

M+GRUPA

PEOPLE INSPIRED BY PEOPLE

SUSTAINABILITY REPORT 2020



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A. About Us

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President & CEO Letter

Dear reader,

There is no doubt that the previous years have been challenging and exciting from multiple points of view, placing us in the role of both observers and active players in various changes that have swept the business landscape at unprecedented speed, largely as a result of technological disruptions.

Moreover, 2020 was marked by the global Covid-19 pandemic/ crisis, which has affected global economic trends and the society as a whole in a completely new and unprecedented way, making it difficult to foresee what will happen in the coming period. But what is already clear is that this crisis has accelerated the transition trend from physical communication to digital platforms, which will certainly have a positive impact on the BPTO (business process technology outsourcing) 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 the M+ Group has all the technological prerequisites to provide these services. This was one of the main reasons for our major investments in the IT division.

For us at M+ Group changes reflected in the exponential growth of turnover and sales volume and the number of our employees in the span of last four years, resulting amongst other from new investments and acquisitions. In 2020 these activities materialized primarily through the acquisition of CMC, largest independent contact center and customer support service provider in Turkey. Additionally, we entered the software development, IT and BPTO applications' market in the United States, United Kingdom, Hungary, Romania and Croatia.

Through these successful transactions the M+ Group grew to a total of 29 companies unified under a common mission, vision and goals. Although we provide services to clients in over 58 countries on 5 continents, our focus remains on our premium clients on the European, especially the DACH region (Germany, Austria, Switzerland), and North American markets, including the United States, Canada and Australia.

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.

Financial results achieved in the past periods and especially 2020 confirm the efficiency of the M+ Group robust business model and the ability to quickly adapt to new circumstances and market trends impacting business operations and employees, such as the Covid-19 pandemic. In particular, M+ Group year-to-date results as at 31st December 2020 report an increased growth trend in both revenue and EBITDA, showcasing amongst other that our employees adapted well to changed circumstances.

„We have anticipated the problems which the BPTO industry will be facing in light of the pandemic and have managed these successfully. Our competition had significant difficulties regarding the work from home transfer and business processes' flexibility, while we settled these for all our employees within a few days, without any consequences for our clients. Moreover, our nearshoring policy has proven to be superior when it comes to client efficiency results in comparison to offshoring to distant Asian countries. Despite the pandemic,



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we managed to maintain our business continuity for all of our clients, with the demand for BPTO services' rising, which is also reflected through our excellent business results." Darko Horvat, president of the Management Board.

In a year when we reached 7,928 employees worldwide, we know that it is of vital importance to continue investing in our human capital, in their training, digital upskilling and reskilling enabling our workforce to perform their duties with greater efficiency, and providing excellent support and advice to improve the customer experience.

As a company of "people inspired by people", M+ Group is a melting pot for various nationalities, capabilities and generations, based on inclusive selection and human management policies that promote equal opportunities and conditions for all employees, in a healthy working environment in line with the requirements of our activity. With 57% of women in our workforce, diversity and non-discrimination are part of our corporate culture.

The diversity of our workforce is the secret to our success and we truly believe that our differences make us stronger. We are also investing in support of our clients, including in cybersecurity and artificial intelligence (AI), while also fostering high-quality work environments and promoting our employees.

This journey has so far 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.

Hence, we integrated these values in our internal policies and are now focused on realizing these efforts in practice.

We are active participants in helping create sustainable jobs and value around the world where we do business, positively impacting the community and, being aware that climate change requires urgent action, through our daily business we work to accelerate the pace of change and ensure a safe and sustainable planet for all.

This first sustainability report for the year 2020, which we are very proud to share with our key stakeholders, is a summary of our 2020 achievements and an overview of our value creation over time. At M+ Group, we value each interaction and we create exceptional experiences for our employees, clients and partners.

We are leaders in our industry, 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. 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 we look forward to our future achievements.

Darko Horvat
President of the Management Board

Tomislav Glavaš
Member of the Management Board

About the Report

Meritus ulaganja d.d. hereby presents first Sustainability Report for M+ Group that includes economic, environmental and social performance to stakeholders covering the period between January 1, 2020 and December 31, 2020.

Within the scope of sustainability reporting made, the Group transparently communicates its activities and performance and intends to continue this practice in future periods. Through our Materiality Assessment, which was carried out to identify and prioritize the material issues to report, a survey was conducted to capture the opinions of internal stakeholders based on importance of the topics representing their business and external stakeholders.

The first Sustainability Report of M+ Group has been prepared under the guidance of the GRI Standards: Core option and covers the Company's operations during 2020. The report also includes the United Nations Global Compact (UNGC) Content Index which includes our performance in line with UNGC principles.

In terms of growing sustainability efforts at Group level and strong commitment towards creating a 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.

In M+ Group Sustainability Report 2021, we plan to develop a strategy towards reaching UN Sustainable Development Goals (SDGs) relating to economic, environmental and social activities in order to contribute to the overall sustainable development within the reach of our business activities.

Moreover, we will aim to join the United Nations Global Compact and to officially adopt and incorporate its Ten Principles within our daily business operations.

Overall, it is our general intention to make our Sustainability Reports 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 impact of our business operations.





Significant Events During the Reporting Period

COVID-19

Year 2020 was most notably marked by the COVID-19 pandemic outbreak, which had (and still has) a significant impact on the whole BPTO service market, including both the clients and service providers.

At the beginning of the pandemic and in line with the governmental measures in place, M+ Group migrated the entire business (more than 7,000 employees in 5 countries) to the WFH (work from home) model in less than 3 weeks and, in the past period, 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.

With the Covid-19 pandemic outbreak, we rapidly took preemptive measures to keep our employees safe and protect their health and wellbeing. Therefore, all members of the M+ Group adopted new protocols and business models for rapid adaptation and transformation into flexibility schemes in order to maintain healthy business climate while being in line with the epidemiological measures related to the pandemic. Overall, M+ Group's mission amidst the pandemic was to support our employees however necessary, which has proven beneficial through our financial results as well.

Effects the pandemic had on our financial position in 2020 are briefly elaborated in section Economic Performance under 2. Group's Organizational Profile.

M+ Group expansion

During 2020 M+ Group closed several significant transactions which have already proven successful when looking at operating financial results. First such business move was finalized in January the acquisition of a Turkish company CMC İletişim ve Çağrı Merkezi Hizmetleri A.S. ("CMC"), largest independent contact center and customer support service provider in Turkey with over 4,000 employees.

In July 2020 a new company was established within the Group, Geomant Global d.o.o. – joint investment by Meritus Upravlanje d.o.o. (51% ownership) and Concentric Technologies Ltd focusing on IT business. New company will do business in the United States, United Kingdom, Hungary, Romania and Croatia with approximately 150 employees. With this transaction M+ Group entered the software development, IT and BPTO applications' market.

Moreover, in December 2020 Croatian based Group company Meritus Upravlanje d.o.o. entered into an agreement on a future joint investment to be realized in the coming period involving Bulb d.o.o., Croatian software company, with the aim of business development.

Our Approach to Sustainability

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 our 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.

Therefore, in terms of sustainability and ESG (environmental, social, governance) 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. But 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 being part of a larger operating system in which they can feel safe to express their thoughts, ideas or even complaints.

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.

On the other hand, we are gradually implementing policies on corporate governance and responsibility, together with policies expressing our care for the environment, in order to join forces with other industry participants aimed contributing to global sustainability, expressed most precisely through the United Nations' 2030 Agenda and the corresponding Sustainable Development Goals (SDGs).

Although not formally and expressly, UN SDGs and UNGC Ten Principles are already being applied across the M+ Group as our core values correspond to the mission and aims of these initiatives. For the reporting period, we identified the following SDGs as being reflected the most through our business principles and subsequent activities:



Table 1. An overview of our 2020 activities and 2021 aspirations linked to respective UNGC Principles and UN SDGs

Activity area	Achievements 2020	Aspirations for 2021	UNGC Ten Principles	UN SDGs
CORPORATE GOVERNANCE				
Ethics and transparency in business	Sustainable business	Responsible and sustainable approach in all business areas	1, 2, 3, 4, 5, 6, 10	8, 12, 16
Effective and healthy corporate governance	Ethical behavior:	Upgrade of the Compliance Program		
Responsible and local procurement	<ul style="list-style-type: none"> • Corporate Governance • Code • General Code of Conduct • Whistleblowing • Transparency 	Risk identification and management mechanisms Optimization of the process for reporting complaints Code of ethics training for employees Corporate responsibility and sustainability criteria Code of Conduct for Suppliers		
HUMAN CAPITAL				
Equal opportunities and diversity	Quality employment with equal opportunities	Improvement of employees' satisfaction rates	3, 4, 5, 6	1, 3 5, 8, 10
Professional Development	Personal and career development	Advancing on Health and Safety Plans		
Healthy work environment	Continuing education and training	Promoting the integration of people with disabilities in the workforce		
	Freedom of association	Promoting equality in the company		
	Work-life balance			
	Occupational Health & Safety assurance			
COMMUNITIES				
Commitment to the Community	Integration of people at risk of exclusion, on equal conditions	Encouraging volunteering actions throughout the Group	1, 2, 6	5, 8, 10, 17
Strengthening partnerships with third parties	Partnerships with clients, public organizations and social organizations, to generate a multiplier effect	Promoting partnerships with third parties to boost the integration of disadvantaged groups		
Fostering solidarity in the Group	Promotion of corporate volunteering initiatives	Generating synergies / exchange of good practices in social action among countries		
ENVIRONMENT				
Environmental Management	Policy on environmental and community impact risks	Improving performance in consumption and waste reduction regarding energy, water and paper	7, 8, 9	12
Technologies, activities and processes with less waste production and energy saving	Recycling and donating equipment that is no longer fit for business use	Promoting responsible and green procurement		
Training and awareness	Innovation in providing comprehensive outsourcing services through a sustainable model	Promoting environmental awareness among employees		

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 2*.

