

M+ GROUP

SUSTAINABILITY REPORT

2021



1. Table of Contents

1. Sustainability at M+ Group	5
About the report	5
President & CEO Letter	6
2. Group's Organizational Profile	8
Corporate Overview	8
Products and Services	9
Economic Performance	12
Significant Events During the Reporting Period	14
Affiliations and Memberships	15
Certifications	16
Awards	27
3. Governance	31
Mission, Vision and Values	31
Business and Strategy of the Group	32
Corporate Governance	33
Risk and Opportunities	36
Sustainability in M+ Group	40
Approach to Sustainability	40
Relevant SDGs	42
Future plans	43
Stakeholder Communication	44
Materiality Assessment	45
Ethics and Compliance	47
Fair whistle-blower system	48
Anti-corruption framework	49
Anti-bribery and charitable donations and sponsorships	50
Responsible business conduct	50
Remuneration	50
Human rights	51
Internal audit	51
4. Social	52

Employees.....	52
Talent Management.....	54
Locally Hired Senior Management.....	57
Employees’ rights and notification practices.....	57
Health and safety.....	57
Employee Benefits.....	59
Trainings and Education.....	61
Performance and Career Development Reviews.....	63
Diversity and inclusion.....	64
Human rights and due diligence.....	66
Anti-discrimination.....	67
Employee Engagement.....	67
Community Support.....	68
Donations and Employee Volunteering.....	69
5. Environment.....	71
Environmental Impact.....	71
Data collection and materiality.....	72
Energy efficiency.....	73
GHG emissions.....	76
Scope 1 emissions.....	77
Scope 2 emissions.....	77
Scope 3 emissions.....	78
Waste management.....	80
6. Supply Chain.....	81
Supplier Management.....	81
Best practices of the supplier screening process.....	82
Greening the Supply Chain.....	82
7. Customers.....	82
Information management.....	82
Data security.....	83
Cybersecurity.....	83
8. EU Taxonomy.....	84
Economic activities eligible under EU Taxonomy.....	86

KPI-related disclosures..... 87
General and accounting policies..... 87
Proportion of KPIs associated with EU Taxonomy..... 87

1. Sustainability at M+ Group

About the report

Meritus ulaganja d.d. presents the second Sustainability Report (or Report) for M+ Group (or Group) that includes information on economic, environmental, and social performance for stakeholders covering the period from January 1, 2021 to December 31, 2021.

This Report has been made with reference to Consolidated Set of the GRI Standards 2021 and covers Group's operations during 2021. The Report also includes information on our performance in the context of the United Nations Global Compact (UNGC) principles, together with the UNGC Content Index at the end of the Report.

This report presents both M+ Group's sustainability efforts during 2021 and an outline of plans on driving improvements, together with disclosure across the Group's environmental, social and governance (together, ESG) initiatives.

Within the scope of sustainability reporting, the Group transparently communicates its activities and performance and intends to continue this practice in future periods by preparing and publishing annual sustainability reports. In order to identify and prioritize material issues to report on within this Report, a survey was conducted as part of our Materiality Assessment to capture the opinion of internal and external stakeholders regarding most pressing ESG topics and their importance for our organization.

Such assessment also contributed to a wider effort we are currently pursuing - together with this report, we are preparing a comprehensive sustainability strategy (or ESG strategy) which will lead us towards reaching UN Sustainable Development Goals (UN SDGs). Our sustainability strategy will contribute to the overall sustainable development within the reach and impact of our business activities.

In terms of growing sustainability efforts at Group level and strong commitment towards creating better working conditions for our employees, while contributing to cleaner environment and reducing our carbon footprint, in the future we plan to join some of the major global initiatives in the field to gain further momentum and apply best practices demonstrated by peers and companies from other sectors. One such outstanding effort is the process of joining the UNGC and officially adopting and incorporating its Ten Principles within our daily business operations which was planned for 2021 but was postponed for 2022 due to lack of resources and increased workload related to our everyday business.

In the future, with the adopted ESG strategy in place and continuous work on achieving its targets, our intention will be to make our sustainability report a showcase example for the industry and to demonstrate, as transparently as possible, M+ Group's devotion to benefiting the world around us through both direct and indirect impacts of our business operations.

President & CEO Letter

Dear reader,

After a series of significant acquisitions and integration of new members into M+ Group in the past years, synergistic effects have been achieved through effective consolidation of knowledge, expertise and strategic activities, which have been reflected in the exponential organic growth. As the world economy and society are slowly recovering from the global COVID-19 pandemic/crisis, 2021 was a turning point in the overall adjustment to the new ways of communication and business operations.

This crisis has accelerated the transition trend from physical communication to digital platforms, which will certainly have a positive impact on the business process technology outsourcing (BPTO) industry given that companies are trying to find new ways to stay in touch with their end users continuously and without interruptions. Here we see a chance for additional growth because we are ahead of the curve and because M+ Group has all the technological prerequisites to provide these services.

Doing business in the context of the COVID-19 pandemic has permanently contributed to our business approach in terms of agility, and to our adjustment of business operations at an operational level. Therefore, the pandemic no longer poses a logistical or managerial challenge to the business. The "work from home" model still prevails as we expect the adoption of a hybrid business model in the future. If the 2020 was a test of our strategic vision and resilience, then the record business results achieved in 2021 are an indicator of our exceptional flexibility and strength.

The Group continues to make notable investments in customer support software development, automation, and customer support improvement, with additional focus on the development of artificial intelligence (AI) and machine learning tools.

At the end of 2021, the Group prepared activities for entering the German market. At the beginning of 2022, it completed the transaction of acquiring a majority stake in Invitel Group, a German group of companies generating about EUR 45 million in revenue annually. With the acquisition of Invitel, we have gained around 1,500 employees who will be extremely valuable to us in further growth and development. Additionally, for the first time we have acquired clients in the field of energetics, who are engaged in the development of renewable energy sources and operations related to the control of greenhouse gas emissions (GHG) and the transition to a low-carbon economy.

“Renewable energy sources, carbon management, energy transition and technological innovations, which are key to a successful global transition to a low-carbon economy, are the areas of customer activity we have acquired through the acquisition of Invitel. This fits in perfectly with our sustainability strategy. This transaction is also a continuation of our acquisition strategy, in which each new takeover strengthens the synergy of all members of the M + Group.” Darko Horvat, president of the Management Board

We are continuing our transformation process to boost evolution in our business and introduce greater flexibility, while keeping a positive impact on our overall environment.

In July 2021, we also had a successful secondary public offering of shares, which raised an additional HRK 105 million / EUR 13.8 million of fresh capital. What is particularly gratifying is the fact that almost 4% of the shares were subscribed by natural persons, which indicates the return of confidence of small investors in the local capital market.

We are proud to report that in 2021, M+ Group received a number of recognitions and awards from financial institutions and professional organizations that place a strong focus on transparency, innovation, quality of services, and investment in employee development. We have thus confirmed our deep integration into global economic trends and our growing recognition on the international scene.

Our business model and industry-leading margins are based on the ability to deliver services and technology from 35 different delivery centres to global customers in more than 58 markets and in 32 languages, despite radically smaller geographical footprints compared to global competitors with similar language and presence on the market. The Group's business is located in 17 cities in 9 countries that offer high flexibility and strong talent in the service and IT sector, and with a language portfolio of 32 languages we are one of the few service providers of this size that can truly meet all language and technology needs of large global clients. Although we provide services to clients in more than 58 markets on 5 continents, our focus remains on our premium clients on the European, especially DACH region (Germany, Austria, Switzerland), and North American markets, including the United States, Canada and Australia.

So far, this journey has been possible due to our nonlinear approach and strong dedication to cultural diversity and acceptance. In our view, caring for people, giving back to society, protecting human rights, and preserving the environment are all essential to sustainable development. As a group of companies of “people inspired by people” our inclusive selection and human management policies promote equal opportunities and conditions for all employees, in a healthy working environment in line with the requirements of our activity. With 60% of women in our workforce, diversity and non-discrimination are part of our corporate culture. Diversity of our workforce is the secret to our success, and we truly believe that our differences make us stronger. Hence, we will integrate these values in our internal policies through our sustainability strategy and will strongly focus on realizing these efforts in practice.

Thanks to the perseverance of our management and our employees, the confidence from our shareholders and clients, the reliability of our suppliers, and the collaboration of numerous entities and institutions - we are leaders in our industry.

Our mission is to continue breaking the barriers and setting the benchmark for all industry participants, for the sake of all included stakeholders. Thank you all for your contribution and trust as we look forward to our future achievements.

Darko Horvat, president of the Management Board
Tomislav Glavaš, member of the Management Board

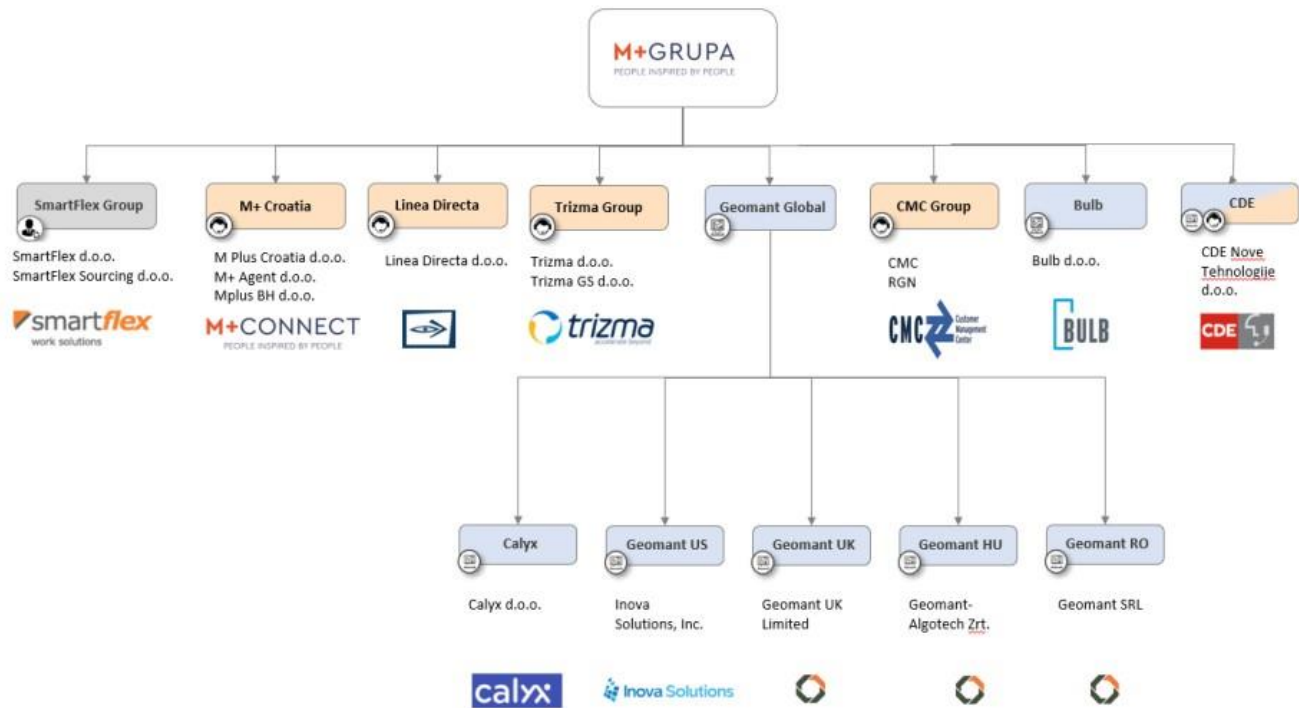
2. Group's Organizational Profile

Corporate Overview

M+ Group is the largest independent BPTO company in Southeast Europe, successfully integrating dynamic industries of contact centre, information technology and employment services into a cohesive service portfolio ready to tackle global challenges in the field of customer experience, employing over 9,500 professionals. The Group has been in the business of customer interaction for over a decade with an approach always based on continuous learning and understanding the needs of global customers.

M+ Group consists of a parent company, Croatian-based Meritus ulaganja d.d. (public limited company) listed on Zagreb Stock Exchange, and 30 subsidiaries in Croatia, Bosnia and Herzegovina, Hungary, the Netherlands, Romania, Serbia, Slovenia, Turkey, United Kingdom and United States. Within the Group, 18 companies are operating companies based in Croatia, Bosnia and Herzegovina, Hungary, Romania, Serbia, Slovenia, Turkey, United Kingdom and United States. Non-operating companies within the Group are either holding companies, newly established companies or otherwise existing companies not engaged in business activities. More information on Group's corporate structure and organization is provided below under Governance.

Regarding Group's operational organization, the structure is depicted in the organizational chart below. Subsidiaries (which are represented in this Report) are grouped together per their business operations and intergroup shareholding structure and explained in table below.



M+ Group members			
Meritus ulaganja d.d.			Subsidiary shares held*
HR management services	SmartFlex Group	Smart Flex d.o.o.	51%
		Smart Flex Sourcing d.o.o.	100%
Contact center services	M+ Croatia	M Plus Croatia d.o.o.	70%
		M+ Agent d.o.o.	100%
		Mplus BH d.o.o.	100%
	CMC Group	CMC	100%
		RGN Illetisim Hizmetleri A.S.	
	Trizma Group	Trizma d.o.o.	51%
		Trizma GS d.o.o.	
Linea Directa	Linea Directa d.o.o.	100%	
IT services	CDE	CDE nove tehnologije d.o.o.	73%
	Bulb	Bulb d.o.o.	51%
	Geomant Global d.o.o.	Calyx d.o.o.	51%
		Inova solutions Inc (US)	51%
		Geomant UK Limited (UK)	51%
		Geomant – Algotech Zrt. (HU)	51%
Geomant Srl (RO)		51%	

* Meritus ulaganja d.d. holds shares in subsidiaries indirectly, through its dependent companies.

M+ Group is providing its services in 58 markets from 17 locations to more than 260 clients through +9,500 people in 32 languages.

Products and Services

M+ Group is the largest providers of BPTO services in the Southeast Europe providing a wide range of BPTO - customer relationship management (CRM) solutions, structured around a multi-channel (telephone, email, chat and social networks) and multilingual (32 languages) customer experience platform, primarily through the contact centre. In addition to its contact centre services, the Group also offers IT services (customer engagement platforms (CEP), CRM, the Buzzeasy Customer experience (CX) Platform, video identification via Software as a Service (SaaS) and the development of specific software solutions), robotic process automation (RPA) and human resource management services (selection and identification of potential staff and temporary employment), developed as complementary services to said core activities. By merging all three business lines, M+ Group offers a unique platform for improving the business of its clients.

Table below shows an overview of our products and services.

Contact Centre Services	IT Services	Human Resource Management
Provision of customer service on different channels: Voice channel (incoming and outgoing calls), e-mail, ticketing systems, chat & digital contact	Development and integration of advanced information and telecommunications technologies	SmartFlex Temporary Employment Agency - large projects workforce hiring that has been on a steady rise in Croatia in recent years
Peak capacity management - transferring overflow calls to the M+ Group call centre	Buzzeasy CX Platform - communications and business processes across multiple interaction channels, social media bridge to enable AI assistance to costumers and agents.	Based on professional internal recruitment teams and selection consultants who are in constant daily communication with people of various profiles.
Customer data verification services	Workspace - the multi-channel customer relations management platform	
The optimization of sales and order management process	SMART AGENT - knowledge sharing software for employee training	
Debt collection	RPA solution for business process automation - automates repetitive tasks such as filling out forms, calculations etc.	
Identity verification via video	Video identification tool that complies with KYC and ALM regulations	
High tech IVR solutions		
Chat bots		
AI robots		
Business analytics services: collection, verification, storage, protection, and processing of data		



Contact center services

- Meritus Plus Croatia d.o.o.
- M+ Agent d.o.o.
- M+ BH d.o.o.
- Trizma d.o.o.
- Trizma GS d.o.o.
- Linea Directa d.o.o.
- CDE Nove tehnologije d.o.o.
- CMC İletişim ve Çağrı Merkezi Hizmetleri A.Ş.
- RGN İletişim Hizmetleri A.Ş.
- Meritus Georgia LLC



IT services

- Bulb d.o.o.
- Calyx d.o.o.
- Geomant – Algotech Zrt.
- Geomant Srl
- Geomant UK limited
- Inova Solutions Inc.
- CDE IT d.o.o.



Human resource management services

- Smart Flex d.o.o.
- Smart Flex Sourcing d.o.o.



Holding companies, other companies

- Technology Services Holdings B.V.
- Meritus Plus Centar d.o.o. Beograd
- Trizma Plus d.o.o. Beograd
- Meritus Global Real Estate Management d.o.o.
- Meritus Global Technology d.o.o.
- Meritus Global Strategics d.o.o.
- Geomant Global d.o.o.
- Bulb Upravlanje d.o.o.
- Pit İnsan Kaynakları ve Danışmanlık A.Ş.
- ISS Sigorta Acentelik Hizmetleri A.Ş.
- M+ Deutschland BPTO GmbH

Detailed description of our products and services is available in our [Financial statements for 2021](#).

Economic Performance

Key operational indicators for financial year 2021:



Operating income: As at 31 December 2021 M+ Group showed good financial results despite the risks and uncertainties caused by the COVID-19 pandemic. Operating income in this period amounted to HRK 794 million / EUR 105 million. Compared to the comparable period last year, an increase of HRK 87 million / EUR 12 million or 12% was achieved. The Group has successfully established new business relationships with clients from various sectors with a special focus on clients from DACH region. Organic revenue growth was achieved through a focus on business operations, increasing service quality, and achieving higher volumes through synergies gained through the integration of new members.

(in HRK / EUR thousand)	Jan-Dec2021	Jan-Dec2020	Change	%
Operating income	794,449 / 105,419	706,933/ 93,433	87,516 / 11,612	12%
EBITDA	149,603 / 19,851	127,152 / 16,805	22,452 / 2,979	18%
Profit before taxes	71,174 / 9,444	67,121 / 8,872	4,053 / 537	6%

EBITDA: Stable demand for BPTO services in all markets and cost optimization resulted in positive effects, and EBITDA amounted to HRK 150 million / EUR 20 million. Relative to the comparable period last year, an increase of HRK 22.4 million / EUR 2.9 million or 18% was achieved. EBITDA growth was mostly influenced by the increase in efficiency in the Group's business, driven by the growing volume of business with existing and new clients.

Profit before taxes: In 2021, the Group generated HRK 71.1 million / EUR 9.4 million in profit before tax, which is an increase of 6% compared to the same period in 2020, when it amounted to HRK 67.1 million / EUR 8.8 million.

(in HRK / EUR thousand)	31/12/2021	31/12/2020	Change	%
Assets	911,655 / 120,971	641,782 / 85,161	269,873 / 35,810	42%
Equity	409,051 / 54,146	272,478 / 36,156	136,573 / 18,122	50%
(Net debt) / Net cash	82,401/ 10,947	15,142 / 2,009	(67,259) / (8,924)	444%

(Net debt)/Net cash: On December 31, 2021, the Group had HRK 348.2 million / EUR 46.2 million on its accounts, while liabilities to financial institutions amounted to HRK 265.8 million / EUR 34.8 million. Net cash amounted to HRK 82.4 million / EUR 10.9 million, which indicates a significant ability to generate positive cash flows and a favourable position for regular servicing of credit liabilities. The high level of funds is also the result of the secondary public offering of shares, which raised HRK 105 million / EUR 13.8 million, and of the securing of credit funds to finance further investment needs.

Assets: On December 31, 2021, the Group's assets amounted to HRK 911.6 million / EUR 120.9 million. Compared to December 31, 2020, an increase of HRK 269.8 million / EUR 35.8 million or

42% was realized. The increase in assets was due to the operating growth of the Group's operations and the raising of capital through a public offering of shares.

Equity: On December 31, 2021, the Group's equity amounted to HRK 409 million / EUR 54.2 million, accounting for 45% of the total balance sheet. Equity growth was affected by secondary public offering of shares on the Zagreb Stock Exchange and the profit in 2021.

For further details on economic performance, please refer to the M+ Group 2021 Annual financial report and 2021 Operating results available on our [webpage](#).

Significant Events During the Reporting Period

Secondary offering of shares on the Zagreb Stock Exchange

In June 2021, the Group decided to increase its capital by issuing shares through a secondary public offering on the Zagreb Stock Exchange. During the period from July 12 to July 26, 2021, through two subscription rounds in which qualified investors and small investors participated, HRK 105 million / EUR 13.8 million was collected. Raising capital through this secondary offering was also important for further development of the capital market in the Republic of Croatia. Raised capital will be used by M+ Group for growth and acquisitions in developed markets, infrastructure and technological equipment needed for further business development, and continued strong positioning as a technological leader in the BPTO sector, capable of providing technological support to the most demanding clients in technology, e-commerce and logistics, banking and finance, and telecommunications industry verticals.

Recognitions and awards

Due to impressive results in the field of international sales, profits, and increased overall market share, M+ Group was shortlisted for the prestigious 2021 European Small and Mid-Cap Awards in the International Star category. Additionally, M+ Group has been named the Challenger Provider of the Year by the international non-profit association Global Sourcing Association (GSA).

Furthermore, in its Frost Radar™: CX OUTSOURCING SERVICES MARKET report for 2021, leading research and consulting company Frost & Sullivan ranked M+ Group among the top seven BPTO companies with continuous growth and generally among the most innovative CX companies in Europe, with great potential for further development and growth. Additional recognitions and awards are listed in detail below under [Awards](#).

Rebranding of Meritus Upravljanje

To achieve greater recognition at the local and global level, and to consolidate processes within the Group, from November 26, 2021, Meritus Upravljanje d.o.o. will present itself through a new brand name – M+ Croatia. This is the first step in M+ Group rebranding process and its even stronger positioning as the leading BPTO company in the outsourcing industry. The rebranding process will continue in all the countries where M+ Group operates.

M+ Group expansion

In February 2021 Croatian based Group company Meritus Upravljanje d.o.o. closed an agreement on joint investment with Bulb d.o.o. thus achieving strategic cooperation with this Croatian

software company that over the past 15 years has positioned itself as a regional leader in the segment of process digitization and user experience management. With about 60 employees, Bulb d.o.o. generates annual revenue of EUR 3 million. For M + Group, this will further accelerate the growth of revenue share from companies operating in the IT segment with a focus on AI, machine learning and robotic process automation.

Additionally, at the end of 2021, M+ Group prepared activities for entering the German market. At the beginning of 2022, the Group completed the transaction of acquiring a majority stake in the Invitel Group and its subsidiaries. By expanding its business to the geographical area that spans from Hanover to Istanbul, M+ Group has confirmed its position as the leading independent provider of BPTO services in Europe, with more than 11,000 employees. Following this acquisition, M+ Group has expanded its operations to 35 locations across Europe and the United States, making Germany the Group's largest revenue-generating market, which is the culmination of a strategy to build a leading Business process outsourcing (BPO) provider for DACH market.

