener future
	306-2 Management of significant waste related impacts	156-157	Towards a greener future
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