Table 2. Affiliations and business communities

Trizma d.o.o.	Meritus plus d.o.o.	Meritus ulaganja d.o.o.	SmartFlex d.o.o.	Mplus BH d.o.o.
Serbian Chamber of Commerce Amcham Serbia Business for Social Responsibility Management Center Beograd	Digital Croatia	Zagreb Stock Exchange SKDD – Central Depository and Clearing Company	Croatian Employers' Association	Foreign trade chamber of Bosnia and Herzegovina
Linea Directa d.o.o.	CMC	Geomant – Algotech Zrt. Hungary	Geomant SRL (Romania)	
Managers' Association Direct Marketing Association Marketing Association	Call Center Association	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	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

* All Croatian entities are members of the Croatian Chamber of Commerce



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 3*.

Regarding the entities in Bosnia and Herzegovina, Mplus BH initiated certification procedures for ISO 9001 Quality Management System and ISO 27001:2013 Information Security Management System which should be finalized in the first quarter of 2021, and Trizma GS - a subsidiary of Serbian Trizma, although not ISO certified applies and adheres to all standards as its parent company.

SLOVENIA AND CROATIA

CDE, nove tehnologije, d.o.o.

ISO/IEC 27001:2013

Scope of certification

SOFTWARE DEVELOPMENT, PROVIDING AND HOSTING OF CONTACT CENTRE SERVICES

CDE-14 Statement of Applicability, Version 11.0 dated 27.05.2019

Site Name/Location	Site Address	Site Scope
CDE, nove tehnologije, d.o.o.	Tehnološki park 24, 1000, Ljubljana, Slovenia	Software development, providing and hosting of contact centre services.
LINEA DIRECTA, d.o.o.	Posušna 36, 1410 Zagorje ob Savi, Slovenia	Providing of contact centre services.
MERITUS PLUS, d.o.o.	Heinzelova ulica 62/a, 10000 Zagreb, Croatia	Providing of contact centre services.

Certificate Number: **IND 19 6806U** Version: **01** Revision date: **25/10/2019**

SERBIA

**Quality Management System
Certificate of Approval**

This is to certify that the Quality Management System of:

Trizma doo Beograd

Tošin bazar 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 Contract Centre Services, Data Insight Services,
Software Development, Business Process Outsourcing Services,
Hiring & Payroll Services**

Date of Certificate Issue: 15th June 2018
Certificate Valid until: 14th June 2021
Certified with DAS since: 15th June 2012
Certificate Number: **DAS978023991Q**

We hereby certify that

GEOMANT-ALGOTECH Zrt. 

Headquarters: H-1123 Budapest, Alkotás utca 50.

In the following field:

IT Consulting and Services

(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

Certificate of Registration

This certificate has been awarded to

MERITUS PLUS 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.**

HUNGARY

CROATIA

Table 3. ISO Certifications across affiliations and business communities

Location	Certifications	Operations	Completion date
Croatia (Meritus Plus)	ISO 9001:2015 Quality Management System	Call center Activity, Market Research and Public Opinion Surveys, Database Preparation and Management	19.4.2019
Croatia (Meritus Plus)	ISO 27001:2013 Information Security Management System	Providing of Contact Centre Services	25.10.2019
Hungary (Geomant – Algotech Zrt.)	ISO 27001:2014 Information Security Management System	IT Consulting and Services	9.12.2019
Hungary (Geomant – Algotech Zrt.)	ISO 20000-1:2019 Information Security Management System	Call center Activity, Market Research and Public Opinion Surveys, Database Preparation and Management	9.12.2019
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	15.6.2018
Serbia (Trizma)	ISO 27001:2013 Information Security Management System	Outsourcing of Contract Centre Services, Data Insight Services, Business Process Outsourcing Services, Hiring & Payroll Services	31.10.2020
Slovenia (CDE nove tehnologije, Linea Directa)	ISO 27001:2013 Information Security Management System	Call center Activity, Market Research and Public Opinion Surveys, Database Preparation and Management	25.10.2019
Turkey (CMC)	ISO 9001:2015 Quality Management System	Multi-Channel Communication Center and Customer Relationship Management Services	18.6.2020
Turkey (CMC)	ISO 27001:2013 Information Security Management System	Multi-Channel Communication Center and Customer Relationship Management Services	18.6.2020
Turkey (CMC)	ISO 10002:2018 Customer Satisfaction and Complaint Management System	Communication Center and Customer Relations Management Services	5.9.2020
Turkey (CMC)	ISO 18295-1:2017 Customer Contact Centers - Part 1: Requirements for Customer Contact Centers	Communication Center and Customer Relations Management Services	15.2.2020
Turkey (CMC)	ISO 20000-1:2018 Information Technology - Service Management	Communication Center and Customer Relations Management Services	18.4.2020
Turkey (CMC)	ISO 22301:2019 Security and Resilience - Business Continuity Management Systems - Requirements	Business Continuity Management Systems	18.4.2020
Turkey (CMC)	ISO 45001:2018 Occupational Health and Safety Management System	Multi-Channel Communication Center and Customer Relationship Management Services	9.11.2020





Awards

We are very proud of the successes that we have been achieving throughout the years. In 2020, Trizma - one of our subsidiaries located in Serbia became the proud holder of the Platinum certificate of credit excellence. This certificate comes as a 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.

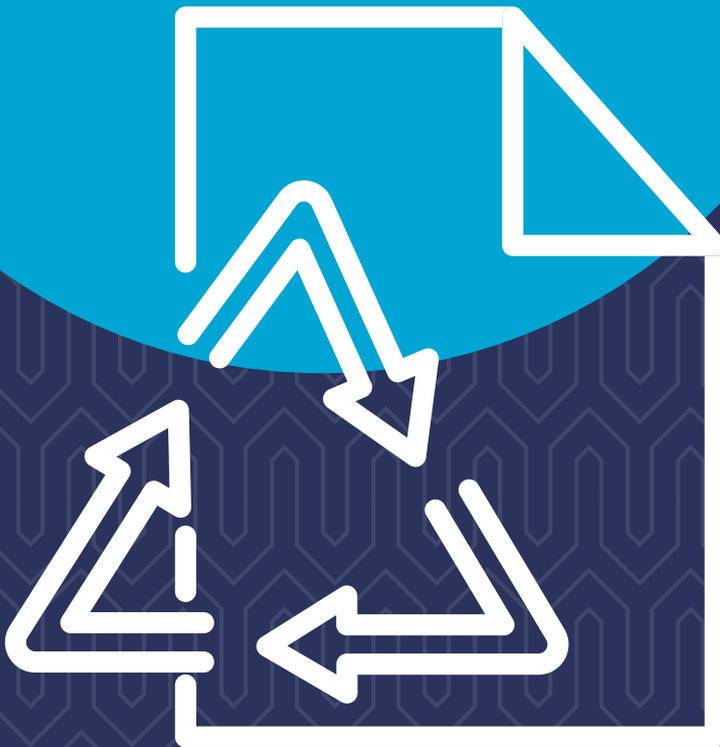
This recognition arises from the trust of our clients in the quality of our services and the team's dedication and expertise in delivering outstanding support in every customer interaction and demonstrating understanding of every industry and business process managed.





B. Group's Organizational Profile

Corporate Overview
Products and Services
Milestones
Economic Performance



Corporate Overview

M+ Group is the largest independent BPTO company in Southeast Europe, successfully integrating dynamic industries of contact center, information technology and employment services into a cohesive service portfolio ready to tackle global challenges in the field of customer experience, employing close to 8,000 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.