Affiliations and Memberships

In order to cooperate and share good business practices with our peers, M+ Group members are part of various affiliations and business communities, as shown in the table below.

Trizma d.o.o.	M+ Croatia d.o.o.	Meritus ulaganja d.d.	SmartFlex d.o.o.	Mplus BH d.o.o.
<ul style="list-style-type: none"> • Serbian Chamber of Commerce • Amcham Serbia • Serbian HR Community 	<ul style="list-style-type: none"> • Croatian Chamber of Commerce • Global Sourcing Association (GSA) 	<ul style="list-style-type: none"> • Zagreb Stock Exchange • Croatian Chamber of Commerce • SKDD – Central Depository and Clearing Company 	<ul style="list-style-type: none"> • Croatian Employers' Association 	<ul style="list-style-type: none"> • Foreign trade chamber of Bosnia and Herzegovina
Linea Directa d.o.o.	CMC	Geomant – Algotech Zrt. (Hungary)	Geomant SRL (Romania)	Bulb d.o.o.

<ul style="list-style-type: none"> • Združenje delodajalcev Slovenije Slovenian Employers' Association 	<ul style="list-style-type: none"> • Call Center Association • TEMA foundation 	<ul style="list-style-type: none"> • International Avaya User Group • Avaya DevConnect Partner • Microsoft Gold Partner • Hungarian Chamber of Commerce and Industry • Hungarian Chamber of Commerce and Industry – Hungarian-Russian Department • Aura Alliance 	<ul style="list-style-type: none"> • Algotech group • Aura Alliance • Smart Alliance (founding member of a cluster of software and IT services companies in Bucharest region. Through this cluster we are also part of smartehub.eu, a digital innovation hub) • HBAR – Hungarian Business Association in Romania 	<ul style="list-style-type: none"> • Croatian Chamber of Commerce • Croatian Independent Software Exporters • TM Forum USA
---	--	--	---	---

Certifications

As part of sustainable development aspirations, M+ Group strives to conform with applicable quality and safety standards, especially those relevant for the BPTO industry and broader. In this respect, we obtained various ISO certificates to demonstrate our compliance, as shown in the table below.

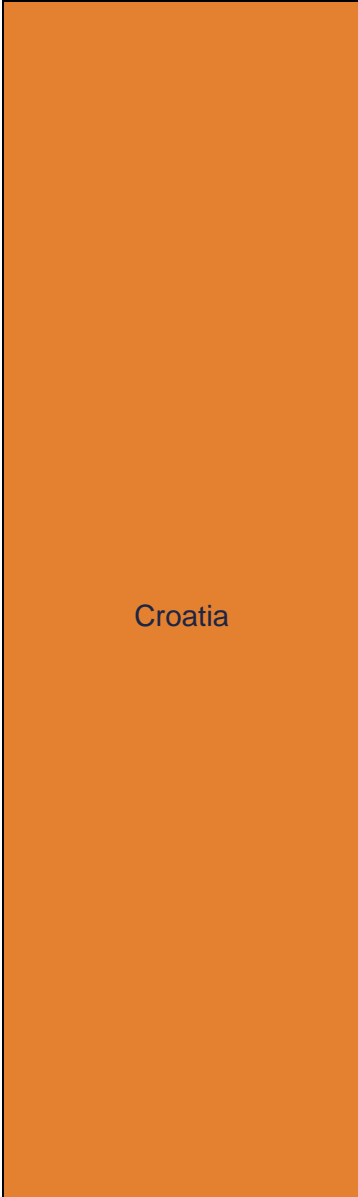
Location	Certifications	Operations
Croatia (M Plus Croatia d.o.o.)	ISO 9001:2015	Quality Management System Call center Activity, Market Research and Public Opinion Surveys, Database Preparation and Management
Croatia (M Plus Croatia d.o.o.)	ISO 27001:2013	Information Security Management System Call center Activity, Market Research and Public Opinion Surveys, Database Preparation and Management and Data Processing Statement of Applicability
Hungary (Geomant – Algotech Zrt.)	ISO 27001:2014	Information Security Management System IT Consulting and Services
Hungary (Geomant – Algotech Zrt.)	ISO 20000-1:2019	Information Service Management System Information technology consulting

Serbia (Trizma)	ISO 9001:2015	Quality Management System	Outsourcing of Contract Centre Services, Data Insight Services, Software Development, Business Process Outsourcing Services, Hiring & Payroll Service
Serbia (Trizma)	ISO 27001:2013	Information Security Management System	Outsourcing of Contract Centre Services, Data Insight Services, Business Process Outsourcing Services, Hiring & Payroll Services
Serbia (Trizma)	ISO 22301:2019	Business Continuity Management System	Outsourcing of Contact Centre Services, Data Insight Services, Business Process Outsourcing Services, Hiring & Payroll Services
Serbia (Trizma)	ISO 18295-1:2017	Customer Contact Centres - Requirements for Service Provision	Outsourcing of Contact Centre Services
Slovenia (CDE nove tehnologije, Linea Directa, CDE IT)	ISO/IEC 27001:2013	Information Security Management System	Software Development, Providing and Hosting of Contact Centre Services
Turkey (CMC)	ISO 9001:2015	Quality Management System	Multi-Channel Communication Center and Customer Relationship Management Services
Turkey (CMC)	ISO 27001:2013	Information Security Management System	Multi-Channel Communication Center and Customer Relationship Management Services
Turkey (CMC)	ISO 10002:2018	Customer Satisfaction and Complaint Management System	Communication Center and Customer Relations Management Services
Turkey (CMC)	TS EN ISO 18295-1:2017	Customer Contact Centers - Part 1: Requirements for Customer Contact Centers	Communication Center and Customer Relations Management Services
Turkey (CMC)	ISO 20000-1:2018	Information Technology - Service Management	Multi-Channel Communication Center and Customer Relationship Management Services
Turkey (CMC)	ISO 22301:2019	Business Continuity Management Systems	Multi-Channel Communication Center and Customer Relationship Management Services

Turkey (CMC)	ISO 45001:2018	Occupational Health and Safety Management System	Multi-Channel Communication Center and Customer Relationship Management Services
Bosnia and Herzegovina (Mplus BH)	ISO 9001:2015	Quality Management System	Call center Activity, Market Research and Public Opinion Surveys, Database Preparation and Management
Bosnia and Herzegovina (Mplus BH)	ISO 27001:2013	Information Security Management System	Activity of Call Centers, Market Research and Public Opinion Surveys, Database Preparation and Management and Data Processing Statement of Applicability

Regarding Trizma GS - a subsidiary of Serbian Trizma, although not ISO certified it applies and adheres to all standards as its parent company. It is important to mention that Trizma is the first company in Serbia that has acquired ISO 18295-1:2017 certificate for Customer Contact Centres - Requirements for Service Provision within the scope of Outsourcing of Contact Centre Services.

It should be mentioned that our Turkish member CMC applied for certificate PCI DSS: Payment Card Industry Data Security Standard and its application is in the assessment phase at the time of publication of this Report. PCI DSS requirements apply to entities with environments where account data (cardholder data and/or sensitive authentication data) is stored, processed, or transmitted, and entities with environments that can impact the security of the cardholder data environment (CDE). Some PCI DSS requirements may also apply to entities with environments that do not store, process, or transmit account data – for example, entities that outsource payment operations or management of their CDE 1. Entities that outsource their payment environments or payment operations to third parties remain responsible for ensuring that the account data is protected by the third party per applicable PCI DSS requirements.



Croatia

Certificate of Registration

This certificate has been awarded to

M Plus Croatia d. o. o.

Heinzelova 62/a, 10000 Zagreb, Croatia

in recognition of the organization's Quality Management System which complies with

ISO 9001:2015

The scope of activities covered by this certificate is defined below

Call Center Activity, Market Research and Public Opinion Surveys, Database Preparation and Management.

Certificate of Registration

This certificate has been awarded to

M Plus Croatia d. o. o.

Heinzelova 62/a, 10000 Zagreb, Croatia

in recognition of the organization's Information Security Management System which complies with

ISO 27001:2013

The scope of activities covered by this certificate is defined below

Call Center Activity, Market Research and Public Opinion Surveys, Database Preparation and Management and Data Processing Statement of Applicability (SOA) v1, 31.07.2021

Hungary

CertUnion
Certificate

We hereby certify that
GEOMANT-ALGOTECH Zrt. 
Headquarters: H-1123 Budapest, Alkotás utca 50.

In the following fields
Information technology consulting
(Statement of Applicability's date: 28.10.2019, version 1.0)
has introduced and applied Information Security Management System,
which satisfies the requirements of
MSZ ISO/IEC 27001:2014 standard.

Expiry Date: 08.12.2022
Registration Number: HU-2017/01680-01456
Date of Issue: Budapest, 09.12.2019


On behalf of CertUnion

The Certificate is valid only with annual surveillance audits.

CertUnion Hungary Tanúsító Kft.
H-1113 Budapest, Szeleai út 77-79.
www.certunion.com





Serbia

**Quality Management System
Certificate of Approval**

This is to certify that the Quality Management System of:

Trizma doo Beograd

Tošin bunar 272, 11070 Belgrade
Serbia

has been assessed and found to meet the requirements of:

ISO 9001:2015

The certificate is valid for the following scope of operation:
**Outsourcing of Contact Centre Services, Data Insight Services,
Business Process Outsourcing Services, Hiring & Payroll Services**

Information Security Management System Certificate of Approval

This is to certify that the ISMS of:

Trizma doo Beograd

Tošin bunar 272, 11070 Belgrade
Serbia

has been assessed and found to meet the requirements of:

ISO/IEC 27001:2013

The certificate is valid for the following scope of operations & Statement of Applicability:

**Outsourcing of Contract Centre Services, Data Insight Services,
Business Process Outsourcing Services, Hiring & Payroll Services**

C E R T I F I C A T E

This is to certify that organization:

Trizma d.o.o.

Tošin bunar 272, III sprat, 11070 Novi Beograd, R. Serbia

has implemented and maintains an Business Continuity Management System
within the scope of:

Outsourcing of Contact Centre Services, Data Insight Services,
Business Process Outsourcing Services, Hiring & Payroll Services

in accordance to:

ISO 22301:2019

C E R T I F I C A T E

This is to certify that organization:

Agencija za privremeno zapošljavanje Trizma doo Beograd

Tošin bunar 272, 11070 Belgrade, Republic of Serbia

has implemented and maintains a Customer Contact Centres
- Requirements for Service Provision within the scope of:

Outsourcing of Contact Centre Services

in accordance to:

ISO 18295-1:2017

Slovenia

Certificate

Awarded to

CDE, nove tehnologije, d.o.o.

Šmartinska cesta 52, 1000, Ljubljana, Slovenia

This is a multi-site certificate, additional site details are listed in the appendix to this certificate

BUREAU VERITAS CERTIFICATION CZ, s.r.o. certifies that the Information Security Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standard detailed below:

Standard

ISO/IEC 27001:2013

Scope of certification

Software development, providing and hosting of contact center services.
CDE-14 Statement of Applicability, Version 11.0 dated 27.05.2019

Certificate

Awarded to

CDE, nove tehnologije, d.o.o.

Šmartinska cesta 52, 1000, Ljubljana, Slovenia

BUREAU VERITAS CERTIFICATION CZ, s.r.o. has issued this appendix to the Certificate Number:
CZE-2100222

Standard

ISO/IEC 27001:2013

Scope of supply detailed according to each site

Site Name/Location	Site Address	Site Scope
CDE, nove tehnologije, d.o.o.	Šmartinska cesta 52, 1000, Ljubljana, Slovenia	Software development, providing and hosting of contact center services.
LINEA DIRECTA, center za dialog s kupci, d.o.o.	Podvine 36, 1410 Zagorje ob Savi	Providing of contact center services.
CDE IT, poslovne in informacijske rešitve, d.o.o.	Šmartinska cesta 52, 1000 Ljubljana	Software development.

Turkey

Sertifika Certificate

CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZM. A.Ş.

MERKEZ: ÇAĞLAYAN MAH. KARAAĞAÇ SOK. ISS BLOK NO:2 İÇ KAPI NO:8 KAĞITHANE / İSTANBUL
ŞUBE BAYBURT: ŞINGAH MAH. TURGUT ÖZAL BULVARI NO:26/1 BAYBURT
ŞUBE VAN: VAN TUŞBA OSB AHDAMAR CAD. NO:26 VAN
ŞUBE RİZE: DAĞINIKSU MAH. GÜNDOĞDU CAD. NO:64 MERKEZ / RİZE
ŞUBE MALATYA: 1. ORGANİZE SANAYİ BÖLGESİ 1. CADDE NO:1 MALATYA
ŞUBE ŞANLIURFA: 1.ORGANİZE SANAYİ BÖLGESİ 6. CADDE NO:10 ŞANLIURFA

DSR BELGELENDİRME tarafından denetlenmiş ve uygulamakta olduğu
Kalite Yönetim Sisteminin

is audited by DSR Certification and applied
Quality Management System meet the requirements of

ISO 9001:2015

standardına aşağıdaki kapsamda uymakta olduğu gözlenmiştir.
standard for the following activities.

ÇOK KANALLI İLETİŞİM MERKEZİ VE MÜŞTERİ İLİŞKİLERİ YÖNETİM HİZMETLERİ

MULTI CHANNEL COMMUNICATION CENTER AND CUSTOMER RELATIONSHIP MANAGEMENT SERVICES

Sertifika Certificate

CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZM. A.Ş.

MERKEZ: ÇAĞLAYAN MAH. KARAAĞAÇ SOK. ISS BLOK NO:2 İÇ KAPI NO:8 KAĞITHANE / İSTANBUL
ŞUBE BAYBURT: ŞINGAH MAH. TURGUT ÖZAL BULVARI NO:26/1 BAYBURT
ŞUBE VAN: VAN TUŞBA OSB AHDAMAR CAD. NO:26 VAN
ŞUBE RİZE: DAĞINIKSU MAH. GÜNDOĞDU CAD. NO:64 MERKEZ / RİZE
ŞUBE MALATYA: 1. ORGANİZE SANAYİ BÖLGESİ 1. CADDE NO:1 MALATYA
ŞUBE ŞANLIURFA: 1.ORGANİZE SANAYİ BÖLGESİ 6. CADDE NO:10 ŞANLIURFA

DSR BELGELENDİRME tarafından denetlenmiş ve uygulamakta olduğu
Bilgi Güvenliği Yönetim Sisteminin

*is audited by DSR Certification and applied
Information Security Management System meet the requirements of*

ISO 27001:2013

standardına aşağıdaki kapsamda uymakta olduğu gözlenmiştir.
standard for the following activities.

ÇOK KANALLI İLETİŞİM MERKEZİ VE MÜŞTERİ İLİŞKİLERİ YÖNETİM HİZMETLERİ

MULTI CHANNEL COMMUNICATION CENTER AND CUSTOMER RELATIONSHIP MANAGEMENT SERVICES



CMC İletişim ve Çağrı Merkezi Hiz. A.Ş.

Merkez: Çağlayan Mah. Karaağaç Sok. ISS Blok No:2 İç Kapı No:8 Kağıthane İstanbul

Şube 1: 1.Organize Sanayi Bölgesi 6. Cadde No:10 ŞANLIURFA

Şube 2: 1. Organize Sanayi Bölgesi 1. Cadde No:1 MALATYA

Şube 3: Turgut Özal Bulvarı Şingah Mah. No:26/1 BAYBURT

Şube 4: Dağınksu Mah. Gündoğdu Cad. No:64 Merkez/RİZE

Şube 5: Van Tuşba OSB Ahdamar Cad. No:26 VAN

**Is audited by IQD Cert Certification and applied
Management System meet the requirements of**

ISO 10002:2018

Customer Satisfaction and Complaint Management System

standart for the following activities.

COMMUNICATION CENTER AND CUSTOMER RELATIONS MANAGEMENT SERVICES

Sertifika Certificate

CMC İLETİŞİM VE ÇAĞRI MERKEZİ HİZM. A.Ş.

MERKEZ: ÇAĞLAYAN MAH. KARAAĞAÇ SOK. ISS BLOK NO:2 İÇ KAPI NO:8 KAĞITHANE / İSTANBUL
ŞUBE 1: ŞANLIURFA OSBKOÇÖREN OSB MAH. 106. CADDE NO:10/1-2 EYYÜBİYE / ŞANLIURFA
ŞUBE 2: 1. ORGANİZE SANAYİ BÖLGESİ 1, CADDE NO:1 MALATYA
ŞUBE 3: ŞİNGAH MAH.TURGUT ÖZAL BULVARI NO:26/1 BAYBURT
ŞUBE 4: DAĞINIKSU MAH. GÜNDOĞDU CAD. NO:64 MERKEZ / RİZE
ŞUBE 5: VAN TUŞBA OSB AHDAMAR CAD. NO:26 VAN
ŞUBE 6: KARACAĞLAN MAH. BORNOVA CAD. NO: 16 İŞIKKENT BORNOVA / İZMİR

DSR BELGELENDİRME tarafından denetlenmiş ve uygulamakta olduğu
Müşteri İletişim Merkezleri Sistemi

*is audited by DSR Certification and applied
Customer contact centres meet the requirements of*

TS EN ISO 18295-1:2017

standardına aşağıdaki kapsamda uymakta olduğu gözlenmiştir.
standard for the following activities.

İLETİŞİM MERKEZİ VE MÜŞTERİ İLİŞKİLERİ YÖNETİM HİZMETLERİ

COMMUNICATION CENTER AND CUSTOMER RELATIONS MANAGEMENT SERVICES



I Q D C E R T

International Quality Determine

CMC İletişim ve Çağrı Merkezi Hiz. A.Ş.

Merkez: Çağlayan Mah. Karasığaç Sok. ISS Blok No:2 İç Kapı No:8 Kağıthane-İstanbul

Şube 1: Organize Sanayi Bölgesi 6. Cadde No:10 ŞANLIURFA
Şube 2: 1. Organize Sanayi Bölgesi 1. Cadde No:1 MALATYA
Şube 3: Şingah Mah. Turgut Özal Bulvarı No:26/1 BAYBURT
Şube 4: Dağınıksu Mah. Gündoğdu Cad. No:64 Merkez/RİZE
Şube 5: Van Tuşba OSB Ahdamar Cad. No:26 VAN

Is audited by IQD Cert Certification and applied
Management System meet the requirements of

ISO 20000-1:2018

Information technology - Service management

standart for the following activities.

MULTI CHANNEL COMMUNICATION CENTER AND
CUSTOMER RELATIONSHIP MANAGEMENT SERVICES

IQD CERT

International Quality Determine

CMC İletişim ve Çağrı Merkezi Hiz. A.Ş.

Merkez: Çağlayan Mah. Karaağaç Sok. ISS Blok No:2 İç Kapı No:8 Kağıthane-İstanbul

Şube 1: 1. Organize Sanayi Bölgesi 6. Cadde No:10 SANLIURFA

Şube 2: 1. Organize Sanayi Bölgesi 1. Cadde No:1 MALATYA

Şube 3: Şingah Mah. Turut Özal Bulvarı No:26/1 BAYBURT

Şube 4: Dağınksu Mah. Gündoğdu Cad. No:64 Merkez/RİZE

Şube 5: Van Tuşba OSB Ahdamar Cad. No:26 VAN

Is audited by IQD Cert Certification and applied
Management System meet the requirements of

ISO 22301:2019

Business Continuity Management System

standart for the following activities.

MULTI CHANNEL COMMUNICATION CENTER AND
CUSTOMER RELATIONSHIP MANAGEMENT SERVICES

IQD CERT

International Quality Determine

CMC İletişim ve Çağrı Merkezi Hiz. A.Ş.

Merkez: Çağlayan Mah. Karaağaç Sok. ISS Blok No:2 İç Kapı No:8 Kağıthane İstanbul

Şube 1: Sanlıurfa OSB Koçören OSB Mah. 106. Cadde No:10/1-2 Eyyübiye SANLIURFA

Şube 2: 1. Organize Sanayi Bölgesi 1. Cadde No:1 MALATYA

Şube 3: Şingah Mah. Turut Özal Bulvarı No:26/1 BAYBURT

Şube 4: Dağınksu Mah. Gündoğdu Cad. No:64 Merkez/RİZE

Şube 5: Van Tuşba OSB Ahdamar Cad. No:26 VAN

IQD Cert tarafından denetlenmiş ve
uygulamakta olduğu Yönetim Sisteminin

ISO 45001:2018

İş Sağlığı ve Güvenliği Yönetim Sistemi /

Occupational Health and Safety Management System

Standardına aşağıdaki kapsamda uymakta olduğu gözlenmiştir.


ÇOK KANALLI İLETİŞİM MERKEZİ VE MÜŞTERİ İLİŞKİLERİ YÖNETİM HİZMETLERİ
MULTI CHANNEL COMMUNICATION CENTER AND CUSTOMER RELATIONSHIP MANAGEMENT SERVICES








In the future, we will aim to acquire further certificates for our (operational) entities, such as ISO 26001 Social Responsibility and IEMA, ISO 14001 Environmental Management System, ISO 50001 Energy Management System and to broaden the scope of already acquired ones to encompass more entities within the Group. Additionally, ISO 22301 Business Continuity Management and ISO 18295 Customer Contact Centres are planned to be implemented so that all our call centres have the same level of certification and provide the same level of assurance for our clients in terms of service quality. Managers responsible for managing contact centres and those in charge of customer relations in Croatia and Bosnia and Herzegovina are certified as COPC Customer Experience Performance Leaders. In 2022, the process will continue in other M+ Group companies. The COPC certification is one of the most prestigious recognitions in the customer support industry. By following the highest standards in customer experience management, M+ Group directly influences the quality of services it provides to its clients around the world.

Awards

We are very proud of successes that we have been achieving throughout the years. Especially in 2021 when we have received a number of recognitions and awards from financial institutions and professional organizations that place a strong focus on transparency, innovation, quality of services, and investment in employee development, as shown in the table below.