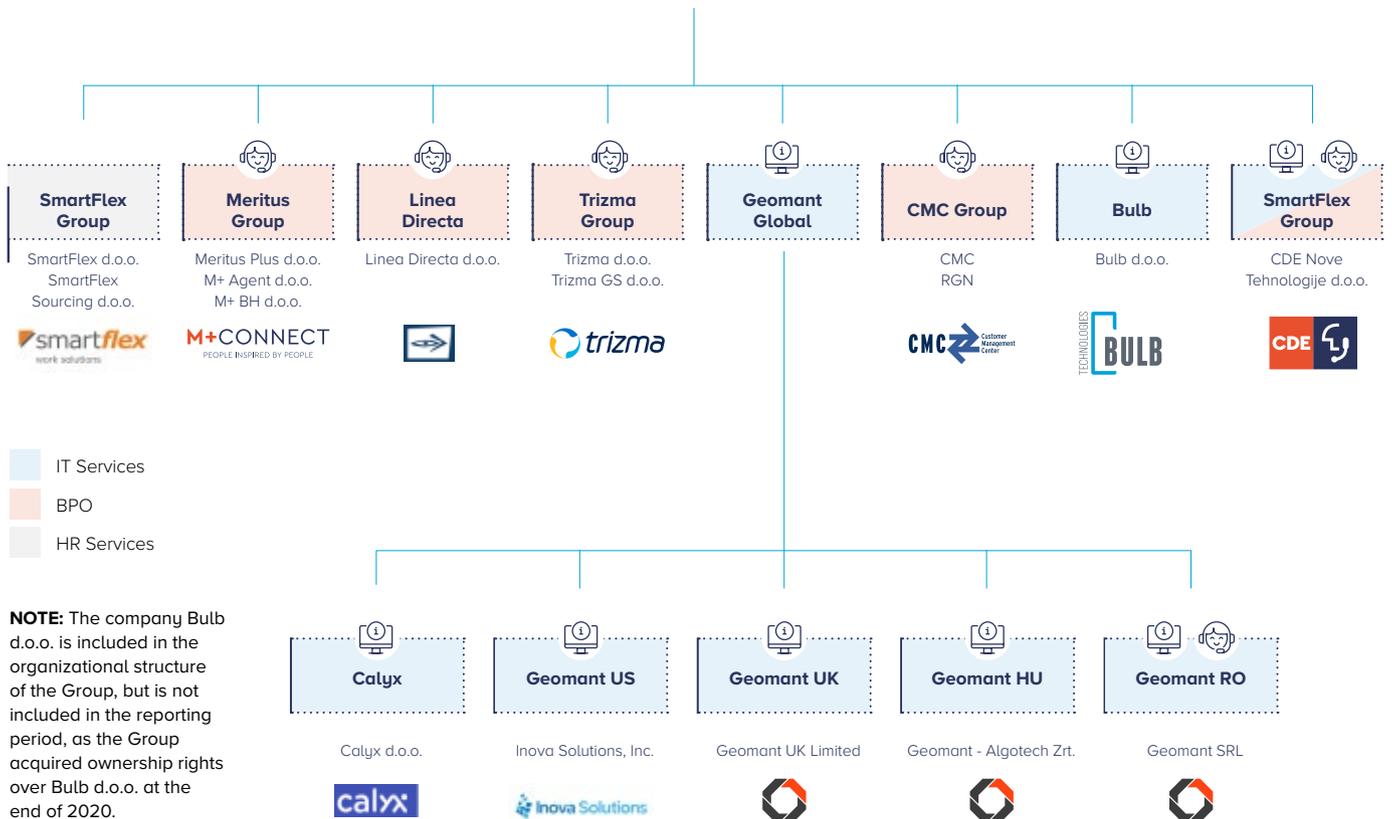
M+ Group consists of a parent company, Croatian-based Meritus ulaganja d.d. (public limited company) listed on Zagreb Stock Exchange, and 28 subsidiaries in Croatia, Bosnia and Herzegovina (BH), Hungary, the Netherlands, Romania, Serbia, Slovenia, Turkey, United Kingdom, United

States. Within the Group, 17 companies are operating companies based in Croatia, Bosnia and Herzegovina, Hungary, Romania, 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 section C. Governance, Ethics and Compliance.

Regarding Group's operational organization, the structure is depicted in the organizational chart below – subsidiaries are grouped together per their business operations and intergroup shareholding structure but not per countries in which they operate (shown in table below).

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NOTE: The company Bulb d.o.o. is included in the organizational structure of the Group, but is not included in the reporting period, as the Group acquired ownership rights over Bulb d.o.o. at the end of 2020.

M+GRUPA

providing services

IN **58**
COUNTRIES



FROM **17**
LOCATIONS

MORE
THAN **260**
CLIENTS



THROUGH
ALMOST **8,000**
PEOPLE IN **27**
LANGUAGES

M+ GROUP MEMBERS

MERITUS UPRAVLJANJE D.O.O.

SUBSIDIARY SHARES HELD

HR management services	SmartFlex Group	SmartFlex d.o.o.	51%
		SmartFlex Sourcing d.o.o.	100%
Contact center services	Meritus Group M+ CONNECT	Meritus Plus d.o.o.	100%
		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%	
CDE	CDE nove tehnologije d.o.o.	73%	
IT services	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%
	Bulb upravljanje d.o.o.	Bulb d.o.o.	51%

Products and Services

M+ Group is one of the largest providers of BPTO services in the region. The M+ Group provides a wide range of BPTO-CRM (Customer relationship management) solutions, structured around a multi-channel (telephone, email, chat and social networks) and multilingual (19 languages) customer experience platform, primarily through the contact center. In addition to its contact center services, the Group also offers IT services (Customer engagement platforms (CEP), Customer relationship management (CRM), the Buzzeasy 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, the M+ Group offers a unique platform for improving the business of its clients.

Contact Center Services

Provision of contact center services is M+ Group's core activity. At the heart of our business lies the provision of customer service on different channels, such as the voice channel (incoming and outgoing calls), email, ticketing systems, chat and, most importantly, digital contacts, especially on platforms such as Facebook, LinkedIn, WhatsApp, Viber, Social Listening, Twitter, etc. We are in contact with our customers 24 hours a day, seven days a week.

Corporate clients are also provided with the service of peak capacity management (overflow handling), where clients operating their own call centers may, in the event of peak flow where their operators cannot reply to all inquiries, transfer excess calls to the M+ Group call center and provide their customers with a prompt and professional response. The portfolio also includes customer data verification services, the optimization of sales and order management process, debt collection and identity verification via video, a simple and extremely safe security measure for the verification of online users' identity.

Contact center services are also characterized by the application of high-tech IVR solutions, chat bots and AI robots ensuring effectiveness of the offered solutions at all times. We also provide business support to our clients through business analytics services that include the collection, verification, storage, protection and processing of data in order to provide reliable and timely operations reports.

M+ Group currently provides contact center services from 13 locations, in 5 countries of Southeast Europe as shown on the map below.

IT Services

In the IT segment, we offer solutions to our clients through Geomant, a leading provider of services and solutions for customer interaction and integration of customer experience solutions and other M+ Group subsidiaries, CMC, Calyx d.o.o. and CDE Nove tehnologije d.o.o., which have more than 20 years of experience in developing solutions for the largest telecommunications operators, financial institutions and fast-moving consumer goods distribution companies (FMCG). Furthermore, Bulb acquisition expands the range of Group's IT technology, by complementing business solutions in terms of process optimization and user experience.

Information technology services focus on the development and integration of advanced information and telecommunications technologies, with an emphasis on customer service solutions, customer relations management, and customer engagement management. The proprietary Buzzeasy CX Platform orchestrates communications and business processes across multiple interaction channels, bridges voice with a variety of digital channels such as WhatsApp, Facebook Messenger, Viber, chat and many other while enabling AI to assist customers and agents with routine tasks.

In addition, CMC has developed the multi-channel customer relations management platform Workspace, as well as the interactive SMART AGENT knowledge sharing software, which greatly shortens the employee training and education process. Within the CMC R&D center, what stands out is an internally developed RPA solution for business process automation. By imitating human actions, the above solution masters repetitive tasks such as the filling out of different forms, retrieving data from the web, the creation of calculations etc.

Our IT product portfolio also offers a video identification tool that complies with KYC and ALM regulations, which can be adapted to all business needs and is fully harmonized with the client's processes.

Human Resource Management

Human resource (HR) management services are provided by the M+ Group acting through its SmartFlex group. SmartFlex



Temporary Employment Agency is the leading agency when it comes to the experience in hiring large projects' workforce for clients doing businesses all over Croatia. SmartFlex has a unique years-long experience in finding, recruiting and selecting employees during high season, holidays and other periods of increased client demand. In recent years, the demand for temporary employment services in Croatia has been steadily increasing. Labor market flexibility is seen as being key to economic growth.

SmartFlex's business performance is based on its professional internal teams of recruitment and selection consultants, who are in daily contact with candidates of various profiles, which allows SmartFlex to recruit and select a large number of employees for its clients within a short time frame.

Quality and Information Security Management

Quality and information security management is central to M+ Group operations, hence we continually set the highest quality standards, invest in monitoring and quality management systems and follow regional and global trends in the areas relevant to the quality of services we provide.

In order to ensure quality and information security of our operations, we have in place a triple review system:

1. Internal audit
2. External audit
3. Customer audit

Within the reporting period, COVID-19 pandemic has had influence also to audit activities. Performed internal audits in preparation for external oversight drew attention to the risks of organizing work from home and managing it, while confirming that employees have a high level of awareness of the importance of the information security management system requirements and their implementation in the organization while working from home. Additionally, the pandemic resulted in external audits in some countries being carried out online for the first time, which ended successfully after all.

Milestones

In 2020, one of the most important milestones was the acquisition of the Turkish peer company CMC resulting in the M+ Group becoming the largest BPTO company in Southeast Europe, both in terms of market participation and the number of employees. Moreover, we entered into joint venture with Concentric Technologies Ltd. which covers the markets of the United States, United Kingdom, Hungary and Romania fitting perfectly into the already strong group of IT companies operating within the M+ Group.

These transactions resulted in market expansion and the incorporation of companies that give us greater value in sectors such as software and technology, allowed access to new talent sources and tools that are now available for the entire Group, regardless of the country, and that ultimately benefit our clients. Thus, our selective and targeted strategy enabled 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.



Economic Performance

Key operational indicators for financial year 2020:

707 
million HRK
OF REVENUE IN 2020

105 
million
CALLS


260+
CLIENTS

5.5 
million
CHAT INTERACTIONS

HRK 127 
million EBITDA


7.800+
EMPLOYEES

5.8 
million
EMAIL REPLIES


31 AVERAGE
EMPLOYEE AGE


58
COUNTRIES

29 
COMPANIES
IN THE GROUP

17 LOCATIONS
IN **9** COUNTRIES



For further details on the economic performance, please refer to the 2020 Annual financial reports <https://mplusgrupa.com/investors/> and 2020 Operating results.

Income: In the fourth quarter of 2020, the M+ Group continued to achieve good results despite the risks and uncertainties caused by the COVID-19 pandemic. Operating income in the period that ended on December 31, 2020, amounted to HRK 707 million. Relative to the comparable period last year, an increase of HRK 379 million or 116% was achieved. Income growth was mostly influenced by the acquisition of the company CMC in the amount of HRK 286 million. Clients from the telecommunications sector, the financial industry, and the “utilities” sector showed significant robustness in responding to the crisis, and this trend was also followed by the retail sector, where there a large migration of business to digital channels took place, as well as a partial return to “normal” business. The Group has successfully established new business relationships with clients from various sectors.

(in HRK thousand)	Jan-Dec 2020	Jan-Dec 2019	Change	%
Operating income	706,933	327,184	379,479	116
EBITDA	127,152	36,952	90,200	244
Adjusted EBITDA ¹	136,569	44,652	91,917	206
Net profit	68,129	7,621	60,508	794

EBITDA: Stable demand for BPTO services in all markets and cost optimization resulted in positive effects, and EBITDA amounted to HRK **127.1** million. Relative to the comparable period last year, an increase of HRK **90.2** million or 244% was achieved. EBITDA growth was mostly influenced by the acquisition of the company CMC, amounting to HRK 58 million, as well as an increase in efficiency in the Group’s business, amounting to HRK 34 million.

Adjusted EBITDA¹: Taking into account one-off effects, adjusted EBITDA amounted to HRK **136.5** million and was 206% higher relative to the one from the same period last year.

Net profit: In 2020, the Group generated net profit amounting to HRK 68.1 million, which constitutes an increase of 794% relative to the same period in 2019, when it amounted to HRK 7.6 million. Growth of profit after taxes was generated from the growth of business activities and cost optimization.

(in HRK thousand)	31/12/2020	31/12/2019	Change	%
Assets	909,871	283,007	626,864	222
Equity	540,568	115,600	424,968	368
Net cash	15,144	30,602	(15,458)	

Net cash: On December 31, 2020, the Group had HRK 159 million on its accounts, while borrowings from financial institutions amounted to HRK 144.1 million. Net cash amounted to HRK 15.1 million, which indicates a significant ability to generate positive cash flows, as well as a favorable position for regular servicing of credit liabilities.

Assets: On December 31, 2020, the Group’s assets amounted to HRK 909.8 million. Relative to December 31, 2019, an increase of HRK 626.8 million or 222% was achieved. The increase in assets was primarily due to the acquisitions or transactions with the companies CMC, Concentric Technologies Ltd., and Bulb. In accordance with the results of the purchase price allocation test of Geomant Group, CMC, and Bulb, the Group adjusted the additional effect of the transactions on the audited financial statements.

Equity: Group equity on December 31, 2020, amounted to HRK 540.5 million, accounting for 59% of the total balance.

¹Adjustments pertain to the impacts that are considered to be one-off, that is, the ones that do not have repetitive characteristics or effects on income and costs. In order to adequately review the business performance, the Management Board monitors the Adjusted EBITDA and makes strategic and operational decisions to reach set targets. In 2020, adjustments pertain to the following categories: a) costs of financial and legal advice related to M&A transactions; b) costs of establishing the “WFH - work from home” model; c) other one-off effects.

C. Governance, Ethics and Compliance

Mission, Vision and Values
Corporate Governance
Sustainability Corporate Governance
Business and Strategy of the Group
Risk and Opportunities
Stakeholder Communication
Materiality Analysis
Materiality Matrix
Ethics and Compliance
Ethics and Integrity



Mission, Vision and Values

Ever since its establishment in 2007, the 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.

Our vision is to be connected with global customers in every language and through every channel, support them, inspire them, 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 really try to put ourselves in the clients' position and understand their needs and thus provide them with added value. Over the years, we have learned a lot and through this experience we have raised each individual company within the Group to a higher level. Diversified service portfolio, advanced technology and competent employees constitute the M+ Group's value.

The second platform, which we are very proud of, is inorganic growth through the so-called "buy and build" strategy of mergers and acquisitions reflected in 13 successful acquisitions in the past four 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 important element of this strategy is the takeover of companies that complement each other. For example, we solved the labor shortage in Croatia by taking over CMC which is based in heavily populated Turkey, and we strengthened the IT business segment by creating a joint IT division with the British company Concentric Technologies Ltd., which gave us a company that has access to all the latest technologies used in contact centers.

This structural transformation is part of our search for alternatives to the conventional way of doing things to support the business of companies adapted to the new economy, which allows us the ability to provide even better services through the vertical connection of IT solutions and services as part of providing key services to our customers as well as relying on technological advances to ensure our quality standards.

At the operational and organizational level, the outsourcing of business processes and contact center services reach much further than what was common for this type of work just a few years ago. Today, M+ Group provides services in this business segment through all known communication channels and predictive analytics, which together make the operating ecosystem within the M+ Group, as well as a service portfolio we offer to our clients.

"We at M+ Group deeply believe that technological progress is the most important thing in today's globalized world, but we also stand firmly behind the fact that human must be the central point of the same digitalization, as a starting point, i.e. as a conceptual creator, but also as the final consumer of all benefits that modern technology provides. This is the summary of our strategy of combining the best of these two worlds. Therefore, the revenues of our companies, which specialize in IT, AI and ML, make up an increasing share in our total business."

— Tomislav Glavaš, *member of the Management Board*



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 behavior of business entities as a necessary 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 practice 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 in which we operate.

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 and relationships of the M+ Group in all areas of work and
- application of recognized international guidelines and their incorporation into our business practice and procedures.

Meritus ulaganja d.d. as the 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. Members of the Management Board are Darko Horvat (president) and Tomislav Glavaš (CEO).

Supervisory Board has six members; Sandi Češko (president), Igor Varivoda (deputy president), Tamara Sardelić, Hrvoje Prpić, Joško Miliša and Ulf Gartzke.



Darko Horvat

President of the Management Board

- Previously member of the Management Board of M+ Group (Meritus ulaganja d.d.) and M+ Connect (Meritus upravljanje d.o.o.) and CFO of the M+ Group. In that three-year period, company's revenue grew 3.5 times, while EBITDA grew 14 times through a series of acquisitions led by Horvat's financial team
- 10+ years of experience in leading auditing, consulting companies and tax consulting companies
- Former Senior Manager for Deloitte Croatia and Deloitte USA, in charge of risk assessment, financial planning for top-level clients, strategic development, execution planning and software content development



Tomislav Glavaš

CEO and Member of Management Board

- Currently CEO of M+ Connect (Meritus upravljanje d.o.o.) passionate about reshaping the industry
- Proven BPTO and restructuring professional with over 7 years of experience in audit, controlling and operations.
- Former Senior Planning and Reporting Expert in Hrvatski Telekom where he successfully led a number of projects on strengthening Group financial and operating reporting
- Specialist on telecommunications, manufacturing and pharmaceuticals audit and consulting projects



Sandi Češko
President of
Supervisory Board

- A successful entrepreneur and exceptional business innovator
- Best known as the founder, Chairman of the Management Board and the Chairman of the Supervisory Board of Studio Moderna Holdings – the leading omni-channel, multi-brand and direct-to-consumer electronic retailer in Central and Eastern Europe
- He is also the co-founder of ORIA Computers, one of the first computer companies in Slovenia



Tamara Sardelić
Member of Supervisory Board

Member of the Appointments
and Remuneration Committee

- Expert with over 13 years of experience in legal and regulatory issues, project financing, refinancing of credit obligations and privatization
- She served as Legal Adviser (position of Chief Legal Expert) of the World Bank and Chief Legal Expert for Croatian Waters
- She was the Director of Corporate Legal Affairs of the EPH Group and a lawyer in the law firm Marković & Plišo
- Since 2013, she has been serving on the Supervisory Board of the Slavonian Closed-End Alternative Investment Fund (SZAIF)
- Participates in the work of the Commission for Legislation, Collective Bargaining and Protection of Rights at the Economic and Social Council of the Republic of Croatia as a representative of the Croatian Employers' Association