Location	Award received	Issuer	About the award	
Croatia (Meritus Plus)	Challenger Provider of the Year	Global Sourcing Alliance (GSA)	<p>GSA is the founder of the Global Sourcing Standards, the first global portfolio of best practice methodologies and accreditation programs supported by customers and suppliers in procurement. With this recognition, M+ Group has been recognized alongside other laureates – successful global companies – that have won awards for technology (NNT), automation (Royal Mail Group), excellence (Bank of Ireland), and digitalization (Volkswagen Group UK).</p>	

<p>Serbia (Trizma)</p>	<p>Platinum Creditworthines s certificate</p>		<p>Confirmation of the above-average quality of our business. Awarded with the maximum assessment points for its financial indicators (scoring 100/100), Trizma is among 0.19% of companies that have met the Platinum certificate requirements at the level of the Republic of Serbia, and the only company within the BPTO sector.</p>	
<p>Bosnia and Herzegovina (Mplus BH)</p>	<p>Certificate of superior financial performance</p>	<p>LRC Business Intelligence System</p>	<p>The certificate is awarded to organizations with high financial reliability as to assure their current and future business partners of their stability in the short run of at least one year.</p>	
<p>Turkey (CMC)</p>	<p>Golden Leaders Award: Banu Hızlı "Turkey's Most Admired CEO "</p>	<p>Golden Leader Awards</p>	<p>Cemile Banu Hızlı, CEO of CMC Turkey, won the Golden Leader Award by being among the "50 Most Admired CEOs" at the Golden Leader Awards 2021, one of Turkey's most prestigious</p>	

			leadership awards.	
Turkey (CMC)	Economist: Banu Hızlı "The 50 Most Powerful Female CEOs"	Economist (magazine)	Cemile Banu Hızlı, CEO of CMC Turkey, was named among the Turkey's 50 Most Powerful Female CEOs.	
Turkey (CMC)	Van İşkur: Certificate of Appreciation to Sectors Contributing to Youth Employment	Vangölü TV	Certificate of appreciation from Van İŞKUR to companies contributing to employment.	
Turkey (CMC)	Kariyer.net: Respect for Human Award	Kariyer.Net	CMC Turkey was deemed worthy of the "Respect for Human" Award given by Kariyer.Net in order to highlight successful institutions in the field of human resources and share them with the public.	
Slovenia (CDE nove tehnologije)	AAA Platinum certifikat o bonitetni odličnosti	Dun & Bradstreet Slovenija	Dun & Bradstreet Slovenija with this certificate confirms that CDE nove tehnologije meets the highest	

			<p>international standard of excellence AAA for at least fifth year in a row and belongs to the Platinum Creditworthiness status of credit rating excellence in Slovenia. CDE nove tehnologije meets the criteria of credit excellence for the year 2021 and is one of the most reliable Slovenian business entities that are entitled to use internationally recognized status Platinum Excellence, which is a symbol of the standard of credit excellence.</p>	
--	--	--	--	--

3. Governance

Mission, Vision and Values

Ever since its establishment in 2007, M+ Group has been delivering innovative customer experience to customers around the world. We are focused on providing superior quality in customer experience and innovation in providing comprehensive outsourcing services through a sustainable model that generates value for our shareholders, clients and employees, while maintaining a strong commitment to the environment and society.

M+ Group provides services in outsourcing of business processes and contact centre services business segment through all known communication channels and predictive analytics, which together make the operating ecosystem within M+ Group, as well as a service portfolio we offer to our clients.

Our vision is to be connected with global customers through every channel, and to support inspire and help our clients succeed.

The success of our organization is founded on two different but complementary platforms. The first is organic growth, based on customer-centric orientation, in which we make the best effort possible to put ourselves in the clients' position and understand their needs and thus provide them with added value. Additionally, component that largely contributes to organic growth is focus on agility and complexity, where each client is approached with a specific thesis and projects in multiple languages, skills and departments combining technologies and services to cater to client's needs. The ability to grow rapidly and operate on multiple locations with a redundant approach allows us to target, acquire and retain the most demanding clients while converting complexity into higher margins. Diversified service portfolio, advanced technology and competent employees constitute M+ Group's value.

The second platform is inorganic growth through the so-called "buy and build" strategy of mergers and acquisitions reflected in 15 successful acquisitions in the past five years. Simply put, it is a strategy in which we acquire successful or promising companies which we then restructure and enhance after the takeover. An essential element of this strategy is the takeover of companies that complement each other. For example, we contributed to solving the labour shortage in BPTO sector in Croatia by taking over CMC Group which is based in heavily populated Turkey. Additionally, we strengthened the IT business segment by creating a joint IT division with the British company Concentric Technologies Ltd., which gave us access to all the latest technologies used in contact centres. Moreover, IT business segment was empowered with Bulb acquisition whose Cempreso software platform enabled a new innovative concept of automation of customer support and communication with customers. With the acquisition of Invitel, M+ Group has gained clients who are focused on renewable energy sources, carbon management, energy transition, and technological innovations, which enable us to adapt to the dynamic reality we live in, not only in the markets, but also in the socio-political areas that may influence our operations.

Such structural transformations are part of our search for alternatives to the conventional way of doing things to support the business of companies adapted to the new economy. This enables us to provide even better services through the vertical connection of IT solutions and IT services by relying on technological advances to ensure our quality standards.

“M+ Group has a clearly defined growth strategy with multiple attractive growth opportunities through purchasing and construction based on consistent execution of the organic and inorganic growth plan. Future growth and diversification of services are focused on the pillars of digital technology in the CRM BPO value chain, where we have covered most of the range of products and services supported by the necessary technology and expertise. Further focus is put on our own competencies in digital enabling and products for clients undergoing digital transformation, offering clients a full range of CX design and consulting, CRM solutions, automatization, analytics and CRM services that will accelerate existing growth rates.” Darko Horvat, president of the Management Board

Business and Strategy of the Group

Companies are increasingly focusing on predictive analytics using AI tools to help customize the contact centre experience for users and agents. AI is expected to take over primarily low-complexity (low-value) tasks from BPTOs dealing with low value-added services. Although AI and other innovative technologies help increase efficiency, streamline processes, and create new and agile ways of working, only humans can create true, personal connections using emotional intelligence, empathy and compassion as essential tools to maintain trust between customers and brands. We believe in the importance of striking a balance between technology and people and therefore consider the human component as key to unlocking value and ensuring the sustainability of change.

When we look at how far we have come, it is far beyond our initial plan, as with the acquisition of Invitel, M+ Group 's annual revenues exceed HRK 1 billion / EUR 132,250 million. We have always grown through a combination of organic growth and acquisitions, and we aspire to do so in the future.

Empowered with an unprecedented level of connectivity and information, customers and citizens have become the driving force of the market having their experiences influence their future decision-making. By 2025, customers are expected to have zero tolerance for suboptimal service due to their increased awareness on the existence and reach of services, them having far greater expectations, being influenced by social media sharing, and being ready, willing and able to change suppliers. Increasing customer demands will enable us to retain the existing higher quality of the Group's workforce in comparison with large BPTO competitors. This is an opportunity for the Group primarily in the English language segment, as large global companies will have to move away from low-quality, low-cost service providers. The Group remains passionately committed to the strategy that has made it the largest and fastest growing BPTO company in Europe, namely through the application of innovation, new knowledge, extremely efficient organization and investment in people and technology.

In addition to challenges pertaining to the business domain, M+ Group is also aware of the overarching global challenges related to climate, inequality and poverty. Therefore, we find it necessary to commit to embedding sustainable practices in our operations, interactions and relationships through a passion for bringing people together, generating value both for our shareholders and for society overall. Our activities and services should make a positive difference to society while contributing to M+ Group's ongoing success.

Corporate Governance

M+ Group, as a business organization operating and developing its business in Croatian and foreign markets, is aware of the importance of responsible and ethically sound behaviour of business entities as a prerequisite for developing quality relationships and fair competition between business partners and for the efficient functioning of the market and the integration of the Croatian economy into international flows. In this regard we develop and operate in accordance with good corporate governance practices and strive for our business strategy, business policy, key internal acts and business practices to contribute to transparent and efficient business conduct and better connections with the business environment(s) in which we operate.

Our main goal as a leading BPTO service provider in the outsourcing industry, is delivering superior quality in customer experience and innovation by providing comprehensive outsourcing services through a sustainable model that generates value for our shareholders, clients and employees. Additionally, our focus remains on using our capital for further growth and acquisitions in developed markets, infrastructure and technological equipment needed for further business development and to support our people in their current role and future career.

Objectives and initiatives of our corporate governance are derived from the following guiding principles:

- adherence to regulations applicable in the countries in which we operate,
- meeting the highest standards through the organization of business and application of modern business principles in all our activities, relationships, and areas of our work as a group, and
- application of recognized international guidelines and their incorporation into our business practice and procedures.

The foundations of our corporate governance are based on upgrading corporate relations arising from applicable legislation and internationally accepted principles with experiences of best corporate governance practice.

Meritus ulaganja d.d. as M+ Group parent entity operates a two-tier board structure, composed of the Supervisory Board and the Management Board. Together with the General Assembly, and pursuant to the company's Articles of Associations and the Croatian Companies Act, they constitute three governance bodies.

General Assembly gathers shareholders and has been affected by a change in ownership structure during the reporting period. In particular, in November 2021 Ms Manica Pirc Orešković and Mr Stjepan Orešković entered into an Agreement on the sale and transfer of shares, pursuant to which they transferred all 503,674 shares of Meritus Ulaganja d.d. without a nominal amount (251,837 shares each) to ORSO Global d.o.o. (of which they are the only members, each holding a 50% stake), which corresponds to a total of 51.29% of the total share capital in Meritus Ulaganja d.d. As at 31 December 2021, parent entity's ownership structure was as follows:

	Account owner (holder) / Security co-holder (holder)	Percentage of shares
1.	ORSO GLOBAL d.o.o.	51.29
2.	OTP Bank d.d. / Erste Plavi OMF - B category	9.55
3.	Addiko Bank d.d. / PBZ CO OMF - B category	9.31
4.	HPB d.d. / NEK Fund for NEK Decommission Financing	8.41
5.	OTP Bank d.d. / AZ OMF - B category	7.96
6.	Raiffeisenbank Austria d.d. / Raiffeisen Voluntary Pension Fund	4.16
7.	Privredna Bank Zagreb d.d. / Raiffesen OMF - B category	4.10
8.	Zagrebačka Bank d.d. / AZ Profit Open Voluntary Pension Fund	1.39
9.	Privredna Bank Zagreb d.d. / Raiffesen OMF - A category	0.74
10.	Erste & Steiermarkische Bank d.d. / PBZ CO OMF A CATEGORY	0.59
11.	Other shareholders	2.50

As the Group parent company, Meritus ulaganja d.d. controls and monitors other entities' activities, maintains appropriate collaboration within the Group and ensures that Group subsidiaries have rules and procedures in place governing business operations, responsibilities and reporting procedures. These activities are undertaken at the Management Board level, amongst other through strategy development and execution.

The **Management Board** is composed of two members. The function of the President of the Management Board is performed by Mr. Darko Horvat, and Mr. Tomislav Glavaš holds the function of a member of the Management Board. There were no changes in the composition of the Management Board in 2021.







In December 2021 we made new strategic reinforcements at Group management level, with Christoph R. Giese as Chief Commercial Officer (CCO) and Simone Olivo as Chief Operating Officer (COO). Although Mr. Giese and Mr. Olivo are not members of the Management Board they joined us to help M+ Group connect global resources more effectively with a focus on growth, innovation, and an even stronger position in the international market. Christoph R. Giese has more than 20 years of international experience working in large global companies. He will focus on business development by connecting the go-to-market strategy, marketing activities, and business plans, while Simone Olivo, who has many years of experience in the BPO industry and strategic management, will be in charge of optimizing the Group's internal processes with an emphasis on operating systems and human resources management.

Management Board

 <p>Darko HORVAT</p> <p>President of Management Board (since 19th May 2020)</p> <p>Previously member of the Management Board of M+ Group (Meritus ulaganja d.d.) and M+ Connect (Meritus upravljanje d.o.o.) and CFO of M+ Group.</p>	 <p>Tomislav GLAVAŠ</p> <p>CEO and Member of Management Board (since 19th May 2020)</p>
---	--

The Supervisory Board is comprised of a majority of independent members, with an independent President of the Board. In 2021, Supervisory Board carried out regular supervision over the business operations of Meritus ulaganja d.d. and the Group in accordance with the Rules of Procedure of the Supervisory Board, and legal regulations. The **Supervisory Board** comprises six members:

Supervisory Board

 <p>Sandi ČEŠKO</p> <p>President of Supervisory Board (since 30th June 2020)</p>	 <p>Igor VARIVODA</p> <p>Deputy President of Supervisory Board</p> <p>Member of the Audit Committee and Appointments and Remuneration Committee</p>	 <p>Tamara SARDELIĆ</p> <p>Member of the Appointments and Remuneration Committee</p>
 <p>Hrvoje PRPIĆ</p>	 <p>Joško MILIŠA</p> <p>Member of the Audit Committee</p>	 <p>Ulf GARTZKE</p>

Management Board members are appointed for 5 years, while Supervisory Board members are appointed for 4 years tenure. Both boards ensure that the established strategy of the parent company, resources, risk management and internal control system and relations with shareholders support its and Group's long-term success and sustainable development. They ensure that the strategy considers the potential impact on the environment and the community, and that the parent company's policies, culture and values encourage ethical behaviour, respect for human rights and are conducive to a stimulating and pleasant work environment throughout the Group. Furthermore, the Supervisory Board and the Management Board ensure existence of appropriate systems that enable them to cooperate effectively in the best interests of the Group parent company and ensure a regular dialogue with main stakeholders.

In order to enhance the efficiency of the Supervisory Board, and to ensure legal, harmonized and enforceable performance of its duties, the Supervisory Board established three specialized committees: **Audit Committee**, **Nomination Committee** and **Remuneration Committee**. Each committee can have three members, two of whom are appointed from among the members of the Supervisory Board, while one member is appointed from among the top experts in the field. The members of these committees are appointed and recalled by the Supervisory Board or the General Assembly.

The **Audit Committee's** purpose is to monitor issues relating to the preparation and control of financial and accounting information. More specifically, its duty is to ensure the objectivity and credibility of information and reports submitted to the Supervisory Board by monitoring and supervising the areas of existence and operational effectiveness of internal controls, adequacy of risk management process, reliability of financial reporting, application of legislation and regulations and relevant areas and issues related to the external and internal audit process. There were minor changes in the structure of the Audit Committee in September 2021, as explained in the Annual financial report (page 43).

The purpose of the **Nomination Committee** is to propose candidates for members of the Management Board and the Supervisory Board.

Remuneration Committee's purpose is to propose the contents of the contracts with the Management Board, and the remuneration policy for the Management and the Supervisory Board, as well as to assess their quality of work.

During 2021, sessions of all committees were held regularly. More details on the work of all committees and performed reviews are available in [Meritus Ulaganja d.d. consolidated Annual financial report for 2021](#).

As we are further developing and implementing policies on corporate governance and responsibility, together with policies expressing our care for the environment, we are incorporating and emphasizing these values into our corporate governance and are now focused on realizing these efforts in practice to contribute to global sustainability.

Risk and Opportunities

M+ Group risk management and control framework is designed to support the identification, assessment, monitoring, and management of risks that are significant to the achievement of Group's business objectives. For transparent reporting and disclosure, it is important to identify

how risks and opportunities could impact the business model and what could be the consequences for the ongoing viability of the business. Most significant risk factors related to M+ Group or its activities are presented in the table below.

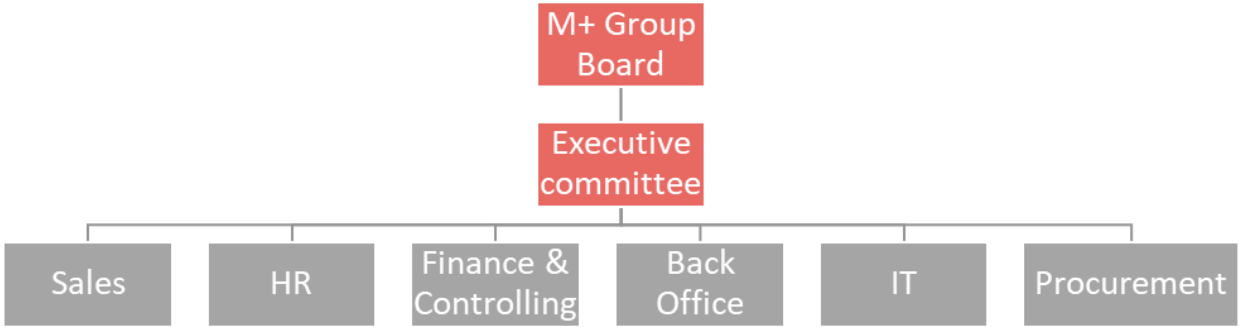
Global trends	Risks & opportunities	M+ Group Response
Business environment	The company's business environment risk is related to the risk of the Republic of Croatia. Countries in transition, such as the Republic of Croatia, are characterized by increased political and economic risk, which depends on the policy of the government and economic trends in imports and exports. The business environment risk of subsidiaries is to some extent related to the countries in which the subsidiaries operate.	M+ Group manages the risk of the business environment through regional diversification of the place of doing business.
Price	The Group's operations are exposed to price risk related to changes in the price of services necessary to perform its activities.	The Group procurement function manages strategic procurement categories and key suppliers by developing partnerships with both existing and new suppliers to mitigate effects.
Currency	Currency risk includes transactional and balance sheet risk. The Group operates in an international environment and is largely exposed to changes in the euro exchange rate.	
Liquidity and cash flow	The expansion and growing complexity of the competitive environment could force the Group to reduce its prices, which could adversely impact revenues and earnings.	The Group manages liquidity risk by setting appropriate frameworks for managing this risk to manage short-term and long-term financing and liquidity requirements and maintain adequate reserves and available borrowing lines. This is the result of continuous monitoring of planned and realized cash flows and monitoring the maturity of receivables and liabilities of the Group.
Competition-related risk	In the BPTO industry in general and the contact centre industry specifically, there is no strong competition in the sales process between BPTO service	M+ Group manages the risk of the business environment through the diversification of the customer base and the continuous improvement of the quality management system.

	providers because the greatest growth potential is found in taking over relevant processes that are still managed in-house by clients.	
Interest rate	Interest rate risk is the risk of negative business effects due to changes in interest rates.	M+ Group manages the risk of changes in interest rates by contracting borrowings in the currencies of its revenues and mainly with a fixed interest rate.
Settlement risk and other parties to the contract	M+ Group's exposure to the risk of settlement from another contract is reflected in the exposure to negative effects that could occur due to non-payment of contractual obligations by the subsidiaries' clients.	M+ Group manages settlement risk through the selection of reputable global and regional companies as clients and the monitoring of clients' operations.
Inflation	The Group's exposure to inflation risk from the other parties is indirect, i.e., it is reflected in the exposure of subsidiaries.	M+ Group manages inflation risk by setting the price of contractual relationships in contracts, in which the price of services or products is indexed to inflation.
Credit	Borrowing risk is reflected in the risk of collection of receivables from customers.	M+ Group manages settlement risk through the selection of reputable global and regional companies as clients and continuous monitoring of clients' operations, as well as ensuring that the Group has no other financial assets and, therefore, no additional credit risk that would lead to the increase in provisions for impairment of customers and other receivables.
Risk of changes in tax regulations	Difficulties encountered in case of changes in tax regulations could impact earnings if the Group is unable to overcome these difficulties and achieve the expected results.	M+ Group has, to some extent, protected itself from the risk of changes in tax regulations through geographical diversification of its operations in 9 countries, which significantly reduced the impact of possible changes in tax regulations in any of these countries on the overall business of the Group.
Risk of losing in litigation disputes	Even though Group is not at risk of losing in litigation disputes because it is not involved in any such proceedings, it recognizes the possibility of such events occurring.	Subsidiaries are involved in several disputes as an active party, primarily in collection proceedings, while as a passive party, they appear in several, primarily labour law, proceedings. However, given the number of such proceedings, the status of such proceedings,

		and the possible financial exposure, the risk of losing in litigation disputes is not material.
Workforce attrition	M+ Group is indirectly exposed to workforce attrition risk since contact centres, as a labour-intensive industry, are the main business segment of subsidiaries. The Group's inability to have and secure enough employees might have a negative impact on the business, financial position, and business results. If the Group is not able to attract and retain workers with the necessary knowledge and proficiency in foreign languages, it will be exposed to the risk of lost profits, increased wage costs, and additional costs in terms of employee training.	With the geographical diversification of business operations, especially by expanding to the territory of Turkey and Serbia, the risk of lack of human resources is reduced due to the "nearshoring" strategic business model.
Risk of economic cycles	M+ Group operates mainly within the framework of the BPTO industry and does not suffer from significant cyclicity.	At the time of the expansion, the BPTO sales model was focused on quality customer support and sales results. Conversely, in times of recession or contraction, the emphasis is on the cost reductions that BPTO provides to customers. In this sense, M+ Group manages the risk of economic cycles through the management of diversified commercial supply.
Industry	The industry risk is reflected in the negative trends of business process automation and the use of AI, which may take over a part of the market volume in the coming period.	M+ Group actively manages industry risk by investing in service quality and focusing its sales channels on so-called premium clients who require services of high quality and complexity. By investing in new generation technology, the Group anticipates future trends and provides an adequate level of service with more modern solutions for AI and machine learning.

Sustainability in M+ Group

Successful integration and effective management of sustainability at M+ Group requires having committed leadership, clear direction, and strategic influence and none of this will happen without a robust governance structure. Sustainability governance model of the Group, i.e. sustainability related roles are depicted on the chart below. Sustainability governance helps us in implementing sustainability strategy across all our business operations, managing goal setting and reporting processes, strengthen relations with internal and external stakeholders, and ensure overall accountability. As shown below, heads of individual sectors are responsible for their area of business activity, i.e. gathering and preparing data and submitting these to the Chief financial officer (CFO) and Head of back office. The latter two functions compile reporting data and are ultimately accountable to the President of the Group's Management Board. To ensure full transparency, we set up Executive Committee at the Group level assembling a broader team of executive Group functions which is overseeing sustainability-related efforts. Such governance structure allows the Management board and senior management to integrate sustainability risks and opportunities and other sustainability issues into everyday decision-making.



Approach to Sustainability

In terms of sustainability and ESG indicators, our biggest emphasis is on the S, i.e. social. Without happy and satisfied employees there would be no quality of services for our clients and their customers. In order to achieve this goal, we also focus on other sustainability components, to ensure our employees are working in a healthy environment where ecological principles are promoted, and to have them be a part of a larger operating system in which they can feel safe to express their thoughts, ideas and complaints. The Group recognized that the implementation of sustainable solutions within the corporate values has a positive effect on raising employee awareness which encourages a sustainable mindset, so that the employees, who are the foundation of M+ Group, in their daily business can apply sustainable practices set through Group policies. Even though the influence of the ICT and BPTO sectors is mostly manifested through social and managerial factors, at the level of M + Group, inadequate focus is currently placed on environmental factors and accompanying goals, which will be corrected once the ESG strategy is adopted.

Our corporate sustainability starts with our value system and a principles-based approach of doing business. In order to join forces with other industry participants aimed at contributing to global

sustainability we are continually developing and implementing our policies on corporate governance, responsibility and the environment protection, expressed most precisely through the United Nations' 2030 Agenda and the corresponding SDGs.

For the support in implementation of sustainable solutions into business operations we engaged sustainability experts with experience in providing sustainability-related services of business transformation. Cooperation with sustainability experts began in 2020, with the preparation of the first sustainability report when we gained deeper insight into ESG criteria and practices. This was a major step in the decision to transform our business towards sustainability, which resulted in the resolution to prepare a comprehensive sustainability strategy that will serve as a guide for further business development.

Integrating sustainability into our corporate strategy will help us define our aspirations for a purpose that is relevant and inspiring to stakeholders to create immediate benefits that include improved reputation, higher employee retention rates, greater productivity, and cost benefits through operational improvements and innovation in products and services. As indicated by the International Finance Corporation, we know that the most effective sustainability strategies are led from the top, they incorporate a wide range of stakeholder views and are aligned with the Group's business priorities. This ensures a more efficient and strategic allocation of resources to these initiatives, which may generate new business opportunities¹. In this sense, our sustainability agenda is pushed and supported by the Group parent's Management Board, which is a strong indicator for successful implementation.

Additionally, we have recognized important sustainability risks and opportunities that could affect our set sustainable goals. Table below shows high-level analysis of sustainability risks and opportunities and our mitigation approach as a response to global trends in the BTPO industry.

Global trends	Risks & opportunities	M+ Group Response
Data & technology - increased share of AI in communication with the user -more connected and informed consumers -increased valuation of personal data	- gap between existing and new skills needed for future jobs	Upskilling and targeted training of employees with focus on digital and soft skills such as emotional intelligence training
	- cyber-crime & protection of personal data - increased risks of breach of data privacy	Comprehensive cybersecurity and legal framework aimed at prevention of cybercrime and data breaches
	- automation and AI transforming the business landscape - more connectivity leading to more customer experience interactions	Incorporation of sophisticated IT solutions and services enhanced by investments in advanced technology (AI, machine learning, big data analytics, cloud infrastructure) Focusing on augmented customer experience where human interaction is

¹

https://d306pr3pise04h.cloudfront.net/docs/issues_doc%2FCorporate_Governance%2FCorporate_Governance_IFC_UNGC.pdf

	- roll-out of more autonomous systems requiring reactive technologies (5G) to manage bandwidth demand	assisted with technology to process the increased volume of interactions
Social and political changes -loss of workforce -increased urbanization and global population - increased work-from-home arrangements	- negative trends in the outflow of labour, primarily from Croatia	Employing labour from different regions and abroad as well as expanding business to highly populated regions such as Turkey
	- rise in demand for customer experience services, especially for support of the ageing population - active population switching to virtual working environments	M+ Group is well positioned to respond to a rise in demand on all channels. M+ Group migrated the entire business to the WFH (work from home) model in less than 3 weeks during the pandemic and continued to improve the migration model. Software solutions as well as security protocols have been further improved and/or developed to keep the business at the highest level of efficiency and security.
Business environment -increased demand for nearshoring	- clients relocate from traditional offshore sites to an expanded range of nearshore sites	M+ Group has a proven track record as a trusted nearshoring partner
Environment and climate changes -economic and social effects of climate change	- higher rate of occurrence of national disasters - resource scarcity may impact business operations	M+ Group has business continuity and disaster recovery plans in place to mitigate and counteract negative effects. With the upcoming ESG strategy, further analyses will be made to elevate M+ state of preparedness for climate risks and opportunities which lie ahead

We know that developing and implementing an ESG strategy will enable us to improve our efforts in the "E" of ESG, i.e. the environmental segment. Exact goals and targets of our sustainability strategy will be included in the sustainability report for 2022, but we can already announce that we will aim to focus business activities on setting and achieving GHG emission reductions, which also means establishing appropriate processes and policies at Group level. Additionally, already existing goal of the Group is to position itself in the market as a leader creating and maintaining innovative user experience by providing comprehensive outsourcing services with a strong commitment to environmental activities and improving working conditions that ultimately contribute to society and the community as a whole.

Relevant SDGs

We believe that caring for people, giving back to society, protecting human rights, and preserving the environment are all interconnected and essential for achieving sustainable development. Our ESG strategy will further emphasize our commitment in this respect and will be aligned with the UN SDGs and the United Nations 2030 Agenda to support achieving the major global goals through our local actions.

As a part of our ongoing ESG strategy development we identified how UN SDGs are reflected through our value chain. While conducting an impact analysis, we mapped the UN SDG and categorized them based on importance and significance of their impact on M+ operations and the impact of M+ operations on these SDGs. Our analysis is summarized below into a two-tier approach:

- i. **Spotlight SDGs:** those on which M+ has a direct impact across all its operations and on which it should focus primarily.



- ii. **Runner-up SDGs:** those on which M+ has a limited impact across certain areas of operations.



The above classification will refine our sustainability direction and ESG commitments and identify areas for improvement. We will continue to work with stakeholders across M+ Group's value chain to pursue these goals and will formulate future sustainability strategy, policies and practices around the framework and principles upon which they are based.

Future plans

Sustainability is becoming an integral part of M+ Group corporate strategy, business culture, and day-to-day operations. During 2021, we increased our efforts for business transformation towards sustainability and implementation of sustainable solutions into business operations by initiating the preparation of our Group's ESG strategy.

In order to achieve and maintain positive sustainability impacts in our business operations, it is necessary to adopt and implement a sustainability strategy followed by specific goals and targets, policies and procedures, enhanced internal and external relations, and sustainable investments at the level of management functions, but also operational ones that reflect daily business (such as finance, marketing, procurement). To ensure that the purpose of the Group will resonate with its stakeholders and ultimately reach its potential, the strategy will be business relevant, have a transformative effect and tailored in a way that allows actual implementation.

To develop and achieve ESG goals and activities, it will be necessary to establish appropriate processes that correspond to the corporate culture and capabilities of the Group, and optimally organize all components of the Group and the main corporate functions to instil certain principles and patterns of behaviour within the organization, thus ensuring readiness of our employees to act in accordance with the new ambition.

Our future ESG strategy will specify short-term and long-term key performance indicators (KPIs), including the division of roles and responsibilities within the Group. ESG strategy-aligned internal processes and policies will define tasks both at the Group management level, and the level of individual stakeholders, to enable successful implementation of activities necessary for achieving

set KPIs. Furthermore, as part of implementation process, Group employees will go through education regarding ESG topics and Group’s approach to sustainability. This way, a complete understanding of the Group ambition, new policies and processes for achieving ESG goals, and monitoring of progress and implementation of given solutions, will be ensured.

Stakeholder Communication

Our stakeholders influence our business in a variety of ways and are, in turn, impacted either directly or indirectly by our economic, environmental, social, and governance performance. We engage with our stakeholders to understand their priorities, challenges, and needs, which informs our strategy and decision making. Stakeholder groups M+ Group is in regular communication with are:

- Shareholders
- Employees
- Suppliers
- Clients
- Credit institutions
- Investors
- NGOs
- Local communities
- Regulators
- Management

As depicted in below table, we maintain ongoing communication with our stakeholders through variety of surveys, project-based stakeholder participation and information meetings, impact assessment studies, public participation meetings, materiality workshops, etc. We aim to maintain and enhance our relationships with our key stakeholders to achieve sustainable growth and to have a clear picture of the impact of our business. As part of the 2021 M+ Group Sustainability Report, we enhanced our materiality assessment with an online questionnaire we sent to our stakeholders in order to help identify and prioritize the material issues to be included in this Report. As part of the Survey we conducted, we asked our stakeholders to evaluate sustainability issues relating to our Group with a comprehensive list, give their feedback on our first sustainability report and to suggest business areas in which we can further improve. Results of the survey are shown and described in the [Materiality Assessment](#).

Communication Methods with Key Stakeholder Groups

Stakeholders	Communication Tools	Frequency
Shareholder	General Meetings of Shareholders	Annually
	Management Board Meetings	Monthly
	Information Exchange Meetings	Annually
	Employee Satisfaction Survey	Annually

Employees	Coordination Meetings	Monthly
	Employee Suggestion and Complaint Reporting Mechanisms	Continuously
Suppliers	Face-to-face interviews	Continuously
	Audits	Several times a year
	E-mails	Continuously
Credit institutions	Meetings	Continuously
	E-mails	Continuously
Clients	Customers Reputation Survey	Biennially
	Web Site	Continuously
	Call Centre	Continuously
	Face-to-face interviews	Continuously
NGOs	Social Responsibility Projects	Continuously
	Meetings	Several times a year
Local communities	Visits	Several times a year
	Social Responsibility Projects	Continuously
	Stakeholder Engagement Activities	Several times a year
Regulators	Conferences/Panel Discussions/Projects	Several times a year
	Collaborations for Legal Regulation	Continuously
	Public and Regulatory Bodies Consultation Meetings	Several times a year
Management	General Meetings of Shareholders	Annually
	Management Board Meetings	Monthly
	Information Exchange Meetings	Annually

Materiality Assessment

Within the domains of E, S and G, we are continually defining the most crucial issues and preparing to address them. In order to determine which issues are of the highest importance to our internal and external stakeholders, in 2021 we have again conducted an analysis followed by an assessment of topics material for our operations. We wanted to obtain and determine our stakeholders' view on M+ Group's sustainable development and in turn the impact of M+ Group on sustainable development, including the magnitude of COVID-19 pandemic's influence on our

operations. This helped broaden our ESG focus and rank our priorities in order of significance of their impact and their importance to our business and our stakeholders, as observed through a data-driven and consultative exercise.

Through the assessment we considered opinion of our main stakeholders. For the purpose of defining topics that are material to our business activities, we grouped our stakeholders into two categories: external (shareholders, clients, suppliers, NGOs, government, regulators) and internal (employees and management). Afterwards, the prioritization was made according to criteria of impact, proximity, representation, policy and strategic goal and responsibility. We selected the relevant and proportionate topics to use as a starting point by referencing international reporting standards, i.e. GRI, the UN SDGs, media research, peer review, World Economic Forum Global risks report for 2022² and trend analysis of the BPTO industry. To include all the topics that are currently material to our business activities and reporting, we evaluated stakeholders' opinion on 28 topics.

We conducted an online survey through which stakeholders assessed M+ Group's economic, governance, environmental and social impact on sustainability topics. Obtained results have been analyzed and evaluated in a weighted manner, with topics narrowed down and summarized to final 20 material topics. A list of material issues was made available to stakeholders and discussed and approved in a senior management meeting.

Materiality Category	Material Topics
Category A Very high relevance	<ol style="list-style-type: none"> 1. Employee health, safety and wellbeing (including work-life balance and employee mental health) 2. Favorable working conditions (e.g., fair employment, living wage, paid leave) 3. Data privacy and protection 4. Employee equality, diversity & inclusion, non-discrimination
Category B High relevance	<ol style="list-style-type: none"> 5. Service quality and customer rights' protection 6. Respect for human rights, especially children rights (including parents' rights) 7. Employee education and career growth 8. R&D and technological innovation 9. Regulatory compliance 10. Client satisfaction 11. Anti-corruption and anti-bribery (policies and practices) 12. Energy efficiency 13. Waste management & circular economy 14. Decreasing greenhouse gas emissions towards net zero 15. Customer relationship (experience and satisfaction) 16. Economic impact
Category C Medium relevance	<ol style="list-style-type: none"> 17. Climate change 18. Supply chain impacts (environmental and social) and management, responsible supply chain 19. Volunteering 20. Engagement and cooperation with stakeholders

² Available at: [Global Risks Report 2022 | World Economic Forum \(weforum.org\)](https://www.weforum.org/reports/global-risks-2022)

Ethics and Compliance

Organizational ethical principles, good corporate governance, and professional ethics constitute the pillars upon which M+ Group's activities are based. Through its business-related and socially responsible activities M+ Group promotes initiatives linked to its area of expertise that contribute to the achievement of the UN SDGs. In terms of ethics and compliance, SDG 16 Peace, justice and strong institutions is on top of the priorities' list, especially when it comes to reducing corruption and bribery in all their forms. We are committed to respecting national and international standards and regulations that promote the highest ethical standards: the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the Fundamental Conventions of the International Labour Organization, the UN Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights.

With our compliance program we vow to take appropriate actions when prohibited behaviours occur while we promote a culture where anyone at M+ Group feels safe and encouraged to act and report any wrongdoings related to our operations. The documents listed below are all adopted at the parent entity level but encompass all of M+ Group's subsidiaries and constitute the Group's broader compliance program to tackle the most important aspects of business operations while at the same time maintain compliance with the applicable regulatory framework:

- **Code of Corporate Governance** - establishes high standards of corporate management and transparency of M+ Group's business operation based on recognized international standards that are clearly defined in its corporate governance procedures to ensure good and responsible management and supervision of business and management functions and protection of all investors and other stakeholders.
- **Code of Ethics** - ensures that M+ Group's employees comply with the company's ethical rules and labour laws, adoption of the company's ethical rules by "stakeholders" (employees, customers, suppliers and other people or institutions with which there is a relationship outside the company), respect for basic human values that determine the absolute ethical / moral threshold of business activities and fundamental rights and human dignity.
- **Rules of conduct** - serves as a framework for ethical decision making, driving all interactions and representations for all key functions and employees to ensure responsible business conduct and maintain trust with our customers, partners, and shareholders.
- **Policy on the prevention and sanctioning bribery and corruption** – imposes a zero-tolerance policy towards corruption, bribery and all other unethical practices and establishes rules that prevent such practices within M+ Group's operations by expressing conduct expectations from key functions and employees. The Policy is published Group's website and is available for all employees and interested parties.
- **Rules for the disclosure and approval of transactions with related parties** - ensure transparency of the approval process and disclosures requirements for fairness in the conduct of transactions with related parties in accordance with applicable laws.
- **Ordinance on the procedure for reporting irregularities** - defines internal M+ Group mechanism for reporting irregularities and ensures whistle-blower protection.
- **Policy on the protection of human rights and the rights of workers** - establishes our minimum standards for workers' health and safety, prevention of discrimination, harassment, and retaliation, ensuring diversity and inclusion, good working conditions and fair wages, freely chosen employment, and child labour protections.
- **Policy on environmental and community impact risks** - aimed at understanding, managing and mitigating risks that could have a negative impact on the environment and the community.

- **Diversity and Inclusion policy** - defines the objectives regarding members' diversity in the makeup of the executive and supervisory bodies with special attention to female representation on the Management and Supervisory Board. Policy is adopted at the level of Meritus Ulaganja d.d.
- **Privileged information management policy** - regulates the management and handling of privileged and price-sensitive corporate information pertaining to M+ Group's business operations and their public disclosure and communication to third parties.
- **Ordinance on the protection of personal data and business secrets** - regulates measures and procedures aimed at the protection of business secrets and personal data in accordance with the General Data Protection Regulation and other applicable law.
- **Conflict of interest management policy** - determines the circumstances that create or may create a conflict of interest that could significantly harm the interests of the Company and presents organizational procedures and measures adopted to manage such conflicts of interest in respect of the obligations defined by the applicable legislation of the Republic of Croatia.
- **Remuneration policy** - implemented for members of Management and Supervisory Board stipulating clear and comprehensive criteria for the allocation of remuneration that should adequately reflect the time, effort and experience associated with their functions.
- **Health, Safety, People Security and Wellbeing policy** – adopted at the level of M+ Croatia, while other Group entities adopted corresponding policies in accordance with their applicable legislation (all jurisdictions in which we operate prescribe such policies).
- **Data Privacy Compliance** – the same applies as for the Health, Safety, People Security and Wellbeing policy.
- **Cyber Security policy** - adopted at the level of M+ Croatia, while other operating companies in countries other than Croatia adopted this policy in the manner as required for their business operations in their respective jurisdictions.

With this internal normative framework, we established formal and institutional benchmarks containing values that are now integrated into the decision-making process of each of our partners, and which cover a broad spectrum of situations, such as conflict of interest, complaints, bribery and corruption, and include compelling subjects in the current environment, characterized by globalization and digital communications, such as privacy, confidentiality and personal data security. As a Group we are committed to constant reassessment and investment in the latest knowledge and technology to maintain the highest measure of data safety available on the market. We are convinced that we are well equipped to meet all legal and non-legislative requirements related to data security of our clients and users around the world.

Fair whistle-blower system

As part of our efforts in the field, we have implemented policies which aim to protect our employees and business from various sorts of negative and illegal behaviours with ultimate adverse consequences. With this respect, a fair whistle-blower system is an important instrument for good corporate governance which aids in effective and efficient identification of violations of laws and internal regulations, their investigation without delay and addressing proven misconduct. If left unaddressed, violations of laws and regulations can cause severe damage for the Group, its employees and business partners as well as the general public, ranging from reputational damage and financial loss to all sorts of unfavourable consequences for the concerned individuals.

Ordinance on the procedure for reporting irregularities (adopted at the parent entity level but encompasses all M+ Group's subsidiaries) defines internal M+ Group mechanism for reporting irregularities and ensures whistle-blower protection. Irregularities identified through internal audits and business continuity controls are listed and described in the recommendations for improvements which should be made. Each individual department of the Group entity to which improvement recommendations are issued is responsible for the implementation and revision of processes and procedures in accordance with these recommendations.

Group entities have implemented different appropriate measures for improving ethics and compliance which range from appointing specific employees as dignity protection trustees providing support to affected individuals, assisting them at any time, amongst other by having a confidential conversation or actively taking necessary steps to stop and prevent any such future behaviour from taking place (M Plus Croatia entities in Croatia, Linea Directa, Trizma in Serbia), through human resources acting as the go-to personnel (CDE, Bulb), to a specifically designated Ethics Line for whistle-blowers (CMC Group). Entities not having specific legal obligations to appoint a protective function within the company (Mplus BH entity) nevertheless comply with the general legal provisions forbidding discrimination and follow Group rules and policies on human rights protection, including prevention of discrimination.

Anti-corruption framework

M+ Group is committed to preventing corruption in all its forms and adopts a zero-tolerance approach. Group anti-corruption framework is based on strong commitment from management and a range of measures to prevent any form of corruption or influence peddling, detect such conduct as quickly as possible and respond where applicable. Therefore, M+ Group has adopted the Ordinance on the procedure for reporting irregularities, which – together with the Corporate governance code, Rules of conduct and Policy on the prevention and sanctioning bribery and corruption – forms strong grounds for maintaining integrity and ethics within our daily operations. We want to make sure that our actions, interactions, activities and decisions are rooted in a core sense of ethics and responsibility.

In 2021, most of our subsidiaries did not (*per se*) conduct risk assessment for identifying significant risks related to corruption. However, significant risks that were identified in 2021 in our Slovenian subsidiaries (CDE and Linea Directa) were related to unauthorized access to any application or system, non-compliance with security requirements and the rules of professional secrecy and information handling, physical intrusion, unauthorized access/theft and damage to equipment/information. As for CMC Group, 16.7% of banking and financial operations were evaluated for risks related to corruption. Significant risks that were identified were seeking preferential treatment, receiving gifts, undertaking various questionable expenses, promise of immediate or future work/internship. By conducting risk assessment these companies have provided a quality foundation for faster and more adequate mitigation of potential risks.

Proper implementation of the Group's principles of ethics and anti-bribery and corruption policies is confirmed by the fact that during 2021 no incidents of corruption were recorded, and no criminal proceedings were instituted in that regard towards the Group members or their employees.

Furthermore, during the reporting period no significant instances of non-compliance with laws and regulations were identified. However, in Bosnia and Herzegovina (Mplus BH) one case of non-compliance with laws and regulations occurred for which fines were imposed. In particular, the case concerned VAT control (used input VAT for purchases for which Mplus BH has no right of

deduction under the VAT law) for which two misdemeanour fines were imposed, one for the entity Mplus BH and one for the Director of the company (in the amount of EUR 929 / EUR 473 each). Going forward, our main goal remains to prevent prohibited behaviours by means of adopted policies and developed detection mechanism through audits and controls. Therefore, we are always prepared to have a fast and adequate response in form of sanctions, corrective and disciplinary measures for breaches of our compliance in case some of these behaviours occur.

For the remediation of negative impacts that the entity identifies it has caused or contributed to, the Group applies all relevant laws and practices and complies with the legal requirements to prevent and mitigate such negative impacts.

Anti-bribery and charitable donations and sponsorships

Important aspect in enhancing anti-bribery are charitable donations and sponsorships. The Group ensures these - both financial and in-kind – contributions they made to other organizations are not used as a disguised form of bribery by reviewing that the receiving organisations are operating in accordance with the law and by entering into joint agreements which define all necessary information that determine contractual parties' rights and obligations. For example, Serbian company Trizma conducts monthly monitoring of actions by all participants who received donations - companies, state institutions, various humanitarian organizations. Furthermore, Mplus BH established a Fund of Solidarity through which donations are made and controlled based on adopted rulebook. Additionally, a three-member commission has been established, which must give its consent before making a donation from the Fund. Donations and sponsorships are made through clear and comprehensible processes and announced to the employees in line with the approval of the senior management according to Rulebook for Fund of Solidarity.

Responsible business conduct

Many Group's subsidiaries (Bulb, M Plus Croatia entities in Croatia, CMC Group) have adopted policies committed to responsible business conduct that stipulate respect for human rights in accordance with applicable laws and international standards. Other entities (Mplus BH, Trizma and Trizma GS, Smart Flex) comply with the general legal provisions forbidding discrimination and follow Group rules and policies on human rights protection. These policies do not stipulate applying the precautionary principle.

Slovenian subsidiaries (CDE and Linea Directa) have a practice of communicating policy on misconduct and disciplinary liability of employees, the GDPR and ISO standards, concerning protection of personal and company data, to all employees upon joining the companies. This is further emphasized with additional GDPR and ISO trainings through which all employees renew their knowledge annually. At CMC Group, anti-corruption policies and procedures are communicated to all employees, members of audit committee, customers and suppliers.

Remuneration

Group parent entity has implemented separate remuneration policies for members of Management and Supervisory Board stipulating clear and comprehensive criteria for the allocation of remuneration that should adequately reflect the time, effort and experience associated with their functions. It should also provide an adequate incentive to balance their interests with the shareholders' interests and be determined in a way as not to jeopardize the ability of members of Management and Supervisory Board to make decisions in the best interests of the Group and its shareholders. Remuneration for work in the Management Board is carried out in accordance with the Remuneration policy for the members of the Management Board

approved by the General Assembly on June 30, 2020. For the time being, remuneration is not tied to ESG KPIs, however with the implementation of future ESG strategy we will aim to update and align the boards' remuneration policies.

Human rights

People are at the center of our business, whether it be our employees, clients or our clients' customers. Thus, honest and ethical business practices are at our core. Starting from more than 9,500 employees, their safety and comfort, we spread the idea of care for local communities and environment across the 17 cities we work and live in. We continue building a healthy team environment, provide equal opportunities, encourage inclusion, respect cultures, enjoy and use the most out of our diversity as described in detail below under Human rights and due diligence.

With the above in mind, our HR teams are committed to the development of each of our employees through various trainings and educations, while our diverse client projects give our employees flexibility to specialize in different industries, languages, and through different communication channels, thus encouraging knowledge, motivation, and passion of our employees. These are then followed by appropriate evaluation and rewarding system.