Joško Miliša
Member of Supervisory Board

- Years of experience within advisory on takeovers and counselling of companies
- In 2000, he was appointed Vice President of Croatian Privatization Fund (HFP), responsible for corporate management



Igor Varivoda
Deputy President of Supervisory Board

Member of the Audit Committee and
Appointments and Remuneration
Committee

- 10+ years of experience in the BPTO sector, mostly on executive functions in operations and sales
- Former CEO and Chief Operating Officer of the M+ Group in charge of conceptualizing, delivering and executing the Group's plans and overseeing the Group's ongoing operations
- Prior to joining the M+ Group, he worked as Operations Director and call center manager at Studio Moderna, where he led the general planning and development of the human resources department and served as executive manager for key clients



Hrvoje Prpić
Member of Supervisory Board

- Graduated medicine. Has over 35 years of experience in the health sector, companies and state administration bodies
- He is the director of the Fund for financing the decommissioning of the Krško Nuclear Power Plant and the disposal of NEK radioactive waste and spent nuclear fuel



Ulf Gartzke
Member of Supervisory Board

- Among many other roles, currently the CEO at Brainloop & Managing Partner at Spitzberg Partners, responsible for introducing strategic IT security development projects and of strategic support to companies when entering the market and developing their business in Germany / Europe, the United States / Canada and Asia, respectively

C. GOVERNANCE, ETHICS AND COMPLIANCE

Meritus ulaganja d.d. as the Group parent 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.

As at 31 December 2020 parent entity's ownership structure was the following:

Account owner (holder) / Security co-holder (holder)	Number of shares	%
Pirc Orešković Manica	250,000	29.14
Orešković Stjepan	249,910	29.13
Addiko Bank d.d. / PBZ CO OMF - B category	82,350	9.60
OTP Bank d.d. / Erste Plavi OMF - B category	80,000	9.33
OTP Bank d.d. / AZ OMF - B category	65,588	7.65
HPB d.d. / NEK Fund for NEK Decommission Financing	53,154	6.20
Addiko Bank d.d. / Raiffeisen Voluntary Pension Fund	40,860	4.76
Zagrebačka Bank d.d. / AZ Profit Open Voluntary Pension Fund	11,715	1.37
Addiko Bank d.d. / Raiffesen OMF - A category	7,250	0.85
Addiko Bank d.d. / PBZ CO OMF - A category	3,735	0.44
Other shareholders	13,243	1.53

Supervisory Board and the Management Board ensure that the established strategy of the parent company, resources, risk management and internal control system and relations with shareholders support its long-term success and sustainable development. Moreover, they shall ensure that the strategy takes into account the potential impact on the environment and the community, and that the parent company's policies, culture and values encourage ethical behavior, respect for human rights and are conducive to a stimulating and pleasant work environment.

Furthermore, the Supervisory Board and the Management Board will ensure existence of appropriate systems that enable them to cooperate effectively in the best interests of the parent Company and ensure a regular dialogue with the 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 two specialized committees in 2019, the Audit Committee and the Appointments and Remuneration Committee. In order to be compliant with the Zagreb Stock Exchange rules, the latter split into two separate committees in 2020.

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. President of the Audit Committee is an external expert, and the other two members are members of the Supervisory Board. During 2020, committee's sessions were held regularly.

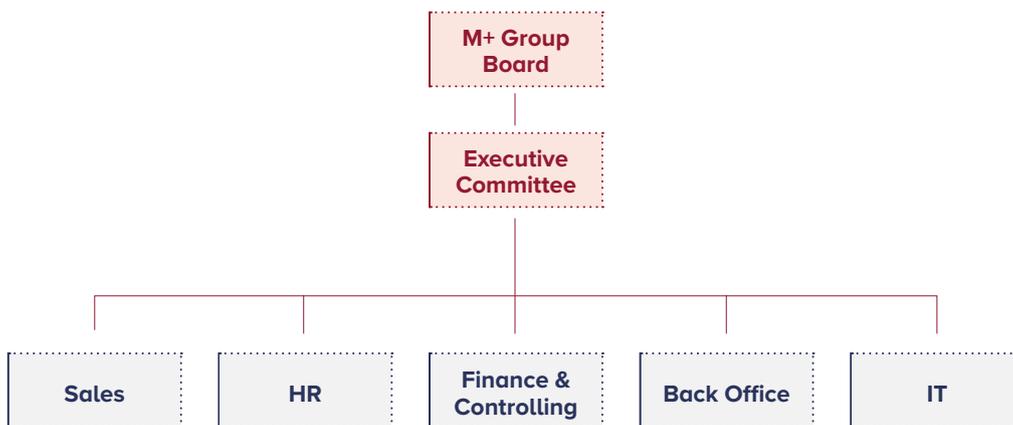
The purpose of the **Appointments Committee and Remuneration Committee** is to propose candidates for members of the Management Board and the Supervisory Board, to propose the contents of the contracts with the Management Board, and the remuneration policy for the Management and the Supervisory Board, as well as to assess their quality of work. Out of 3 members of these committees 2 are appointed among the members of the Supervisory Board with one external member. During 2020, sessions of both committees were held regularly.



Sustainability Corporate Governance

Sustainability governance model of the Group, i.e. sustainability related roles are depicted on the chart below. Our sustainability governance model provides a solid foundation for developing and anchoring sustainability strategy and respective targets. It ensures that we focus on embedding sustainability into our business operations by implementing decisions in the relevant business areas.

All our units have different roles to play, together with duties and responsibilities regarding sustainability-related solutions' implementation. Heads of individual sectors shown below are responsible for their area of business activity, i.e. gathering and preparing data and submitting these to the 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. In between we set up an 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 Board and senior management to integrate sustainability risks and opportunities and other sustainability issues into decision-making and business processes.



Business and Strategy of the Group

In the broader period of time, the Group's business operations will be exposed to global industrial trends in the business of contact centers and BPTO in general. The most significant foreseeable trends in this context are the increased share of AI in communication with the user, the closure of physical business locations and higher consumer expectations.

Companies are increasingly focusing on predictive analytics using AI tools to help customize the contact center 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 new technologies help increase efficiency, streamline processes, and create new and agile ways of working, only humans are capable of creating 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.

Closing physical businesses is a big trend in the global retail market causing an increase in the volume of BPTO because reducing the number of retail outlets reduces physical interactions, thereby increasing remote interactions like voice calls, but even more chat and email services. This is a very strong positive trend for the Group. While part of the physical interactions will be digital and automated, a larger share will go to remote contact via email, chat and voice call. The risk of digitization is significantly less than the increase in volume for remote human interactions due to the decrease in retail globally.

Our prediction for 2021 is that much of BPTO services will switch from offshore to nearshore locations. Clients and their BPTO partners will focus more on business continuity. Over the last few months, there has been much discussion among BPTO industry stakeholders about the need to relocate capacity from traditional offshore sites to an expanded range of nearshore sites. This trend is likely to favor nearshore locations in Europe and America, with demand for BPTO services almost certainly preferring locations closer to home.



The BPTO with cloud infrastructure will advance further in 2021. With so many contractors and technology vendors coming to market with solutions that enable work from home, the cloud infrastructure business model is ready to succeed. Enthusiasm for this technology to date has been great. Next year, as working from home becomes a standard part of service delivery, these solutions will be complete and highly sought after.

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.

In addition to challenges pertaining to the business domain, the 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.

Risks and Opportunities

Global trends	Risks & opportunities	M+ Group Response
Data & technology <ul style="list-style-type: none"> 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	Comprehensive cybersecurity and legal framework aimed at prevention of cybercrime and data breaches
	automation and AI transforming the business landscape	Incorporation of sophisticated IT solutions and services enhanced by investments in advanced technology (AI, machine learning, big data analytics, cloud infrastructure)
	more connectivity leading to more customer experience interactions	Focusing on augmented customer experience where human interaction is assisted with technology to process the increased volume of interactions
Social and political changes <ul style="list-style-type: none"> loss of workforce increased urbanization and global population 	negative trends in the outflow of labor, primarily from Croatia	Employing labor 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	M+ Group is well positioned to respond to a rise in demand on all channels
Business environment <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> economic and social effects of climate change 	higher rate of occurrence of national disasters	M+ Group has business continuity and disaster recovery plans in place to mitigate and counteract negative effects
	resource scarcity may impact business operations	



Stakeholder Communication

Stakeholder groups our company is in regular communication with are:

- Shareholders
- Employees
- Suppliers
- Clients
- NGOs
- Local communities
- Regulators
- Management

We conduct ongoing communication with our stakeholders by using tools that include the following; employee satisfaction survey, sustainability materiality survey, customer reputation survey, project-based stakeholder participation and information meetings, impact assessment studies, public participation meetings, materiality workshops and individual visits, etc. We aim to maintain and enhance our relationships with our key stakeholders to achieve sustainable growth. As part of the 2020 M+ Group Sustainability Report, we enhanced our materiality analysis 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 Company with a comprehensive list.