Internal audit

Internal supervision is carried out by the controlling services and the Audit Committee. The controlling service informs the Management Board about the performed supervision, and the Audit Committee informs the Supervisory Board. The obligation of internal control is to ensure the objectivity and credibility of information and reports submitted to the Supervisory Board by monitoring and supervising the areas of existence and operational effectiveness of internal controls, adequacy of the risk management process, reliability of financial reporting, application of legislation and regulations, and relevant areas and issues connected to the process of external and internal audit. At the end of 2021, the Group internal audit function was established which is responsible for overseeing the effectiveness of the internal control system, including risk management.

For the purpose of adequate implementation of ISO 9001 and 217001 standards, internal audit is conducted in Adria region (Croatia, Slovenia, Bosnia and Herzegovina and Serbia). These standards require annual internal audit, but Group conducts audits twice a year to ensure standard implementation is done properly. Every location has its appointed auditors who have been trained and certified for this purpose. Reports on internal audit are made available to external auditors and to members of the Group parent Management Board.

4. Social

Employees

Since our Group moto is “people inspired by people”, our business depends on people and we are committed to providing an environment where everyone is respected. Our goal is to continue evolving our Group’s culture, so our diverse workforce feels comfortable bringing their authentic self to work, allowing everyone to contribute to their best ability.

Since the demand for nearshore call centres has skyrocketed in the past several years, we were committed to attract and employ a significant number of agents for our contract centres in various locations. The compensation of agents consisted of fixed and variable remuneration. Although we recognize that the fixed remuneration is just above minimum wage, variable remuneration provides notable opportunities according to achieved results and defined KPIs.

M+ Group offers its employees decent salaries throughout operations. The total compensation package includes fixed and variable remuneration, as well as a performance bonus and other benefits according to polices of our subsidiaries. The Group’s remuneration policy seeks to attract and retain talent, reward individual and collective performance and be fair and consistent with the Group’s financial and operational objectives.

Generating meaningful connections does not start — or stop — at one of our operations centres. While we are founded in caring interactions, we also must be prepared and forward focused all the time. For some of our employees, forward-thinking does not stop at a phone call. Our training, development, and education opportunities offer the career mobility they desire and allow us to retain talent in an industry that has historically high turnover rates. We are committed to being the employer of choice in the market and to provide our employees with excellent working conditions.

Despite the common practice in BPO industry, namely call centres, we opted to employ local people in our companies, i.e. we adopted nearshoring policy. Nearshoring benefits an organization in a variety of ways – it is a cost-effective outsourcing strategy that allows for a level of collaboration that is not possible with offshore outsourcing. Over the past few years, demand for nearshore call centres has skyrocketed for several reasons:

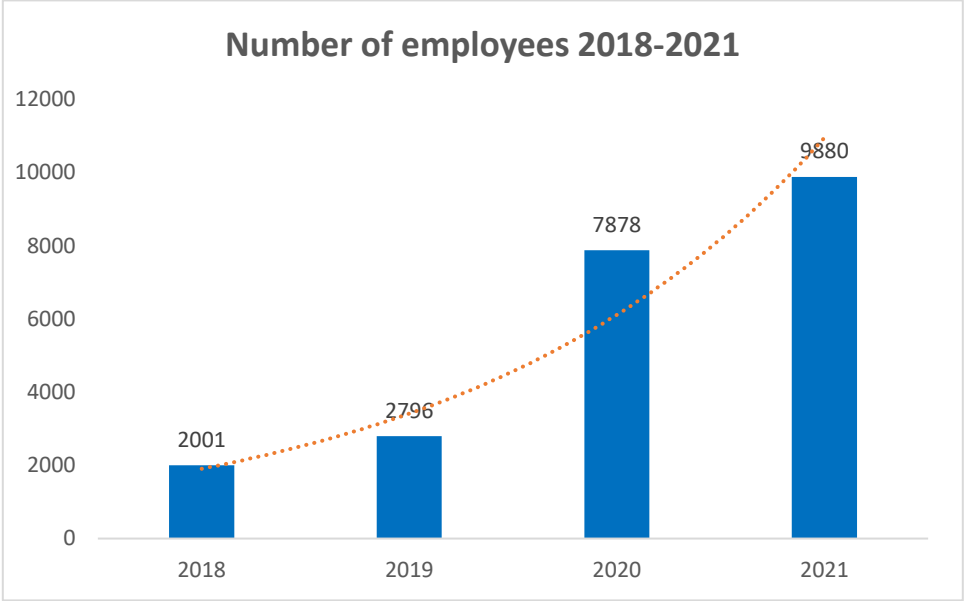
- language skills and aptitude are among the best in the outsourcing world,
- maturing nearshore markets outperforming domestic call centres,
- geographic proximity, shorter flights and travel times,
- similar time zones make it easier to collaborate with outsourcing teams,
- stronger ties and familiarity with client culture, products and services,
- availability of expatriate agents, greater pool of accent-neutral employees,
- skilled, bilingual, multilingual, educated, tech-savvy, millennial labour force.

The fundamental goal of any company is generation of profit through successful business operations. Since business operations take place in a particular community with its own rules and expectations, in a market affected by various external and internal factors and with employees who have their own common and individual aspirations, M+ Group performs and undertakes all of its activities with a high level of social responsibility in order to tackle circumstantial specifics in question. We are striving to be active participants in helping create sustainable jobs and add value

around the world and have added 1,974 jobs in 2021. Following from above, it is clear that our financial and operational results arise from the dedication, responsibility and knowledge of our workforce, thus human capital is the basic comparative advantage of our Group and the most important source of our success.

Our development policy in terms of employees is pushing for further improvements of our own human resources management model involving all key areas – recruitment, job classification and organization, personnel development, education, rewards and work quality. The model is based, amongst other, on recruiting and employing promising people regardless of age, whom we continuously support in training and advanced education.

Our progress in this field is shown through the constant increase in the number of our employees, with a continued trend in 2021 resulting in 9,880 people, as graphically depicted below³.



When it comes to protecting and valuing our employees, strong emphasis is placed on labour law requirements, which are applied throughout the Group as required by locality. Thus, as also indicated within our internal acts (such as the Policy on the protection of human rights and the rights of workers and Ordinance on the procedure for reporting irregularities), M+ Group complies with applicable laws on salaries, working hours, overtime, and other employee benefits and rights. All these elements are important in accomplishing fair and necessary work-life balance.

To ensure that our employees feel highly satisfied with their job and manage to achieve work-life balance, we offer diverse employee benefit programs in addition to those stipulated by law. In

³ After the publication date of the 2020 Sustainability report, it was determined that the total number of employees disclosed (7,928) should be restated. Please note that the number of 7,928 employees reported for 2020 on pages 7 (in the text), 44 (in the text and Number of employees table), 46 (Total number of employees by employment contract, region and gender table) in the 2020 Sustainability report should in fact be 7,878. The correct number is reached when adding up the categories reported on page 46 in tables Employment contract – permanent, Employment contract – temporary. Therefore, the mistake was made when reporting the totals, which has been restated in this Report.

support of our employees' self-development, through continuous education and learning, a wide range of programs and systems are made available.

To motivate and reward our employees financially, we already have (as presented in the table under Employee Benefits) or are contemplating on adoption of new forms of benefits: an employee stock option plan, asset accumulation savings, education endowment insurance, and a matching contribution plan, a defined contribution plan option under which an employee can receive tax benefits. In addition, our employees are also able to benefit from other schemes provided by specific subsidiaries, such as group accident and health insurance coverage.

By adopting these various types of programs and systems for our employees, we support our employees' well-being, self-development and learning.

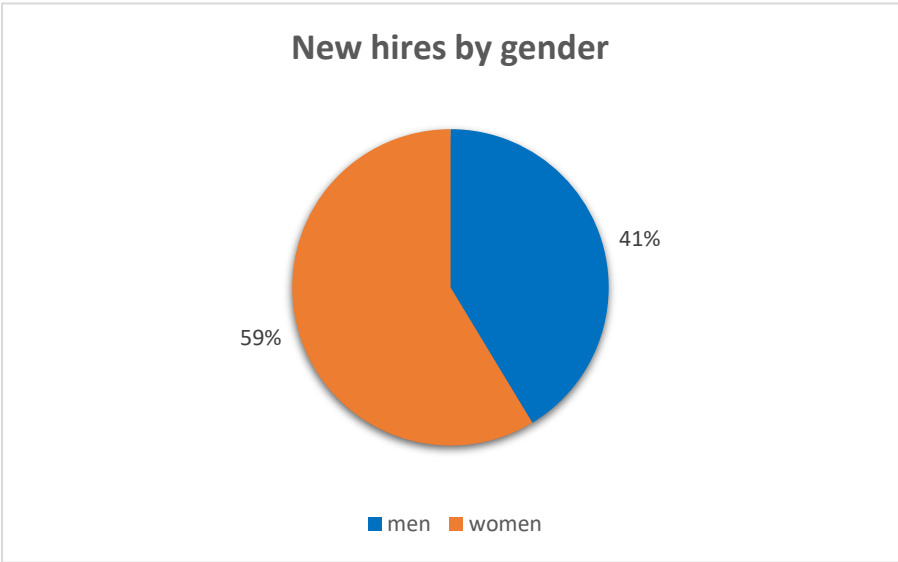
Talent Management

M+ Group's employees are located in the EMEA (Europe, the Middle East, Africa) region, clustered in South-eastern Europe and Turkey.

Although the focus of M+ Group lies on job creation, the specifics of the BPTO sector in which the Group operates cause a high turnover of operational staff. Despite this, the ratio of turnover against hiring shows a positive impact on the employability of the communities in which we operate. Looking at the reporting period, it is seen from the tables below that most of our employees are permanently employed, with the majority being women.

Total number and rate (percentage) of new employee hires by region, age group and gender in 2021

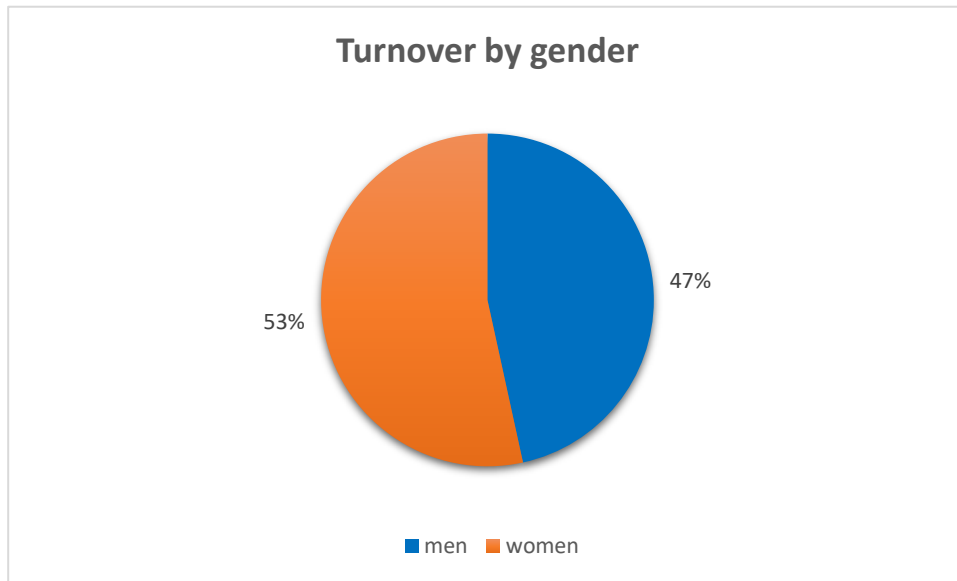
Region	Men	Women	Under 30	30 - 50	Over 50	Total
South-eastern Europe	1,889 (19.12%)	2,169 (21.95%)	2,588 (26.19%)	1,340 (13.56%)	130 (1.32%)	4,058 (41.07%)
Turkey	1,134 (11.48%)	2,120 (21.46%)	2,783 (28.17%)	461 (4.67%)	10 (0.10%)	3,254 (32.94%)



As shown in the table above, retention rate is high due to hiring a significant number of employees (mostly agents) for a short period of time, as needed by nature of services provided.

Total number and rate (percentage) of employee turnover by region, age group and gender in 2021

Region	Men	Women	Under 30	30 - 50	Over 50	Total
South-eastern Europe	1,742 (17.63%)	1,711 (17.32%)	2,092 (21.17%)	1,259 (12.74%)	102 (1.03%)	3,453 (34.95%)
Turkey	1,692 (17.13%)	2,228 (22.55%)	3,423 (34.65%)	489 (4.95%)	8 (0.08%)	3,920 (39.68%)



Total number of employees by employment contract, region and by gender

Employment contract	Region	Men	Women	Total
Permanent	South-eastern Europe	489	574	1,063
	Turkey	2,297	4,043	6,340
Temporary	South-eastern Europe	1,029	1,355	2,384
	Turkey	0	0	0
Non-guaranteed hours employee	South-eastern Europe	2	45	47
	Turkey	0	0	0
Total*	M+ Group	3,817	6,017	9,880

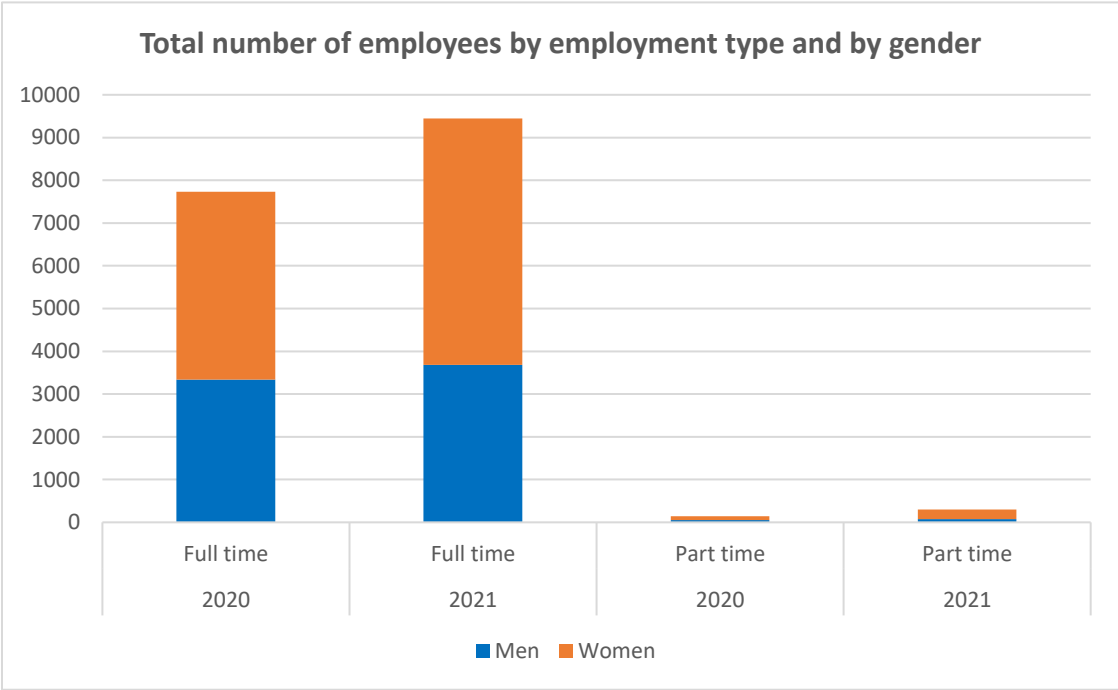
**In distribution of number of employees by employment contract, region and by gender, data for Geomant (Geomant SRL and Geomant UK limited) was not included as it was not available. However, total number of employees for Geomant SRL (34 employees) and Geomant UK limited (12 employees) is calculated in total number of employees in M+ Group.*

Total number of employees by employment type and by gender

Employment type	Men	Women	Total
Full time	3,686	5,762	9,448
Part time	77	222	299
Total*	3,763	5,984	9,747

**In distribution and in total number of employees by employment type and by gender, data for Geomant Global (Calyx, Geomant Algotech, Geomant SRL, Inova, Geomant UK limited) was not included as it was not available.*

The graph below highlights comparison of total number of employees by employment and gender data in 2020 with 2021.



Data shown in this section are kept and managed by the HR departments of M+ Group entities and were compiled and provided to the Group Back office for the purpose of this Report.

Locally Hired Senior Management

In accordance with our general nearshoring policy, we generally aim to employ local management and senior management personnel whenever possible. Geographical definition of “local” is accepted at country level and significant locations of operations cover all operating locations. For example, CMC Group is İstanbul-based, with other operating locations in Malatya, Şanlıurfa, Van, Rize and Bayburt. Senior management represents highest level of organization.

At the level of M+ Group subsidiaries, 74% of senior management at significant locations of operation are hired from the local community.



Employees’ rights and notification practices

As there are neither collective agreements nor works councils present in any of M+ Group subsidiaries, only local labour law provisions apply in respect of workers’ rights and obligations arising from employment. Regarding operational changes that could substantially affect our employees’ working conditions, although mostly not required by law, practices vary per M+ Group’s regions, i.e. subgroups. For example, M Plus Croatia, CDE and Mplus BH provide its workers at least 1-week notice, CMC Group applies 4-6 weeks’ notice (differentiates according to duration of employment), while Linea Directa Group differentiates between notifications regarding employment contracts for definite (no later than 1 week before the internal rule) and indefinite period (at least 1 week before) and publication of internal acts (on the notice board/e-mail notification before their entry into force). On the other hand, Geomant group provides a notice period of 8 weeks to its employees.

Additionally, Turkish CMC Group has in place specific policies on advance payments KPIs. Advance Payment Procedures covers the operation of the processes related to the advance payment that the CMC employees can request in deduction of their salary if necessary.

Health and safety

In line with our strategy and the same as in 2020, actions carried out in 2021 had the objective of generating quality and inclusive employment, focused on retaining and attracting talent. We are genuinely focused on creating a pleasant working environment that our employees will find

comfortable working in which can only be achieved if each employee feels valued, free to speak out, safe to be himself/herself, and with their contribution being recognized both monetary and emotionally. Fulfilment of these goals is managed through the implementation of specific policies on ethical behaviour, diversity of our general staff and especially management, human rights protection, and whistle-blowers' protection. Moreover, we also have in place rules of conduct and those for avoidance of bribery, corruption and conflicts of interests, all of which can cause adverse consequences for the Group and its employees, as mentioned before.

Regarding working conditions, all members of M+ Group comply with applicable laws and regulations in force in each of their respective jurisdictions, thus ensuring that all employees' rights guaranteed by law are respected – in terms of entering into employment relationship, working hours, minimum and fair salary, days off, benefits, termination of employment.

M+ Group generally promotes a culture of health, safety and labour welfare, which is formed around internal procedures for the prevention of occupational hazards, with the purpose of raising awareness and self-care culture, to create a safe, healthy and sustainable work environment and includes training for prevention of specific injuries and health threats.

Pursuant to applicable legislation in force across the countries in which the Group operates, all M+ Group companies have adopted appropriate internal acts such as the System, plan and program for training employees, authorized persons, trustees and employees to work in a safe manner, Ordinances on fire protection, occupational safety and reporting workplace injuries, Health & Safety policies and, where prescribed by law, M+ Group entities have set up Occupational Safety Committees.

Occupational health and safety management system has been implemented in all M+ Group subsidiaries (for all employees), in line with but also beyond applicable legal requirements. For example, health and safety management system in Slovenian subsidiaries (Linea Directa and CDE) is stipulated through Promotional healthy living program and Safety declaration with risk assessment which includes a health assessment (both programs required by law). On the other hand, CMC Group has implemented certificate ISO 45001 (Occupational health and safety management system) which is not legally required.

To identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls to eliminate hazards and minimize risks, M+ Group companies have implemented different practices. Croatian and Slovenian subsidiaries organize risk assessments performed by occupational health and safety experts (certified by law) and workers, which is part of risk management policies. Additionally, Slovenian subsidiaries identify work-related risks according to the guidelines of Occupational Safety and internal Acts and ISO/IEC 27001:2013 certificate. In CMC Group, employees can report dangerous situations they notice to the CMC Occupational Health and Safety mailing group or by opening a ticket via the CMC planet system application. Accident/incident investigations are then carried out by occupational health and safety experts in accordance with institutional procedures and corrective actions are determined as necessary.

Facility working environment inspection programs are conducted by occupational safety specialists in regular intervals as prescribed by relevant regulations. They carry out internal reviews of the implementation of occupational safety and fire protection measures at each site,

discuss any identified deficiencies with responsible persons, and take joint measures for their remediation.

To promote employee health and to prevent and mitigate occupational health and safety impacts directly linked to business activities, Group subsidiaries conduct various activities and measures for their employees such as providing regular general medical examination (Bulb, CDE, Linea Directa), providing general health insurance, regular health examinations and acquiring ergonomic seats for agents in call centres (CMC Group).

As mentioned before, all Group subsidiaries implemented occupational health and safety management system in accordance with relevant legal requirements. Such system includes all Group employees with the exception of Slovene subsidiaries (CDE and Linea Directa) where only workers who are not employees (subcontractors or students) are excluded.

Even though we are doing everything we can to protect our employees through internal procedures for the prevention of occupational hazards, in the reporting period some work-related injuries and work-related illnesses did occur. For example, there were some reported cases of work-related injuries in CMC Group (due to slipping, tripping, falling) and some work-related hazards that pose a risk of high-consequence injury have been identified in Linea Directa and CDE (injuries caused by electric system malfunction). However, there were no reported accidents with high consequences in none of the Group's subsidiaries. Additionally, the number of cases of work-related ill health was only recorded in CMC Group for six employees who suffered from vocal cord disorder and hearing loss due to the nature of services provided (agents in call centres). To mitigate these consequences, the CMC Group informs all employees about how to protect themselves from these hazards and makes adjustment for ambient noise measurements.

Employees are at all times advised to actively report possible hazards and injury threats to their immediate supervisors to ensure workplace safety counselling and communication through employee involvement.

Employee Benefits

M+ Group ensures that all of its subsidiaries performing on individual markets can create competitive local programs that meet business needs and comply with local legislation. The approach is designed to attract, retain and engage talented employees. Therefore, one of the primary features of our HR model is that part-time employees receive the same job benefits as full-time workers.

List of benefits which are standard for M+ employees by significant locations of operation are depicted in the table below. Within the Group, significant locations of operation are meant to be particular business groups where business operations are carried out.

Benefits	SmartFlex Group	M Plus Croatia	CMC Group	Trizma Group	Linea Directa	CDE	Geomant Global	Bulb
Life insurance			only executives					
Health care	✓	✓	✓ (agents excluded)		✓	✓	✓	✓

Disability and invalidity coverage				✓	✓	✓	✓	✓
Parental leave	✓	✓	✓	✓	✓	✓	✓	✓
Retirement provision	✓		✓		✓	✓	✓	✓
Stock ownership								
Transportation costs	✓ (for some clients)	✓	✓	✓	✓	✓	✓	✓
Gift for the best employees according to the results at the end of the year	✓ (for some clients)	✓	✓		✓ (quarter and at the end of the year)	✓ (quarter and at the end of the year)		✓
Financial aid in a certain amount in case of an accident, illness or death of a close family member	✓ (for some clients)	✓		✓		✓	✓	✓
Other benefits		✓ (Mplus BH excluded) (financial aid in a certain amount in case of natural disaster; financial aid for a new born in the family)		✓ (one day paid leave for birthday and birthday gift; additional vacation days for parents; New Year Gift)	✓ (financial aid in a certain amount in case of natural disaster)			✓ (pillar III pension fund payments)

As shown in the table above all companies provide parental leave which is additionally supported in Croatia, Bosnia and Herzegovina, Slovenia, and Turkey where all employees are encouraged to use parental leave (both paternity and maternity leave). For example, in CMC Group all male employees have the right to paternity leave, and female employees have a right to paid maternity leave and postpartum unpaid leave, as stipulated by the law. All of our employees were entitled

to parental leave in accordance with national legislations and were expected to return to work after the parental leave ended.

Trainings and Education

Considering strong diversity at M+ Group in relation to service offerings and consequently type of clients, countries in which we operate and different working cultures, as well as the fact that some subsidiaries have until recently operated as independent companies (e.g., CMC Group), our employee training and education plans and efforts vary per country/region and are not directed from the Group headquarters. Generally, activities in this field are designed to enhance personal performance at employee individual level and to help achieve the Group's business goals. Training programs are amended and improved to meet changing business needs as necessary. They are delivered by internal and external providers.

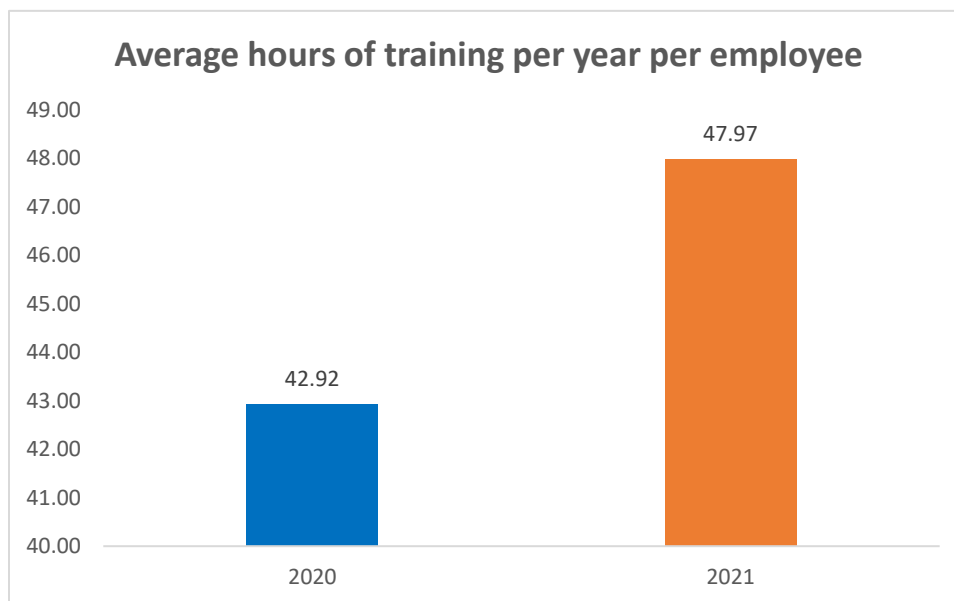
Average training hours of employees by gender and by employee category (number)

Entity	Average hours of training per year per employee	Average hours of training per year by gender		Average training hours by employee category			
		Men	Women	Governance	Executive staff	Agents	Support staff
SmartFlex Group	0.3	0.3	0.3	0.3	0.3	N/A*	N/A*
M Plus Croatia d.o.o.	74	74	74	40	40	80	40
Mplus BH	78.11	77.43	78.59	-	50	80	50
CMC Group	37.61	37.01	37.96	-	44.85	38.13	16.26
Trizma Group	27	21	30	N/A	N/A	N/A	27
Linea Directa	74	16	58	-	-	74	-
CDE	16	16	16	-	32	-	-
Bulb	77	76	80	40	80	N/A**	80

* This employee category is leased to company's clients where they go through clients' internal training and education procedures which are not reported herein.

** Bulb does not have hired agents.

It stems from data in the below graph that the average hours of training per year per employee in 2021 increased when compared to 2020.



During 2021 most of M+ Group employees conducted comprehensive training and education programs, both through face-to-face and e-learning/online formats, specifics of which depend on the business area of subgroup in questions and type of employee.

M Plus Croatia holds regular trainings and evaluations for agents. Beginners' trainings include the use of necessary applications, familiarizing with service offerings, soft skill trainings, GDPR⁴ and ISO standards-related education. Regarding GDPR and ISO education, these are continuously repeated (at least once per year) in order to raise employees' awareness on the importance of data protection and information security. Additionally, trainings and educations are held regularly or at least once a month for new services and procedures, together with weekly half-hour supervisor coaching. Safety at work training is mandatory for all Group employees. Other employees also have external educations and trainings based on business and individual employees' needs.

At Linea Directa Group in Slovenia, employees complete introductory training upon employment including information on GDPR, ISO standards and other details depending on the specific work assignment/project. Employees are also familiarized with the application/program in which they will work. Training records are maintained in the form of minutes/records showing the date, time, duration, content and presence (evidenced by employee signature). Programs implemented to upgrade employee skills are oriented on developing soft skills such as sales trainings and customer approach trainings.

At the CMC Group level all new employees have 3 days of basic orientation training to get to know the company and the project they will be involved in followed by competence and technical trainings of up to 4 weeks. Employees who participate in the development programs offered within the scope of CMC Academy have the chance to develop themselves with the professional and competency-based training. Employees with no previous work experience receive mutual evaluation interviews at the end of the second and fifth month to identify future development

⁴ General Data Protection Regulation

areas. Besides role specific vocational and instructional trainings employees attend trainings or education pursued externally according to business needs such as MBA training for governance and some executive staff members.

Trizma employees attend various trainings assigned according to their roles and experience level with additional courses in line with business needs such as soft skills training, ISO standardization training, and auditor training.

CDE Group generally applies continuous learning and training approach. As for general trainings, they are divided into introduction/onboarding (for new employees or for new campaigns/projects), ISO/GDPR trainings and raising awareness, regular monthly on-job trainings, briefings and alike, as well as “refreshment” trainings. Occasional skills development trainings are organized per expressed employees’ needs.

In 2021, Mplus BH held educations organized by external parties related to improving knowledge in the field of network systems and best practices for customer experience operations.

Bulb’s employees attend various trainings such as soft skills training related to sales, HR, IT, project management and accounting.

Performance and Career Development Reviews

At M+ Group level, we aim to review employees on a regular basis and assess their performance appropriately. These reviews mostly include executive staff, agents and other staff, while in some entity’s reviews include also members of the governance group, as shown below.

In Turkish CMC Group MBO (Management by Objectives) Procedure sets rules for a performance system in which the targets determined by the management and employees in line with their business objectives and areas of responsibility are followed periodically (monthly or annually). It aims to determine a standard method for measuring the monthly or annual targets of CMC employees and converting them into performance evaluation and premium calculation.

Percentage of employees by employee category and gender which received a regular performance and career development review in 2021 is provided in tables below.

	M Plus Croatia		CMC Group		Trizma Group		Linea Directa		CDE	
	M	W	M	W	M	W	M	W	M	W
Governance	100%	100%	100%	100%	100%	100%	-	-	-	-
Executive staff	100%	100%	81.18%	74.56%	100%	100%	-	-	100%	100%
Agents	100%	100%	55.28%	58.39%	-	-	-	-	100%	100%
Staff	100%	100%	95.83%	93.83%	100%	100%	-	-	-	-

	Mplus BH		SmartFlex Group		Geomant Global		Bulb	
	M	W	M	W	M	W	M	W
Governance	-	-	100%	-	50%	100%	-	-
Executive staff	-	-	-	-	100%	100%	100%	100%
Agents	100%	100%	N/A	N/A	87%	84%	-	-
Staff	31%	23%	-	-	20%	30%	100%	100%

All agents that are leased to companies' clients go through clients' internal performance and career development reviews.

For the purpose of this classification, employees are grouped as follows:

- Governance: Includes governance bodies that exist within an organization that can be the board of directors, management committee or similar responsible for the strategic guidance of the organization, the effective monitoring of management, and the accountability of management to the broader organization and its stakeholders.
- Executive staff: Includes directors, department heads, project and team leaders.
- Agents: Includes all delivery staff (all agents). Students are not included in this section.
- Support staff: Includes all non-agent roles that support either the project or the company and are not in the leadership structure (admin, quality, IT, HR ...).

Diversity and inclusion

Investment in the development of a diverse and inclusive business brings opportunities and potential for growth and innovation. The wider the range of talent, the greater the breadth of knowledge, ideas, and life experiences that can move Group forward in new and creative ways while adding value to Group. Diversity and inclusion are two very wide topics, which enable companies to implement variety of policies that protect and encourage women rights, LGBTQ rights, ageism, racism, people with disabilities, parents' rights. Events of 2021 have made it imperative that, as we bridge to the green energy future, we also focus on building a more diverse, equitable and inclusive culture. We believe that diversity and inclusion lead to better ideas, better business solutions and better opportunities to attract and retain top talent. Our mission is to reflect the communities in which we operate.

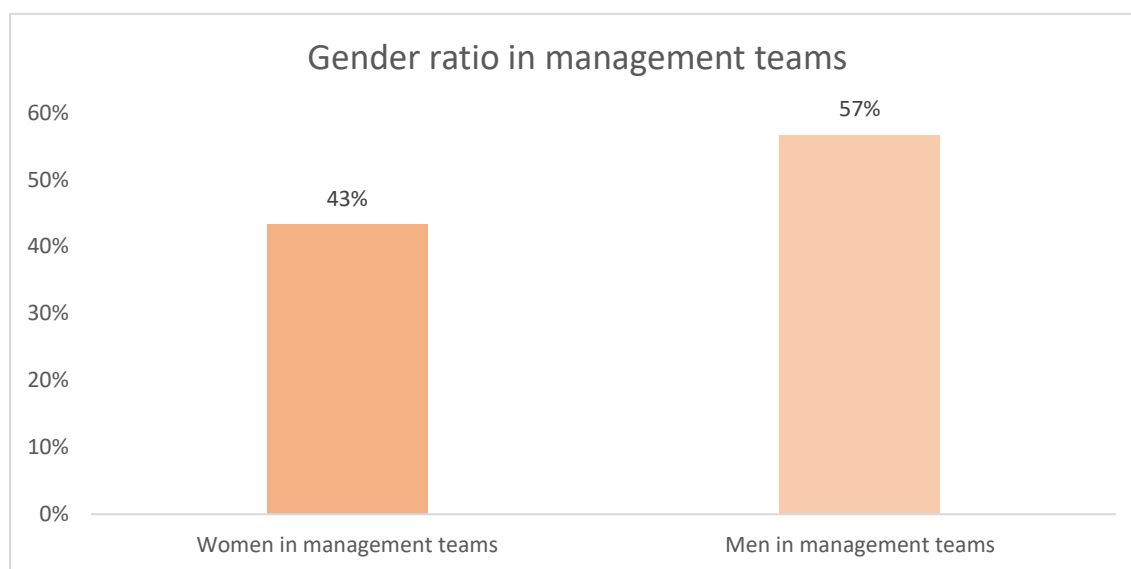
Gender equality and diversity are amongst our core goals in terms of social aspect of our sustainable development. This is further backed by our Diversity and Inclusion policy stipulating that diversity of gender, age, educational background, skills and other differences must be ensured which may help improving the process and quality of decision-making within the Group parent with special attention being given to female representation on the Management and Supervisory Board. In line with our Diversity and Inclusion policy and the provision requiring that every five years Supervisory Board must set a target percentage of female members on the Supervisory and Management Board, to be achieved within the subsequent five years, Plan for achieving diversity on the Company's Management and Supervisory Board (Plan) was adopted by the parent entity in October 2020. The Plan refers to the period from 2020 to 2024 and sets the below goals for female representation in said bodies. Female candidates will be nominated by the Appointment Committee.

Targets for female representation on the Management and Supervisory Board⁵

Management Board	at least one woman among (a maximum of) three members or 33.33%
Supervisory Board	at least two women among (a maximum of) seven members or 28.57%

These objectives also apply to the special committees of the parent entity's Supervisory Board, respectively, and the Group will make best efforts to appoint at least one female member to every special committee, if such committee has more than three members.

Even though we collected gender equality related data and reported our status on gender balance in governance bodies in our first Sustainability report for 2020, considering the significant fluctuations in our head count in 2020 (upon acquiring CMC in Turkey when Group expanded significantly by 179.79%, i.e. 5,027 people), we believe 2021 shows our efforts in ensuring equal gender representation in our management. In line with these changes, the accurate representation of our Group's gender balance in management teams and management boards (including all levels of management from team leaders to supervisory board) for the year 2021 is shown in the chart below.



In the future, we aspire to create a more diverse workforce, as we are committed to reaching a goal of having a more gender balanced management teams, including the management boards. We are certain that diversity is a business imperative as greater engagement, performance, and innovation are generated through people diversity and an environment based on inclusion. Having in mind the above, we believe diversity is relevant, material and core to M+ Group's overall business growth and of high significance to the Group's current and future operations. To achieve

⁵ The prescribed targets apply provided that the number of Supervisory and Management Board members remains equal to the number set out in the Company's Articles of Association currently in place. In case of any changes in these numbers, the Company's Supervisory Board will adopt a new Plan in compliance with such amendment.

our ambitious goal, within our sustainability strategy we will focus on developing further policies and implement procedures that will underline our goal to reach gender balance in management teams.

Diversity of governance bodies and employees in 2021 is shown below.

Employee category	Age group	Men	Women	Total
Governance	under 30	0%	0%	0%
	30-50	0.17%	0.04%	0.21%
	over 50	0.03%	0.01%	0.04%
	Total	0.20%	0.05%	0.25%
Executive staff	under 30	1.31%	1.27%	2.57%
	30-50	1.59%	1.53%	3.12%
	over 50	0.05%	0.05%	0.10%
	Total	2.95%	2.84%	5.79%
Agents	under 30	23.59%	40.28%	63.88%
	30-50	8.83%	14.41%	23.24%
	over 50	0.37%	1.10%	1.48%
	Total	32.79%	55.80%	88.59%
Support staff	under 30	0.96%	0.95%	1.91%
	30-50	2.01%	1.22%	3.24%
	over 50	0.13%	0.08%	0.21%
	Total	3.11%	2.26%	5.36%

Human rights and due diligence

Due to the nature of our business, we recognize human rights as a major responsibility. We employ different people with diverse backgrounds in different regions of the world. It is of utmost importance that every one of our employees is treated with dignity and respect and allowed to express their personal opinions and beliefs. It is important to mention that we put great focus on acceptance of national minorities. As large part of our employees come from the South-eastern Europe, where the national differences are expressed, we are focused on stressing the importance of teamwork, cooperation, and respect.

Together with benefits provided to our employees through these policies (as shown in [Employee Benefits](#)), we also recognise how they can help our overall business. Some of the recognized benefits are:

- better risk management caused by lower chance of business disruption and reputational harm arising from human rights issues,
- positive recognition and greater access to investments,

- improved ability to recruit new and young employees who have shown to care for these issues,
- and improved relationship with workers, communities, and stakeholders.

To make sure we succeed in fulfilling our responsibility we have implemented a Policy on the protection of human rights and the rights of workers on the Group level. It is amplifying the importance of human rights to us, but also prevention of cases of disrespecting and violating those rights and the consequences of such actions. Our employees can report such cases to our Ethics Line or to the Human Resources Department and follow up is then done through internal audits and controls. To prevent such cases, we introduce our employees with our Group policies during the recruitment and in the beginning of their employment.

Finally, we plan to implement even more solutions and enhance discussion about human rights through our new sustainability strategy.

Anti-discrimination

M+ Group expressly and unambiguously prohibits all types of discrimination and abuse with the ultimate goal of establishing and maintaining a work environment free of discrimination and abuse based on race, gender, skin colour, ethnicity, social origin, religion, age, disability, sexual orientation, political position, or any other trait or status which may be a basis for discrimination. To combat any form of discrimination, each transgression with this respect will be deemed as grave violation of employment relation, thus resulting with employment termination.

Thus, to ensure compliance with above-described internal processes, thorough investigations of discrimination allegations are conducted in case of complaints. Should the allegations turn out to be true, disciplinary and possibly personnel measures are taken. Group entities have implemented different appropriate measures to execute these measures, which range from appointing specific employees as dignity protection trustees providing support to affected individuals, assisting them at any time, amongst other by having a confidential conversation or actively taking necessary steps to stop and prevent any such future behaviour from taking place (M Plus Croatia entities in Croatia, Linea Directa, Trizma in Serbia), through human resources acting as the go-to personnel (CDE) to a specifically designated Ethics Line (CMC Group). Entities not having specific legal obligations to appoint a protective function within the company (MPlus BH entity) nevertheless comply with the general legal provisions forbidding discrimination and follow Group rules and policies on human rights protection, including prevention of discrimination. During the reporting period no discrimination cases were recorded at Group level.

Employee Engagement

At the level of individual subsidiaries, M+ Group conducts work environment assessments/surveys among its employees to understand the variables that influence satisfaction, and to design, under these premises, strategies to attract and retain employees who are both motivated and productive. Primary focus of the employee satisfaction surveys is to evaluate work environment and working conditions, interpersonal relationships among employees, M+ Group as an employer, and overall employee satisfaction. In 2021, an employee satisfaction survey was conducted in Bulb, CMC Group, CDE, Linea Directa, Trizma Group and M Plus Croatia. Subsidiaries shed light on survey results analysis and their use for improving variables that influence employee satisfaction.

M Plus Croatia surveyed employees on professional education. Employees were asked about their interest in participating in professional workshops, educations they would find interesting and useful and their opinion on the importance of professional workshops. Results showed that 100% of respondents want to participate in professional workshops organized by the employer. They rated communication skills, IT courses, selling skills, conflict management, self-management, teamwork training and organizational skills as those of high interest.

Additionally, as part of our impact assessment at Group level, we conducted a materiality survey among more than 700 employees to understand where they envision the future of M+ Group in terms of sustainability. Respondents stated that they would like to see M+ Group promoting responsible and green procurement, reducing waste and setting up more incentives for resolving environmental issues. Some employees stated that they would prefer to have higher wages, better work organization (especially in terms of work-life balance) and more opportunities for education. The feedback received provided us with valuable insight regarding topics we need to put special focus further on such as improving working conditions, career growth, safe work environment, protecting mental health and diversity. By analysing the survey data, we noticed that employees emphasized that they want to see M+ Group as a stable company among the leaders in the IT outsourcing sectors and as one of the BPTO leaders in the future. Such feedback from our employees pushes us to work harder to create better working conditions and is what drives and motivates our Group.

Community Support

Our determination to do business in an ethical and honest manner leads us to give our best to our employees, but also assist the communities in which we operate to reach their full potential. We actively participate with local communities on issues affecting vulnerable groups by offering employment and training opportunities accordingly, encouraging learning and growth, and creating opportunities for our community members.



In order to have a positive impact on local economies and people's lives in communities in which we operate, the Group promotes corporate social responsibility, creativity, innovation, and excellence within its business.

As a Group, we place significant emphasis on providing social benefits and respecting the culture of our unique communities by simultaneously having zero tolerance policy for human rights violations and promoting diversity. Qualification, work, knowledge, and experience are the only factors taken into account when hiring, determining the amount of salary, and promotion.

We are continuously working to further improve working conditions and foster good relationships with employees, other stakeholders, and the entire community. Through these sustainability efforts of engaging with our community's needs we are fostering mindset and value creation that are necessary in the customer support service business.

Donations and Employee Volunteering

Country	Campaign/Project	Impact	Partners
Croatia	Donation for the humanitarian action "Palčić Gore!"	Donation for association Palčići - Club of Parents of Premature Infants	"Palčić Gore!" - a humanitarian action initiated by the Club of Parents of Premature Infants Palčići
Croatia	Donation for the association "Nismo same"	Donation for the women who were afflicted and treated for cancer	Association "Nismo same"
Croatia	Donation for the association "Krijesnica"	Donation for helping children and families facing malignant diseases	Association "Krijesnica"
Croatia	Donation for the family Bartolin	Donation for the construction of family house that was severely damaged in an earthquake	
Croatia	Donation for the association "Noina Arka"	Donation for the animal protection association	Association "Noina Arka"
Croatia	Zagreb Advent Run	M+ employees participated at Zagreb Advent Run - a race that supports the Association "Nismo same", and project "You are not alone - you are coming with us!" which provides free taxi transport to chemotherapy for brave women suffering from cancer	
Croatia, Slovenia, Serbia	Donations for the association "Europa Donna"	M+ Offices of Adriatic region gave their appreciation with donations to regional associations of Europa Donna (in Croatia, Slovenia and Serbia), the European Breast Cancer Coalition that works to raise awareness of breast cancer and to mobilize the support of European women in pressing for improved breast cancer education, screening, treatment, and research.	Association "Europa Donna" - European Breast Cancer Coalition
Slovenia	Collecting school supplies for humanitarian organization for	Collecting school supplies and corks for humanitarian organization for children "Palčica Pomagalčica" that provides therapeutic	Humanitarian organization for children "Palčica Pomagalčica"

	children “Palčica Pomagalčica”	assistance for children with health problems, children from socially disadvantaged families and different vulnerable groups	
Serbia	Donation for humanitarian organization for children “HO RADOST DECI”	Donation of EUR 450 for the program of support and inclusion of children and young people with mental disabilities	Humanitarian organization for children “HO RADOST DECI”
Serbia	Donation for the project “The New Safe House in Belgrade”	Donation of EUR 2,000 to support the project “The New Safe House in Belgrade”, intended for the stay of children and their families in health care institutions during treatment and therapy against cancer	NURDOR Serbia National Association of Parents of Children With Cancer 
Serbia	Donation for foundation “SOS Dečje selo”	Donation of EUR 680 to support the program of helping and supporting children without parental care	Foundation “SOS Dečje selo”
Serbia	Supporting humanitarian activities of our employees	<p>One of our employee’s particularly engaged with humanitarian activities for NURDOR association.</p> <p>Every Christmas holiday, this employee dresses like Santa Clause for children who will celebrate the New Year in cancer treatment facilities and provides them with gifts that were bought with collected donations.</p> <p>Last year, the New Year presents were bought in the amount of EUR 900 for children being treated for cancer and staying at the Nurdor safe house and health institutions for cancer treatment during Christmas holidays.</p>	NURDOR Serbia National Association of Parents of Children With Cancer 
Bosnia and Herzegovina	Donations to humanitarian	Donations of BAM 5,000 / EUR 2,500 were made for	

	tournament Grude	humanitarian tournament Grude (recipient was a local community Grude)	
Bosnia and Herzegovina	Solidarity Fund	We established a voluntary-based employees' fund aimed at providing financial aid to its members and their families in situations of disasters, accidents, illnesses, deaths of close family members, bad financial situation as well as for humanitarian donations.	
Turkey	Donation for planting 1,250 trees for "Tema Foundation"	Tema, is a non-governmental organization (NGO) for reforestation and the protection of natural habitats in Turkey	"Tema Foundation"
Turkey	Donations to "KOÇEV"	Donation to the foundation for the education of children "KOÇEV"	"KOÇEV"
Turkey	Computer donation for two primary schools		

5. Environment

Environmental Impact

M+ Group is taking a proactive approach to ensure environmental protection and mitigate its negative environmental footprint. The Group appreciates the dichotomy inherent in our mission to sustain economic growth while reducing our environmental footprint. To address this dichotomy, we are working towards decoupling economic growth and environmental impact through preparation of an ESG strategy that will guide us to even more sustainable practices. Many of our relationships and business activities are shaped or impacted by how we approach our environmental responsibility, including our operations, procurement, business continuity, employees, and communities. Being aware of and planning for how the Group impacts the environment and how the environment impacts our operations makes us more operationally efficient and, more importantly, prepared to make better decisions across our global operations.