Communication Methods with Key Stakeholder Groups

Stakeholders	Communication Tools	Completion date
Shareholder	General Meetings of Shareholders	Annually
	Board of Directors Meetings	Monthly
	Information Exchange Meetings	Annually
Employees	Employee Satisfaction Survey	Annually
	Coordination Meetings	Monthly
	Employee Suggestion and Complaint Reporting Mechanisms	Continuously
Suppliers	Face-to-face interviews	Continuously
	Audits	Several times a year
	E-mails	Continuously
Clients	Customers Reputation Survey	Biennially
	Web Site	Continuously
	Call Center	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
	Board of Directors Meetings	Monthly
	Information Exchange Meetings	Annually



Materiality Analysis

While establishing the 2020 M+ Group Materiality Matrix, stakeholders were first grouped as shareholders, employees, suppliers, clients, NGOs, local communities, regulators and management. Afterwards, the prioritization was made according to criteria of impact, proximity, representation, policy and strategic goal and responsibility.

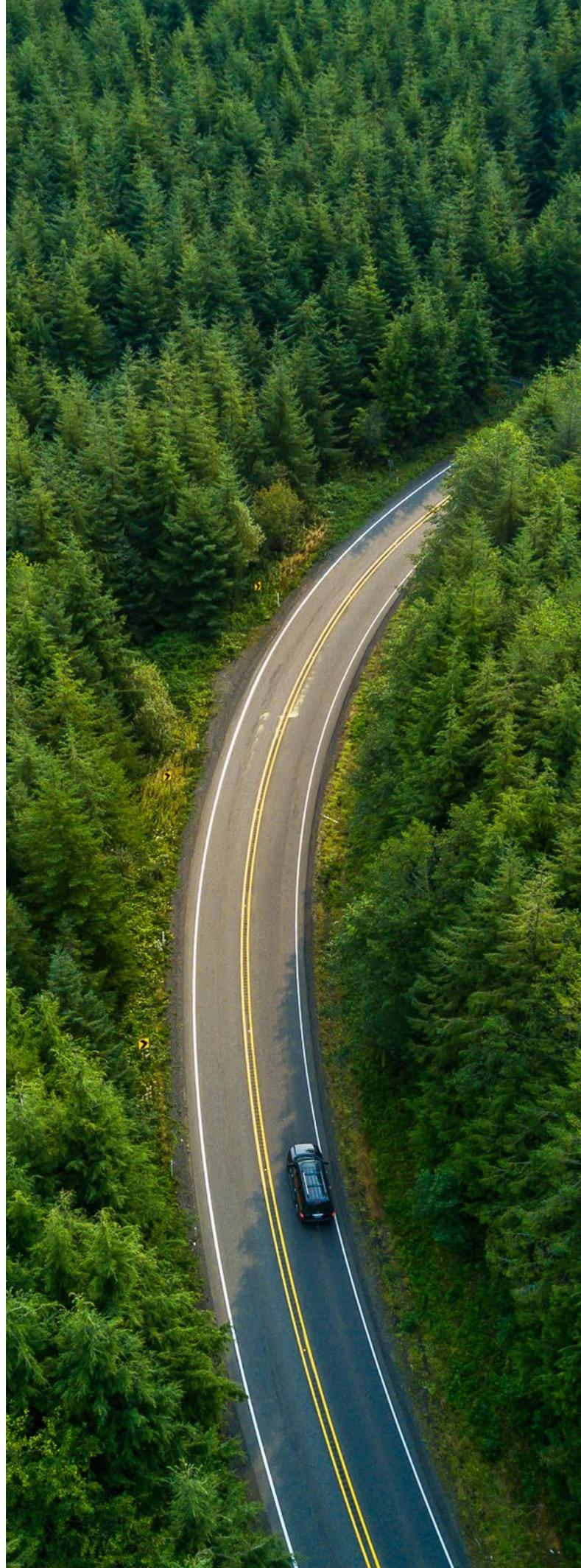
The topics that will be included into M+ 2020 Materiality Matrix were determined as a result of the completion of the online surveys. The results of the questionnaires were analyzed, and a list of material issues was made available to stakeholders and submitted to the senior management for approval.

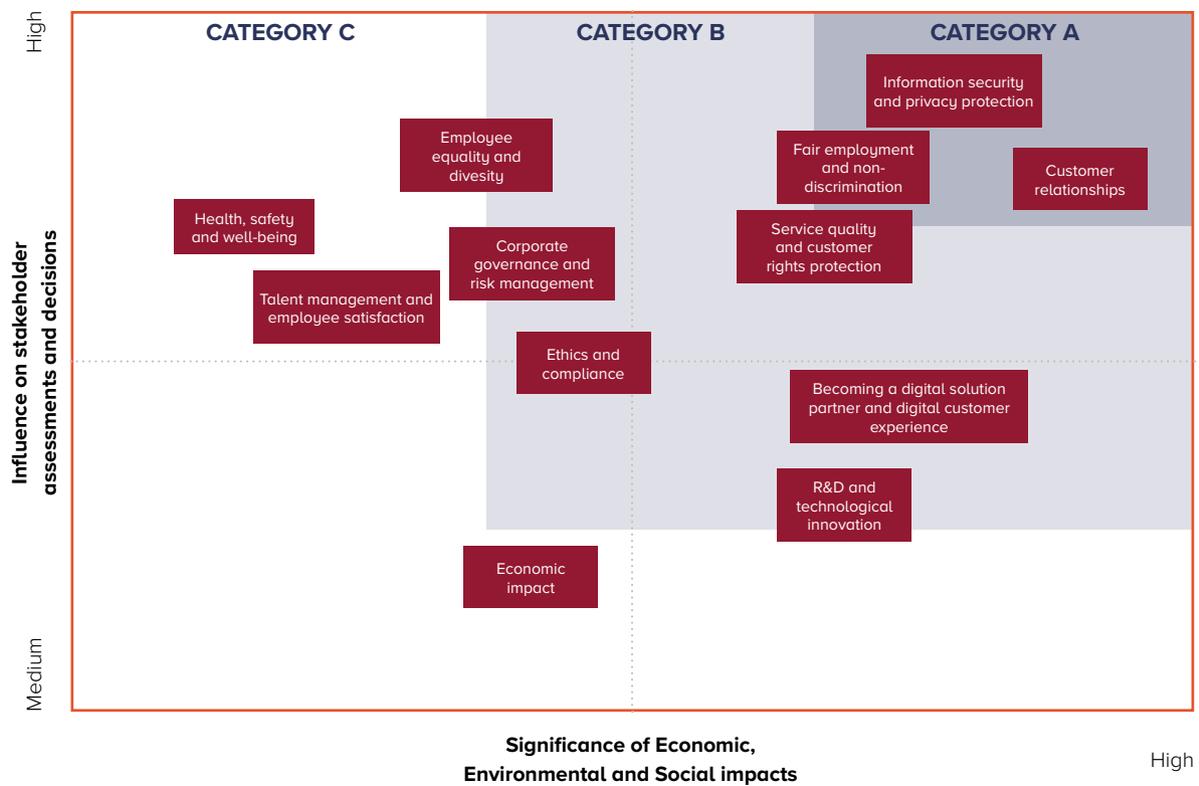
While creating the Materiality Matrix; the priority issues were placed in Matrix from medium to high by looking at the percentage distribution of the priority level among stakeholders and senior management.

In order to define the material issues, we consider whether the issues to be covered in the sustainability report together with disclosures are important enough to influence a stakeholder's decisions in relation to the business.

Material issues were defined according to their importance of reflecting M+ Group's economic, environmental and social impacts, and impact on M+ Group stakeholders assessments and decisions.

With the corporate governance approach, M+ 2020 Materiality Matrix has been determined by considering the coincidence of the titles with the Group's sustainability strategy, WEF Global Risks, global and sectoral trends.





Materiality Matrix

As a result of the questionnaire; the material topics of M+ Group were classified into 3 categories: Category A, Category B and Category C. As a result of the materiality survey, the material issues in Category A are listed as of the very high priority, Category B as of the high priority and Category C as of the medium priority. Risks, global and sectoral trends.

Material Category	Material Topics
Category A VERY HIGH PRIORITY	<ol style="list-style-type: none"> Information security and privacy protection* Customer relationships Fair employment and non-discrimination
Category B HIGH PRIORITY	<ol style="list-style-type: none"> Service quality and customer rights protection Corporate governance and risk management Employee equality and diversity Ethics and compliance Becoming a digital solution partner and digital customer experience* R&D and technological innovation
Category C MEDIUM PRIORITY	<ol style="list-style-type: none"> Talent management and employee satisfaction Health, safety and well-being* Economic impact*

*Topics are linked to the areas highlighted in the World Economic Forum – 2020 The Global Risks report.

Ethics and Compliance

Considering the importance of people to our everyday business, organizational ethical principles, good corporate governance and professional ethics constitute the pillars upon which M+ Group's activities are based.

During 2020 new version of M+ Group's Code of Ethics was adopted at the parent level, i.e. by the Management Board of Meritus ulaganja d.d. Moreover, Corporate governance code was reviewed and updated to align with the new Corporate Governance Code issued by the Zagreb Stock Exchange which entered into force on 1 January 2020. A number of other corporate policies and procedures were reviewed and updated to align with changes that took place in the Group and its surrounding environment.

All of these documents constitute the Group's broader compliance programme and tackle the most important aspects of business operations while at the same time maintaining compliance with the applicable regulatory framework. Documents in question listed below are all adopted at the parent entity level but encompass all of the M+ Group's subsidiaries:

Corporate governance code

— establishes high standards of corporate management and transparency of the M+ Group's business operation based on recognized international standards that are clearly defined in its corporate governance procedures in order to ensure good and responsible management and supervision of business and management functions and protection of all investors and other stakeholders.

Code of Ethics policy

— ensures that M+ Group's employees comply with the company's ethical rules and labor 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 in order 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.

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 whistleblower 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 labor 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 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.

Privileged information management policy

— regulates the management and handling of privileged and price-sensitive corporate information pertaining to the 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.

Furthermore, Group parent entity (Meritus ulaganja d.d.) 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.

These remuneration policies are based on the principle of engaging, motivating and retaining qualified and capable professionals, which contributes to the business strategy and long-term development of the Group. Taking into account the specific role of the Supervisory Board members in the corporate structure of the Group at the parent entity level, remuneration paid to them does not include variable elements or other elements related to business performance. 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.

At Group level, compliance with the principles that safeguard human rights and equal opportunities, categorically rejecting any discriminatory conduct, both by our staff and by our partner companies is strictly set among M+ Group priorities.

Ethics and Integrity

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 Sustainable Development Goals. In terms of ethics, 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.

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 behaviors with ultimate adverse consequences. With this respect, a fair whistleblower 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 adverse consequences for the concerned individuals. 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.

Proper implementation of the Group's principles of ethics and anti-bribery and corruption policies is confirmed by the fact that during 2020 no incidents of corruption were recorded, and no criminal proceedings were instituted in that regard towards the Group or its employees.

As a Group we are committed to constant assessment and investment in the latest knowledge and technology in order to maintain the highest measure of data safety available on the market. Consequently, special attention was placed on this during the COVID-19 pandemic since the organization's overall business was transferred to the WFH model. 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. The protection provided by our comprehensive security framework resulted in no substantiated complaints concerning breaches of customer privacy and losses of customer data.



D. Employees

Talent Management
Locally Hired Senior Management
Decent Working Conditions
Employee Benefits
Employees' rights and notification practices
Reported cases of discrimination
Trainings and Education
Performance and Career Development Reviews
Employee Engagement
Gender Equality and Diversity
Work/Life Balance



Employees

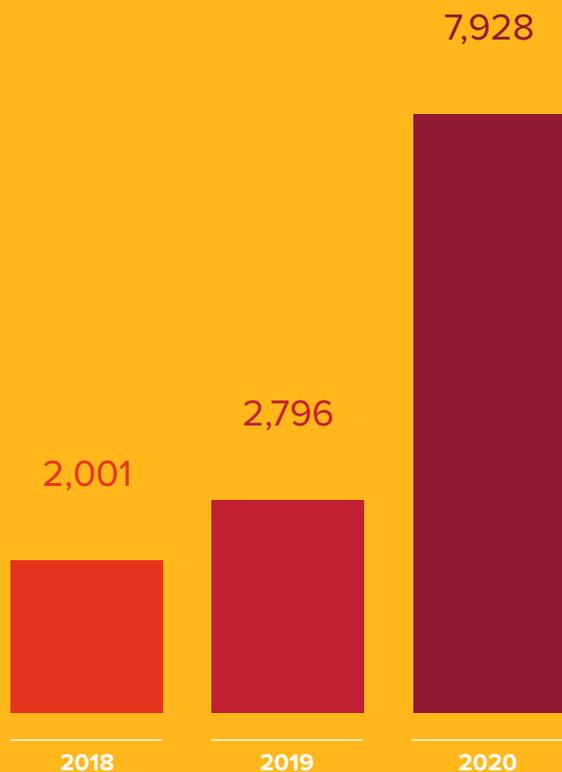
Despite the common practice in BPTO industry, namely call centers, we opted to employ local people in our companies, i.e. we adopted nearshoring policy. Nearshoring benefits an organization in a variety of ways – it's a cost-effective outsourcing strategy that allows for a level of collaboration that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

- **language skills and aptitude are among the best in the outsourcing world,**
- **maturing nearshore markets outperforming domestic call centers,**
- **geographic proximity, shorter flights and travel times,**
- **similar time zones make it easier to collaborate with 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 labor force.**

Our clients are aware that realizing nearshoring benefits hinges on finding the right partner. At the beginning of 2019 our progressive development of nearshoring activities was marked by signing a significant contract for a large international telecom client from the DACH (Germany, Austria, Switzerland) region thus proving our nearshoring policy superior in terms of performance for clients compared to offshoring in distant Asian countries.

The fundamental goal of any company is generation of profit through successful business operations. Being aware of the fact that such 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 6,198 jobs in 2020.

NUMBER OF EMPLOYEES



Following from above, it is clear that our financial and operational results arise from the dedication, responsibility and knowledge of our work force, 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 important 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, from 2,001 end of 2018, through 2,796 end of 2019 to 7,928 end of 2020 as shown graphically above.

Talent Management

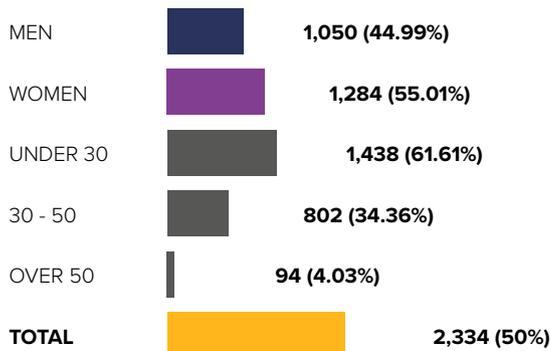
M+ Group's employees are located in the EMEA (Europe, the Middle East, Africa) region², clustered in Southeastern Europe and Turkey.

Although the focus of the M+ Group lies on job creation the specifics of the BPTO sector in which the Group operates cause a high turnover in the operational staff. Despite this, the ratio of turnover against hiring shows a positive impact on the employability of the communities in which it operates.

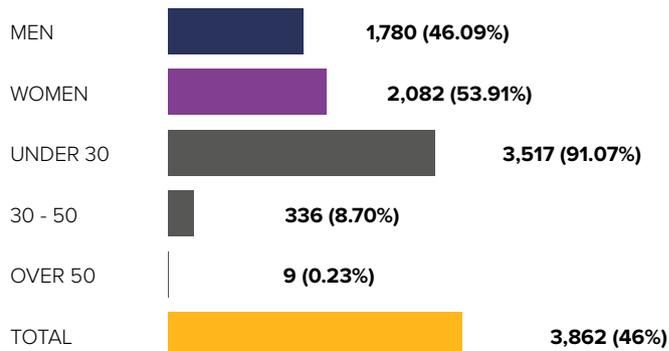


TOTAL NUMBER AND RATE (PERCENTAGE) OF NEW EMPLOYEE HIRES BY REGION, AGE GROUP AND GENDER IN 2020

SOUTHEASTERN EUROPE

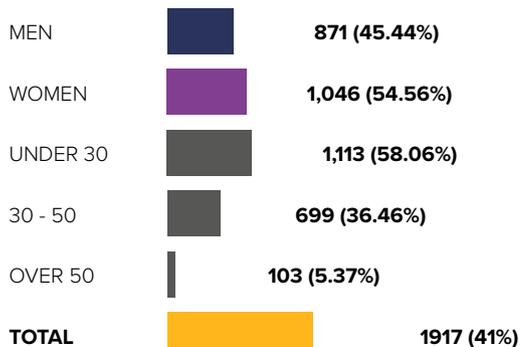


TURKEY

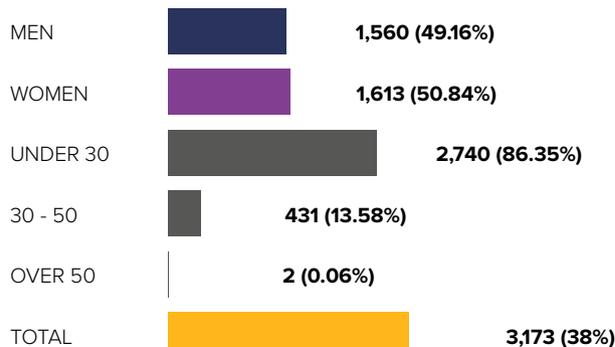


TOTAL NUMBER AND RATE (PERCENTAGE) OF EMPLOYEE TURNOVER BY REGION, AGE GROUP AND GENDER IN 2020

SOUTHEASTERN EUROPE



TURKEY



²With the exception of 14 employees of the Geomant Global subsidiary located in the United States.

D. EMPLOYEES

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.

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.