Environmental aspects are especially important to us and to our stakeholders, as confirmed during our materiality assessment. We recognize that climate change is a global concern that requires significant action to reduce the concentration of greenhouse gases in the atmosphere, hence we are committed to reducing our ecological footprint and driving efficiency through resource optimization, waste reduction, and other practices as we take responsibility for our environmental impact. To minimize our impact, our Policy on environmental and community

impact risks helps understand, manage and mitigate risks that could have a negative impact on the environment and the community.

Although climate change was defined as a material topic of medium relevance, the Group management recognizes the importance of material topics concerning climate change and energy efficiency to the Group's business operations. CEO of the Group ranks "**Decreasing greenhouse gas emissions towards net zero**" as one of top three material topics to be reported and considers energy efficiency as one of three important aspects of the Group management. M+ Group business model is based on lean and efficient governance with minimum amount of waste and energy consumption with focus of reducing GHG emissions. In line with the latest climate science on limiting global warming, we are committed to reducing GHG emissions in our own operations and across our value chain. Additionally, **CFO of M Plus Croatia recognizes all material topics related to climate change and decreasing GHG emissions towards net zero as the most significant topics for further business development.** The above confirms that the Group's top management perceives the relevance and impact of environmental topics and their compatibility with the Group's business priorities. Such approach is seen as most efficient, since in order to have an effective sustainability strategy the initiative must come from the top to set the tone for all employees and involved stakeholders. According to the Global Risks Report 2022, 17th Edition, published by the World Economic Forum, two of the top five risks for countries in which M+ Group operates are related to climate change (Human-made environmental damage and Climate action failure/Extreme weather conditions). This shows that global risks perceptions highlight environmental concerns which are also acknowledged by the Group. To be completely aligned with ESG initiatives and since the Group operates in EU and non-EU countries, we are working on setting environmental standards for our companies which would apply both in EU and non-EU countries (e.g., Bosnia and Herzegovina, Serbia).

Energy in the form of electricity is a key resource for Group's business operations. Since we are a service sector company, powering our offices and mobilizing our human resources are the two major components of our energy consumption and emissions. In addition to energy consumption, within this Report the Group discloses its GHG emissions and waste data as these are important material topics for the Group for which relevant data is available.

Data collection and materiality

While preparing the sustainability report for 2020, we collected various ESG-related data but regarding environmental topics we were only able to obtain and calculate data on energy consumption within our organization. Lack of data was due to insufficient data monitoring practices in place. Since 2020 was the year severely impacted by the COVID-19 pandemic and our employees were mainly working from home, we do not consider 2020 to be relevant for setting the baseline year of our environmental footprint. Determined to establish more accurate data, during 2021 we collected a larger and refined set of data, focused primarily on energy and GHG emissions. Given the fact that such 2021 data provides for a clearer picture of our energy consumption and emission impact, we consider collected and aggregated environmental data for 2021 to represent our baseline year data which will most likely change as we upgrade our data collection, aggregation and reporting practices.

It should be emphasized that, when collecting and aggregating the data, we considered 99% of our Group employees as at 31 December 2021. Additionally, we have made the data calculation

on a best-effort basis, given the circumstances which still do not allow for a more sophisticated data collection. Going forward, we intend to introduce a more precise monitoring tool in all our subsidiaries that will provide us with precise data for 2022.

Energy efficiency

Below is an overview of energy consumption within the Group per location/regions, for which data was available in the reporting period in comparison to 2020 which was expressed more precisely compared to our first sustainability report. Since we are at the beginning of robust data collection, these data will serve as a baseline for our sustainability reports in the coming years.

Total energy consumption within the organization (electricity, diesel, gasoline, heating and cooling) in megajoules (MJ) for 2020 was 25,801,897, while in 2021 it was 27,981,478, as shown in the chart below.

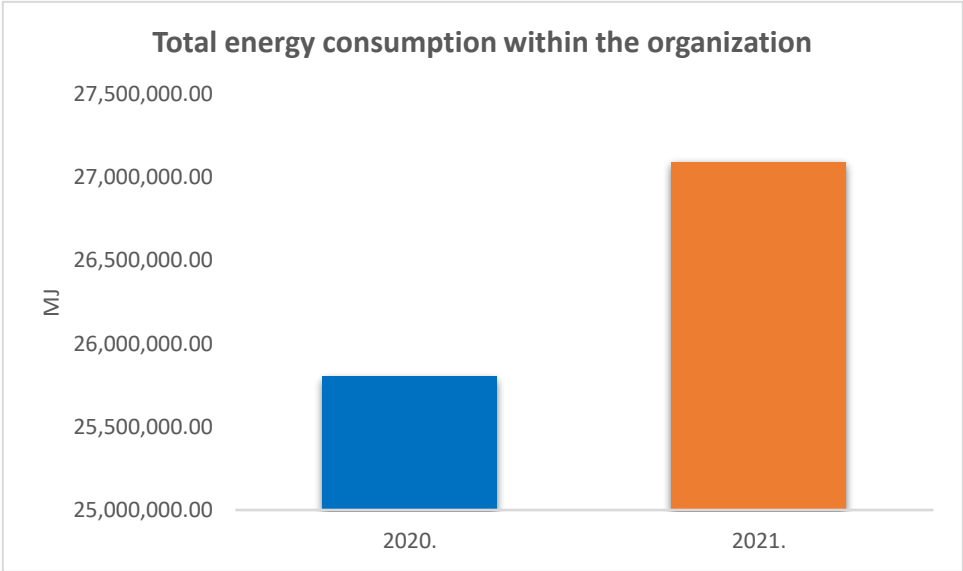
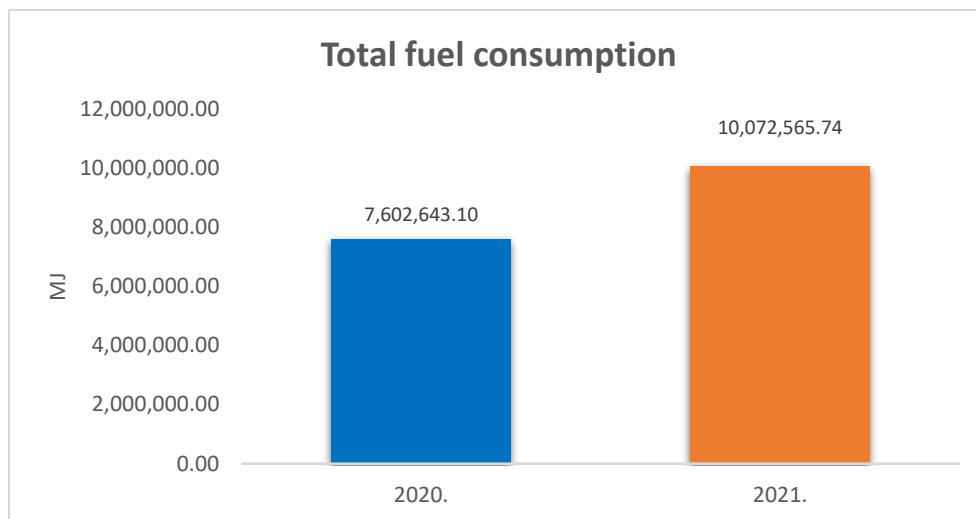
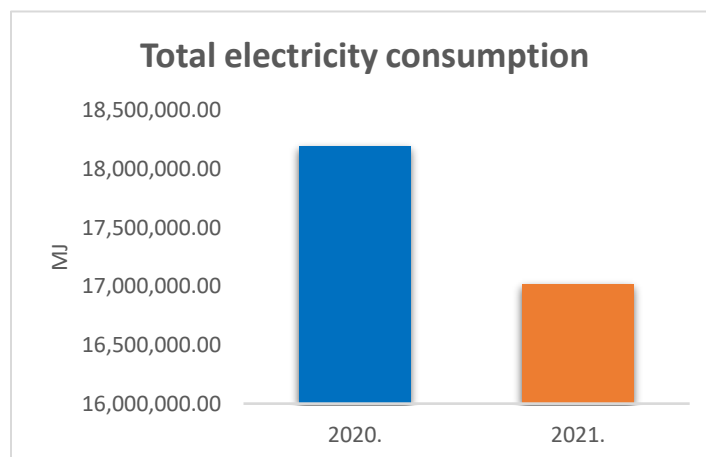


Chart below shows total fuel consumption (diesel and gasoline) within the organization from non-renewable sources in MJ, for 2020 and 2021. There was a slight increase of fuel consumption in all countries, except for Serbia. Stated increase occurred due to partial employee return to the office and due to more precise data collection and aggregation in 2021 compared to 2020, when we collected energy data for the first time. There was no fuel consumption from renewable sources in the reporting period, so none is to be reported.

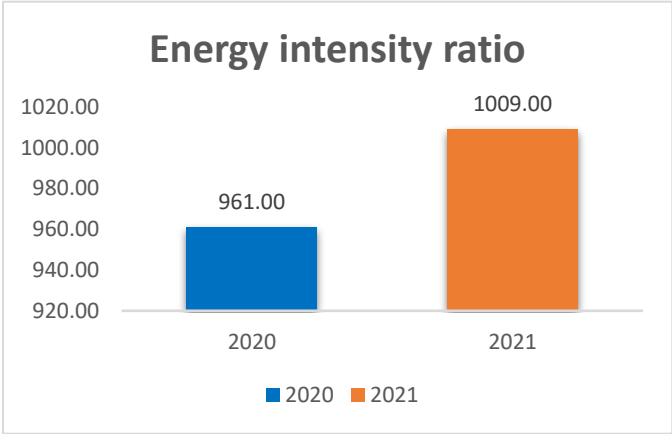


Total electricity consumption within the organization from non-renewable sources (in MJ, for 2021 was 17,018,913 compared to 18,199,255 consumed in 2020, as shown in the chart below. In addition to electricity consumption, CMC Group, M+ ZG and Trizma used other energy sources for heating and Bulb used other energy sources for cooling. Total heating consumption for 2021 was 5,595,355 MJ compared to 3,785,647 MJ in 2020. Increase occurred due to more precise data collection and aggregation in 2021 and because part of our employees returned to work in the office. It is important to emphasise that Trizma Beograd d.o.o. has a heating plant with a mix of natural gas and fuel oil. We were not able to collect precise data on gas/oil ratio for this Report, hence we made the calculation based on assumption that 50% falls on natural gas and 50% on fuel oil. No electricity, heating, cooling or steam were sold in the reporting period, so none is to be reported.

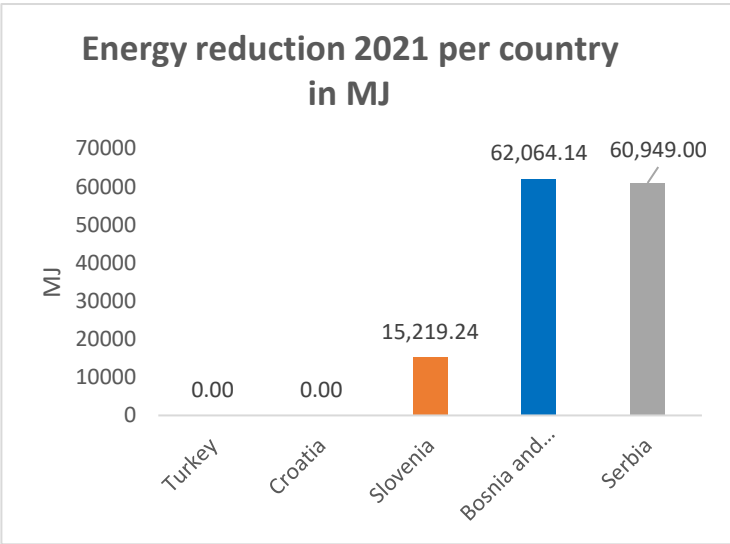


When preparing the above data, we followed the methodology from [Cambridge Regional College paper](#) and [environmental lectures from Washington College of the Environment](#). As per source of the conversion factors, the [United Nations Statistic Division for Energy Balances and Electricity Profiles](#) were used.

Considering employee fluctuation and the fact that number of employees varies greatly on an annual basis, thus aiming at data consistency, energy intensity ratio within the Group (including electricity, diesel, gasoline, heating and cooling) was calculated using total surface of premises (m²) as the denominator. The chart below shows energy intensity per premises' m² in MJ for 2020 and 2021.



During 2021, we decided to monitor the reduction of energy consumption so that our future policies and decisions can be more clearly directed towards energy efficiency. Reductions regarding all types of energy consumption were achieved in Slovenia, Serbia and Bosnia and Herzegovina as a direct result of conservation and efficiency initiatives (e.g., installing sensor lightning, procuring energy efficient IT equipment) in Trizma Group and changes in behaviour (work from home for most employees). The results are shown in below chart.

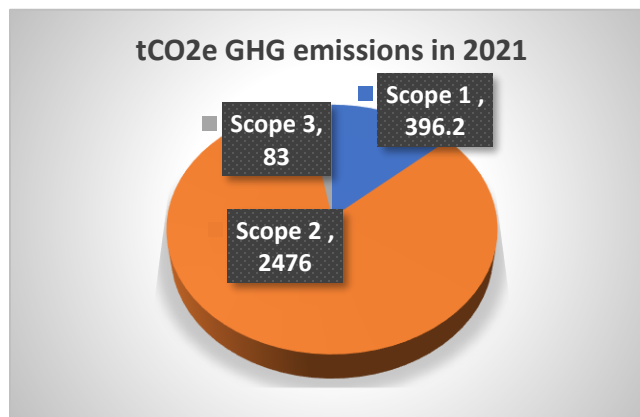


GHG emissions

Climate change is the biggest environmental challenge the world nowadays faces, impacting our own operations as well as our supply chain. The centrality of the issue of climate change is universally recognized and shared throughout society and by governments worldwide and is therefore considered a central issue for M+ Group as well.

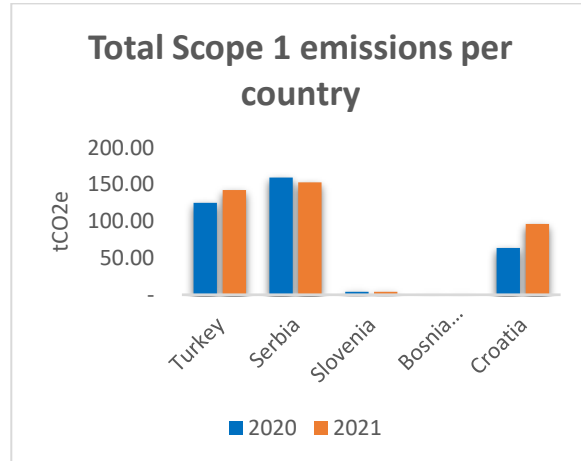
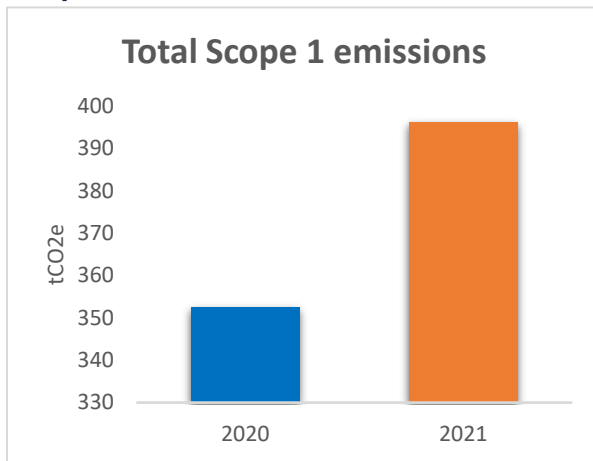
GHG emissions are the overarching cause of current climate crisis. As a Group with 31 operating subsidiary that operate in 58 countries over the world, we are conscious that gradually reducing our carbon footprint will contribute to efforts to meet the Paris Climate Agreement, in limiting mean global temperature rise to well below 2°C above the pre-industrial temperature levels and preferably limit the increase to 1,5°C. Ambitious and strong reduction in GHG emissions would limit climate change, which is why M+ Group will aim to set ambitious targets for reduction of GHG emissions in its sustainability strategy.

In line with these goals, for the reporting period of 2021 we moved a step further and calculated our GHG emissions, as shown below.



Our Scope 1 emissions in 2021 were 396.2 tCO₂e and accounted for 13% of our overall GHG emissions, Scope 2 emissions were 2,475.6 tCO₂e and accounted for 84% of overall GHG emissions, while our Scope 3 emissions were 83 tCO₂e and accounted for 3% of our overall GHG emissions for 2021. You can find more details on our GHG emissions in the following text and charts.

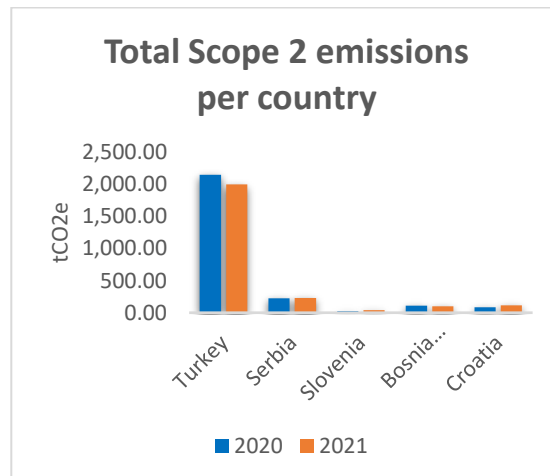
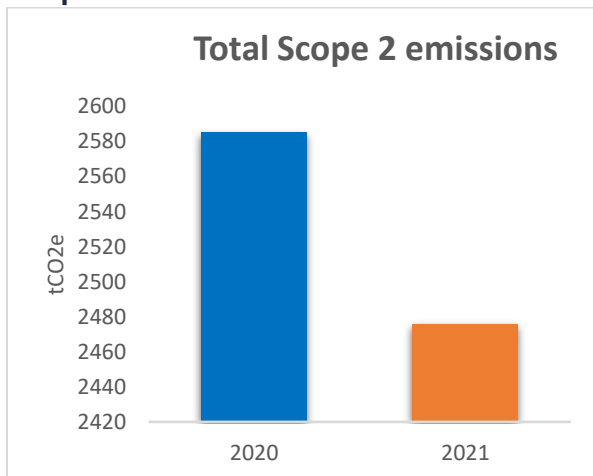
Scope 1 emissions



As shown in the tables above, our Scope 1 emissions were 352.59 tCO₂e, and in 2021 396.2 tCO₂e. This slight increase occurred because data for 2021 was more precise and hence, as described under Data collection and materiality, we consider 2021 to be our baseline year. Scope 1 emissions include CO₂ and N₂O from vehicle fuels; CO₂, CH₄ and N₂O from gas and heating oil for Trizma d.o.o. Beograd. It is important to state that in calculation of Scope 1 emissions we included only emissions from fuel (gasoline and diesel) and for that reason we used tier 1 methodology. Additionally, we used emission factors from IPCC AR 5 Report and GWP values as follows: 1 for CO₂, 28 for CH₄, 265 for N₂O. As shown in the chart above, countries that account for the majority of Scope 1 emissions are Serbia and Turkey. Regarding Serbia, we used assumptions when calculating data on Scope 1 emissions: since Trizma Beograd has a heating plant and we were not able to collect more precise data, we calculated emissions under the assumption that it uses 50% natural gas and 50% heating oil.

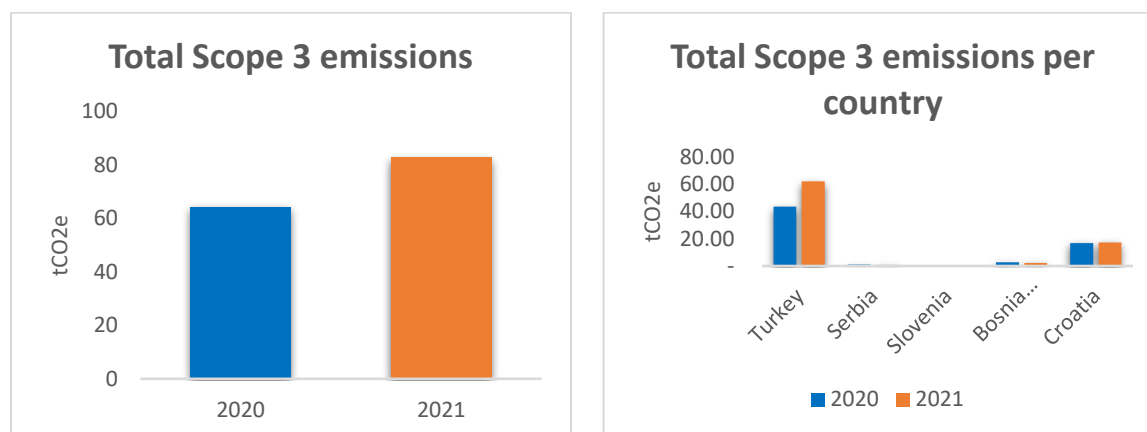
Going forward, and as part of our sustainability strategy, focus will be placed on finding solutions for reduction of Scope 1 emissions and will include measures such as procuring electrical vehicles.

Scope 2 emissions



Majority of our Group's overall GHG emissions is Scope 2. In 2020 they were 2,585 tCO₂e⁶, while in 2021 they reduced to 2,476 tCO₂e. Reduced energy consumption in 2021 led to reduction in Scope 2 emissions. Scope 2 emissions shown above include CO₂, CH₄ and N₂O. For calculation of scope 2 emissions, we used GWP values from IPCC AR 5 Report, and emission factors for Serbia, Croatia and Slovenia from Association of Issuing Bodies, for Turkey from Carbon Footprint document and for Bosnia and Herzegovina from UNFCCC 2015 report. Scope 2 emissions are location based, as defined in SBTi⁷ recommendations and criteria manual. Additionally, calculation was made using GHG Protocol formula.

Scope 3 emissions



Collected data available for Scope 3 emissions calculation included only data from category 6 (business travels). Therefore, our Scope 3 footprint is equal to 83 tCO₂e in 2021 and does not represent emissions from entire upstream and downstream operations. Calculation only included CO₂, used GWP from IPCC AR5 report and flight tracker tool from website Atmosfair⁸.

In the coming years we expect our emissions to continue to decrease due to efforts such as:

- Introduction to renewable energy mix to power consumption with support from landlords.
- Prioritizing selection of office space at certified green building premises
- Procuring electric vehicles
- Introducing energy efficient measures

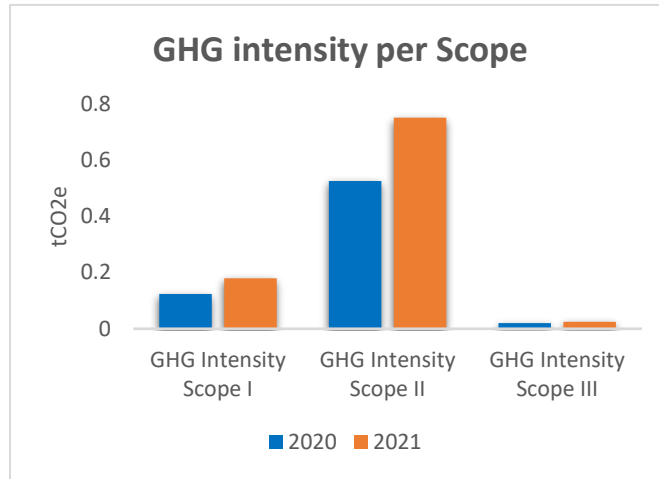
Chart below shows GHG intensity broken down by Scope and calculated by using surface of premises as organizational specific metric. Overall GHG intensity in 2020 was 0.67 tCO₂e/m² and in 2021 was 0.95 tCO₂e/m². GHG intensity includes Scope 1, 2 and 3 emissions, Scope 1 gases included in the calculation are CO₂ and N₂O, and CH₄, for Scope 2 from purchased electricity we only estimated CO₂e based on the emission factor from the electricity grid. Additionally for Scope 2 emissions by CMC Group and M+ ZG gases included in the GHG

⁶ Although we did not make calculations in the previous Sustainability report, we made the calculation post festum, during the preparation of this Report since we already had energy consumption data.

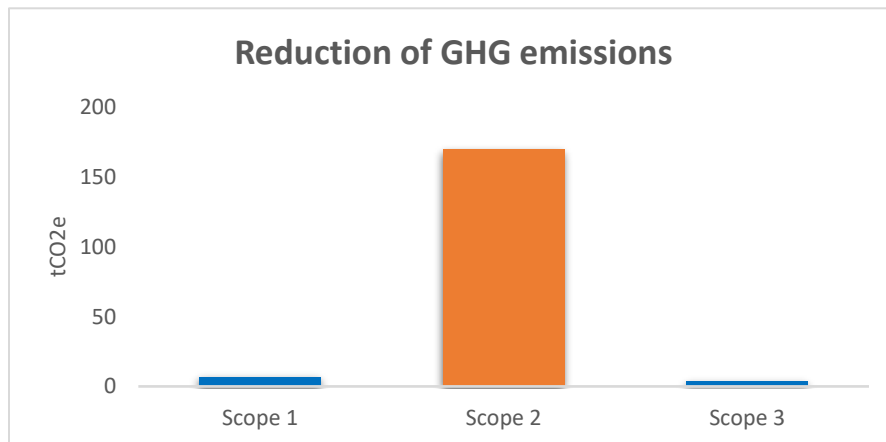
⁷ Science Based Targets Initiative, available at [Ambitious corporate climate action - Science Based Targets](#),

⁸ Available at [Home - atmosfair](#)

calculation are CO₂, CH₄, and N₂O because the companies are using gas for heating, while gas included for Scope 3 calculation is only CO₂.



GHG reduction shown includes CO₂, N₂O, CH₄ and CO₂e. As shown in the table below, GHG reduction for Scope 1 emissions was 6.61 tCO₂e, for Scope 2 emissions 169.7 tCO₂e and for Scope 3 3.8 tCO₂e. Biggest reduction occurred within Scope 2 emissions, as work from home model was still active and employees were not fully occupying office space. With the work from home model in place, intelligent lighting solutions implemented in Trizma Beograd, CMC Group and M+ Zagreb contributed to energy consumption reduction which led to Scope 2 emissions reduction. GHG reduction was calculated via formula: GHG emissions reduction = deduction of Scope (1,2 and 3) for 2021 - Scope (1,2 and 3) for 2020.



Waste management

In line with our approach to reducing our Group's environmental footprint, we recognized waste as an area of interest. Although we are not a production company and do not have significant generation of waste, we focus on reducing waste generated in our offices and diverting waste to recycling streams instead of landfills.

Information technology plays a fundamental role in our business. We seek to prolong the lifecycle of our IT products in order to lower the amount of e-waste, to be a part of more circular economy. The importance of the disposing electrical and electronic equipment is crucial for our business, as it is one of the significant impacts recognized. In cases of writing-off used electrical and electronic equipment, subsidiaries of the Group need to cooperate with an external company that will dispose the equipment with adequate knowledge of sustainable end of life solutions. Such procedure was prescribed at Group level during 2021, and companies are expected to follow it upon EE resources write-off. If new electronics need to be procured, we select suppliers with a high standard of environmental certifications as described in [Supply chain](#) chapter of this Report.

Additionally, adequate disposal of office waste (paper, municipal solid waste etc.) is in our focus. We recycle office waste accordingly, and work with governmental third parties to dispose office waste properly. There is no screening process in place for governmental third parties, as we believe governments in operating countries are following the guidelines of Paris agreement. To show our commitment to reducing office waste, during 2021 we were working on reducing paper usage in our offices by implementing digital filing solution and in Bulb we implemented a Purchase Policy which requires procurement of office paper made of and packaged in recyclable materials. In each company of the Group, management was working on raising employee awareness regarding waste by encouraging employees to dispose waste in line with environmental standards.

In Turkey, we have a catering company that provides food to our Turkish employees, producing food on-site in some of our workplaces and in its HQ. As we understand that food waste is one of the most prominent issues in the world, and reduction of food waste would contribute to SDGs 1 and 2, we have an understanding with the catering company not to overproduce food. CMC Group's planning department sends the number of meals to the catering company one day in advance so that there is no overproduction. Food scraps are collected separately and given to animal shelters or destroyed under the responsibility of the catering company. Catering company delivers waste oils from food production to licensed parties that dispose them while applying adequate environmental approach. Through this procedure, we are reducing our food waste footprint.

6. Supply Chain

Supplier Management

Group accepted the definitions of “local” as the country in which the member of the group operates (i.e., Croatia is local to BULB), and “significant locations of operation” cover all operating locations and are defined as business groups where business operations are carried out. Based on such underlying assumptions the average percentage of procurement budget for the entire Group spent on suppliers local to the business operations is 73%. Out of ten subsidiaries being reported on in this Report, MPlus BH, M Plus Croatia, Smart Flex, Smart Flex Sourcing and Trizma used more than 90% of their procurement budget on suppliers that are local to their operations.

We recognize the Group has potential negative impact on the supply chain due to inability to fully standardize supplier management policies, partly as a result of major acquisitions done in 2021.

In order to regulate our relationships with suppliers, during 2021 we conducted supplier evaluation in M+ BH which included evaluating suppliers according to criteria related to the quality of delivered products, payment process, delivery period, necessary documentation for the implementation of procurement. Recognizing the potential impacts, further development of policies like this one will be implemented through our sustainability strategy in all other subsidiaries. The concept of supplier relationship management ensures cross-functional supplier management along with an overview of the overall supplier life cycle. It involves conducting pre-defined phases of supplier management.

To avoid doing business with suppliers that (i) may prove damaging to the reputation of the entity entering such business relationship or (ii) pose a risk to the entity’s business in any other way, the responsible persons of the procurement department in all operating companies are obliged to ensure that suppliers recorded in the list of undesirable suppliers are not included in tender procedures. Furthermore, persons possessing any information regarding a supplier involved in tender procedures indicating that it may endanger the entity’s reputation or pose a risk to its operations, must inform the Group’s Management Board thereof without delay. In this case, the Group's Management Board may decide on its immediate inclusion on the list of undesirable suppliers.

During 2021, we were concentrating on conducting supply chain operations in an ethical and fair manner in all business relations with suppliers and other legal entities. The procurement procedure must be conducted in a completely transparent manner in line with the Principles of Procurement and must not discriminate or favour any of the bidders. Interdependent business transactions, where potential or contracted suppliers are also our clients must be analysed by the procurement department and the competent organizational unit of the Group entity entering such business relationship and approved by its Management Board. It is also desirable to observe the impacts of the suppliers’ ESG commitments on the entity as to prevent any negative impact spill over on the Group. Based on the stated principles a profound focus on the supplier screening process will be considered in the future sustainability strategy. We recognize some of the best practices that our subsidiaries have already implemented and the Group is inspired by them.

Best practices of the supplier screening process

Trizma Group has implemented the process of procurement of the IT equipment with the focus on the low energy consumption devices as to manage their energy consumption and GHG footprint. Consequently, such process requires screening of available supplier in order to find those who are aligned with environmental standards we want to set for the entire Group. Similarly, M+ Zagreb has created a new approach to the vehicle procurement (purchasing vehicles with lower CO2 emissions and fuel consumption) while Bulb made a commitment to focus on acquiring office supplies made from renewable materials. Implementing such supplier screening process, with additional request for suppliers to have the ISO 9001 certificate, will enable us to implement best practices at Group level and set a standard for our suppliers.

Greening the Supply Chain

In line with the Group's Policy on environmental and community impact risks we are committed to act responsibly in performing our procurement activities, considering the impact we may have on the environment. As one of the objectives within our sustainability strategy we plan to thoroughly review and amend our supply chain policy in order to establish an environmentally friendly and sustainable supply chain framework which also includes social commitment as part of the selection criteria. To achieve this, we plan to require the ISO 9001 certificate in our subsidiaries that have not yet acquired it.

7. Customers

Information management

M+ Group has established its leading position in local markets of its operations and provides services to more than 260 clients, mostly from industries that have shown high resilience to the crisis, such as the financial services, e-commerce, telecom and technology sectors.

M+ Group is focused on establishing partnerships with leading clients from various industries by providing "end to end" solutions and sees an opportunity in the acquisition of new international clients with whom activities are underway. New clients have either increased their willingness to outsource CRM services or their current BPTO service providers were unable to respond to their needs. A significant part of existing clients is expanding their cooperation with M+ Group, leading to increased revenue and profitability of M+ Group.

A substantial number of clients have increased demand for communication segments such as webchat, digital onboarding, and omnichannel services, while we pay special attention to the development of customer needs that would offer e-wallet and payment system services.

COVID-19 pandemic during recent years has influenced market developments which introduced higher demand for BPTO services. In 2021, we expanded our operations to several new markets in the European Union through the acquisition of a new German subsidiary group Invitel whose data will be consolidated in the next years report.

Through the acquisition of Bulb, our group has gained access to contemporary IT solutions such as "Cempresso" a software platform for customer support process automation and knowledge

management, DACS provisioning solution for the end-to-end fulfilment of broadband and multimedia services via cable modems management and integration services. Together with the CMC Groups' RPA (Robotic Process Automation) and Smart Agent processes we have established a significant technology threshold which allows us to provide precise, on time services to our clients.

Data security

At M+ we strive to ensure that a strong culture of safety, security, and ethical behaviour is embedded in everything we do to protect our assets — physical, digital, and human. As an international BPTO service provider we recognize the need for data security and fraud prevention, therefore our infrastructures are built specific to our clients' needs. This means we secure our own operations and hold responsibility for the data of hundreds of companies, and by extension, the data of their customers. Our security and compliance standards also protect the livelihoods of our employees, as well as the privacy and identity of millions of people around the globe who rely on our services. One of such measures is the triple review system which provides the data security. To ensure that we comply with the globally recognized data security models, the majority of companies in the group acquired the ISO 27001 information security standard. We have also implemented the necessary GDPR related procedures to ensure the compliance with the EU legislation in the EU member states. During the last year we have received only one substantiated complain from the regulatory body related to the disclosure of the private data to a customer who was not properly identified. After the inspection of the audio recording of the conversation that was provided by the group to the same regulatory body it has been determined that the procedures of the Group were valid, and no data breach was identified.

Cybersecurity

Based on the described IT solutions in combination with the large amount of data being processed daily by our employees, we recognize the importance of cybersecurity in our call centres. Events in recent history show the ease of access to the private data by the cyber criminals. To prevent such breaches, we have set up a number of different programs and measures with aim of protection of our clients, their customers and our own employees. One of such measures is identity verification via video, a simple and extremely safe security measure for the verification of online users' identity. In the future, we will implement more cybersecurity measures to be able to complement our client's customers.

8. EU Taxonomy

In 2015, the Paris Climate Agreement was signed, bringing all the world's peoples into a common effort to combat climate change. The Paris Agreement binds all sovereign states parties to the Agreement to take actions to meet an ambitious goal of keeping the global average temperature at 2°C above pre-industrial levels and to make additional efforts to bring the global average temperature rise down to 1.5°C above preindustrial levels. As part of aligning its activities and goals with the Paris Agreement, EU introduced its climate and environment targeted regulatory packages, i.e. the Green Deal and Fit for 55 which, among other measures, define the goals of achieving a climate-neutral Union by 2050 and reducing CO₂ emissions by at least 55% by 2030 (compared to 1990 levels), respectively.

To meet these ambitious goals, financial sector must play a key role in steering capital flows to support the transition towards a more sustainable economy. In order to do so, financial sector must have relevant, accurate and comparable information on ESG performance readily available. The EU has thus adopted a unified EU-wide classification system ("the EU Taxonomy") for environmentally sustainable economic activities to steer green investments towards those activities that are essential for achieving the set objectives.

The EU Taxonomy identifies economic activities that achieve performance levels making a "substantial contribution" to at least one of six environmental objectives whilst ensuring that the activity will "do no significant harm" to any of the other five objectives and meet minimum safeguards. Such activities with a level of performance meeting the relevant technical screening criteria ("TSC") thresholds for "substantial contribution" and "do no significant harm" which are prescribed in the delegated acts that are part of Taxonomy legislative package are referred to as *Taxonomy-aligned* or green. *Taxonomy-eligible* economic activity refers to an economic activity described in the delegated acts that define the TSC as one which qualifies as contributing substantially to one of the 6 environmental objectives, irrespective of whether that activity actually meets any or all the TSC laid down in those delegated acts.

Six environmental objectives established by the EU Taxonomy Regulation (Regulation (EU) 2020/852⁹) are the following:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems.

The European Parliament and the European Council have prioritized certain economic activities that can make the most relevant contribution to mitigating and adapting to climate change. This includes economic sectors with the highest contribution to CO₂ emissions, as well as activities enabling their transformation. In the first year of implementation (2022 reporting for 2021), only criteria for the first two objectives: climate change mitigation and climate change adaptation applies since the requirements for the remaining four objectives (listed above under numbers 3 to 6) are expected to be published in 2022.

⁹ Regulation (EU) 2020/852 of the European parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088

For the current reporting period encompassing 2021 data, businesses are only required to disclose the proportion of *Taxonomy-eligible* and *Taxonomy non-eligible* economic activities in their total turnover, capital expenditure (CapEx) and operational expenditure (OpEx) (i.e. key performance indicators, “KPIs”), together with certain qualitative information stipulated in the Disclosure Delegated Act (Commission Delegated Regulation (EU) 2021/2178¹⁰). In other words, companies should primarily assess which of their activities fit into activity descriptions prescribed in the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139¹¹), while the full alignment analysis on whether these activities fully conform to all prescribed criteria as described above is necessary in 2023 for 2022 data. The first disclosure of taxonomy-aligned economic activities, which includes the full scope of disclosure obligations for KPIs will be done from 1 January 2023, covering 2022 as the first comparable reporting period.

To comply with 2022 regulatory obligations and requirements of evaluating which economic activities at Group level are “environmentally sustainable” within the meaning of the EU Taxonomy we performed a 2021 eligibility assessment, as shown below under Economic activities eligible under EU Taxonomy.

Additionally, it is important to note that with the early application of EU Taxonomy rules in 2022, it was seen that the Taxonomy’s substantial contribution criteria can be challenging to achieve, especially if the companies’ activities have no sustainable transition options and/or are classified low-impact activities.

In response to these obstacles, in March 2022 Platform on Sustainable Finance published its The Extended Environmental Taxonomy. It is the actually the Final Report on Taxonomy extension options supporting a sustainable transition which classifies (1) activities that must urgently transition, or exit, away from significant harm, (2) intermediate performance activities, and (3) Low environmental impact (LEnvi) activities. The extended Taxonomy thus introduces a traffic light system (green, amber, red) for classifying economic activities as opposed to initial green/not green classification. New classification includes red and amber activities, where red ones cannot be reformed and will always be considered to do “Significant Harm”, as opposed to amber activities which are considered as “intermediate performance” and are in the process of transitioning to a more climate compatible performance. Finally, LEnvi activities include activities that do not have significant environmental impact and should not be regarded as either red, amber or green. This new classification should allow enterprises to show that their overall activities do not cause environmental or social harm, although not considered green.

Having in mind business activities of M+ Group, we consider us to fall into LEnvi category and will closely monitor further regulatory developments to be able to fully comply with all requirements in 2023.

¹⁰ Commission delegated regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

¹¹ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

Economic activities eligible under EU Taxonomy

M+ Group identified activities within BPO, IT and HR segment as ones with Taxonomy potential. To assess eligibility, at the level of operating companies we identified the activities as included in the Climate Delegated Act and consolidated the results at the Group level. We used NACE codes listed therein as an indicative tool but did not rely on them exclusively – as also noted in the EU Taxonomy, NACE can and should be used as a reference tool for easier identification of taxonomy-eligible activities. Considering that we operate in markets outside of EU which are not necessarily entirely aligned with the NACE classification, we carefully reviewed the descriptions for all potential Taxonomy activities falling into our scope of business operations.

The results of our assessment, i.e., the list of activities that have been identified as Taxonomy-eligible is provided in the table below.

Taxonomy-eligible activities

Branch	Activity ¹² (CA) – climate change adaptation (CM) – climate change mitigation	Activity name	Group companies performing these activities
6. Transport	6.5 (CM)	Transport by motorbikes, passenger cars and commercial vehicles	All operating companies except Trizma GS and SFSO
7. Construction and real estate activities	7.7 (CM)	Acquisition and ownership of buildings	All operating companies except SFSO
8. Information and communication	8.1 (CM)	Data processing, hosting, and related activities	CMC
	8.4 (CA)	Computer programming, consultancy, and related activities	Bulb, Calyx, CMC/RGN, CDE, Geomant

Considering our scope of business activities, we were only able to link with EU Taxonomy our turnover from subsidiaries which deal with software and IT services, and the general use of vehicles and real estate in terms of CapEx.

In the future, we aim to develop more precise monitoring in order to be fully compliant with regulatory requirements regarding EU Taxonomy. Moreover, to be able to define and disclose which activities at Group level are Taxonomy-aligned, followed by relevant KPI disclosures, as part of our sustainability strategy we are establishing a process for data monitoring and aggregation at the level of operating companies and ultimately at Group level.

¹² Activities and the related activity numbers as defined in the EU Taxonomy Climate Delegated Act.

KPI-related disclosures

General and accounting policies

Upon identification of above activities, we moved on to assess the proportion of KPIs relating to each of these. However, due to the granularity of requirements needed for Taxonomy disclosures, we were not able to determine the proportion of above listed activities in total OpEx for the Group. This is partly so because at Group level we do not gather and monitor such data but also because our operating companies were not able at this stage to run their own analyses since their accounting policies are not fit for Taxonomy purposes. For that reason, we were only able to gather, aggregate and disclose KPI data as shown in below tables, i.e. the proportion of turnover and CapEx. Data corresponds to that included in our financial statements.

For the purpose of this reporting in line with EU Taxonomy, we calculated turnover based on the EU Taxonomy Regulation Article 8 definition¹³, while CapEx is considered in terms of assets or processes associated with economic activities that qualify as environmentally sustainable per articles 3 and 9 of the EU Taxonomy Regulation.

Proportion of KPIs associated with EU Taxonomy

Proportion of turnover

Activity (CA) – climate change adaptation (CM) – climate change mitigation	Activity name	Turnover (HRK 000)
8.1 (CM)	Data processing, hosting, and related activities	100
8.4 (CA)	Computer programming, consultancy, and related activities	92,321
	Numerator	92,421
	Denominator	786,806
	% Eligible activities	12%
	% Non-eligible activities	88%

The table includes turnover for companies generating revenue exclusively from these activities, as listed in the table Taxonomy-eligible activities.

Proportion of CapEx

¹³ Turnover derived from products or services associated with economic activities that qualify as environmentally sustainable under Article 3 (Criteria for environmentally sustainable economic activities) and Article 9 (Environmental objectives).

Activity (CA) – climate change adaptation (CM) – climate change mitigation	Activity name	Turnover (HRK 000)
6.5 (CM)	Transport by motorbikes, passenger cars and light commercial vehicles	5,854
7.7 (CM)	Acquisition and ownership of buildings	14,487
Numerator		20,341
Denominator		102.284
% Eligible activities		20%
% Non-eligible activities		80%

CapEx KPI contains a significant percentage of Taxonomy-eligible activities since almost all operating subsidiaries use passenger cars and have business premises (offices) in leased or owned real estate.

M+ Group Sustainability Matters Contact Information

Darko Horvat, President of the Management Board

darko.horvat@mpluscc.com

Tomislav Glavaš, Member of the Management Board

tomislav.glavas@mpluscc.com

Domagoj Karadjole, Group CFO

domagoj.karadjole@mpluscc.com

Ana Babić, Head of Back Office at M+ Group

ana.babic@mpluscc.com

M+ Group's Sustainability Report is prepared with support of EY Croatia sustainability experts.

2,058,790
976,818
859,870
121,000
129,345
179,984
690,144
279,991
88,426
214,553
75,380
816,679
237,680
563,080
45,000
461,273
182,730
278,543
4,567,284

	2015	2016	High/Low
5	10,307	10,307	0%
10	31,938	31,938	+2%
20	128,819	128,819	+42%
40	278,031	278,031	+79%
70	11,827	11,827	+1%
200	107,812	107,812	+1%

*Target

2015

2016

High/Low

0%

+2%

+42%

+79%

+1%

+1%

3,714

38,012

100,287

88,916

129,826

182,128

19,293

47,029

43,558

June