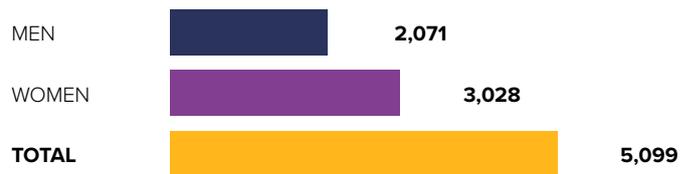
TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, REGION AND BY GENDER

EMPLOYMENT CONTRACT - PERMANENT

SOUTHEASTERN EUROPE



TURKEY



EMPLOYMENT CONTRACT - TEMPORARY

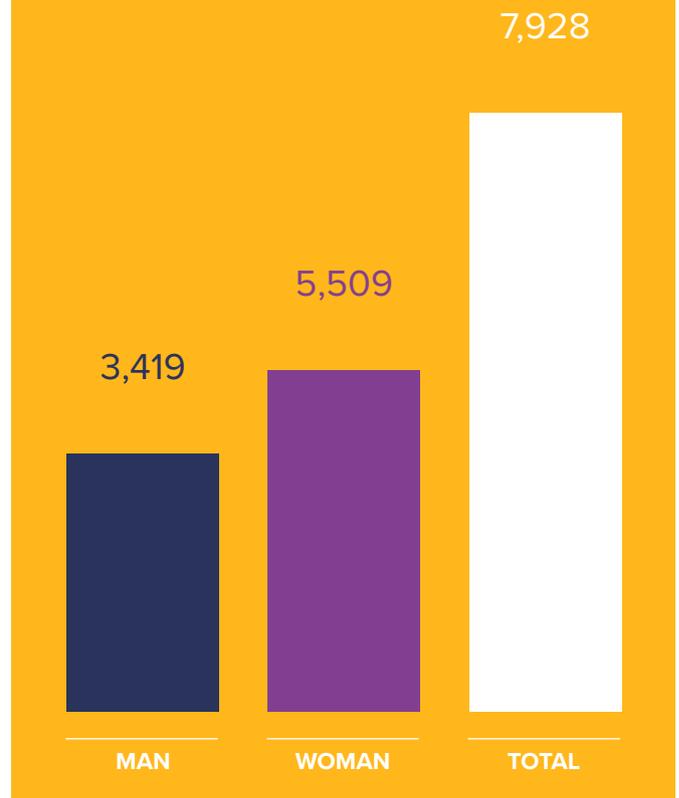
SOUTHEASTERN EUROPE



TURKEY



TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, REGION AND GENDER



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 is an İstanbul-based company, with other operating locations in Malatya, Şanlıurfa, Van, Rize and Bayburt.

At the level of M+ subgroups, 100% of senior management at significant locations of operation are hired from the local community.

Decent Working Conditions

In line with our strategy, actions carried out in 2020 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. In our view, this 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. Fulfillment of these goals is managed through the implementation of

specific policies on ethical behavior, diversity of our general staff and especially management, human rights protection, and whistleblowers’ 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.

Regarding working conditions, all members of the 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.

In light of the above, we adopted appropriate internal policies at Group level but also at the level of specific subsidiaries and are ensuring their timely and proper execution. Some of these policies are unique per subsidiary level and we are especially proud of our entity in Bosnia and Herzegovina which established a solidarity fund in September 2020. It is a voluntary-based employees’ fund formed for financial aid aimed at its members. Aid can be provided for reasons of preserving health, mitigation of material losses and assistance in covering expenses incurred due to sickness, injury or vis major. The fund can also be used for humanitarian purposes if so agreed.

Regarding decent working conditions and overall wellbeing of our employees, having in mind that 2020 was marked by COVID-19 pandemic and WFH during most of the year, we implemented appropriate measures as described in section Health and Safety Performance of the Sustainability Report.



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 main 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.

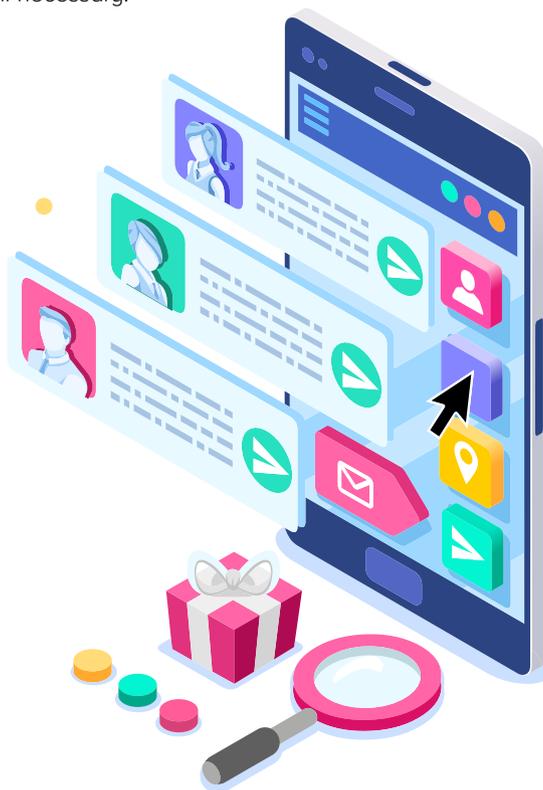
Benefits	SmartFlex Group	M+ Connect	CMC Group	Trizma Group	Linea Directa	CDE	Geomat Global
Life insurance			only executives				
Health care	✓	✓	✓ (agents excluded)	✓	✓	✓	✓
Disability and invalidity coverage	✓	✓		✓	✓	✓	✓
Parental leave	✓	✓	✓	✓	✓	✓	✓
Retirement provision	✓	✓	✓	✓	✓	✓	✓
Stock ownership							
Transportation costs	✓	✓	✓ (only full time)	✓	✓	✓	✓
Gift for the best employees according to the results 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	✓	✓		✓		✓	✓
Financial aid in a certain amount in case of natural disaster		✓ (Mplus BH exclude)					
Financial aid for a newborn in the family		✓ (Mplus BH exclude)					
One day paid leave for birthday and birthday gift				✓			
Additional vacation days for parents				✓			
New Year Gift				✓			



Employees' rights and notification practices

As there are neither collective agreements nor works councils present in any of the M+ Group subsidiaries only local labor 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+ Connect Group provides its workers 1-week notice, CMC Group applies 1-4 weeks' notice (subject to certain conditions), CDE follows labor law rules, 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 entity CMC 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.



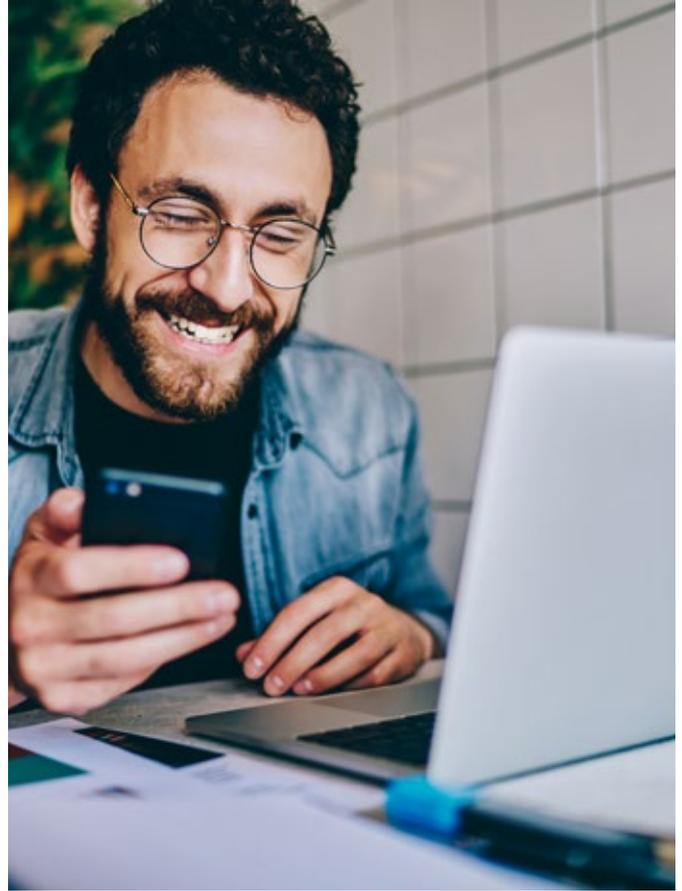
Reported cases of discrimination

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 color, ethnicity, social origin, religion, age, disability, sexual orientation, political position, or any other trait or status which may be a basis for discrimination. In order 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 behavior from taking place (M+ Connect 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). Entities not having specific legal obligations to appoint a protective function within the company (M+ BH d.o.o.) 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 that were further pursued in legal proceedings. There was one anonymous complaint filed for discrimination at M+ Connect level which was not substantiated with names, dates, projects or any data whatsoever. It was thoroughly investigated through timeframe-based presumptions and no evidence was found indicating that a discrimination case has occurred.

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 (i.e. CMC), 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	Woman	Governance	Executive staff	Agents	Support staff
SmartFlex Group	0.3	0	0.3	0	0	N/A*	0.3
M+ CONNECT	71	71	71	20	50	80	20
Mplus BH	56.67	56.44	56.81	-	20.00	58.92	21.43
CMC Group	38.36	40.43	36.78	0.58	1711	40.42	12.32
Trizma Group	16	17.31	15.55	0	0.2	17.57	0.44
Linea Directa	58	58	58	-	20	58	20
CDE	55	55	55	0	10	69	16
Geomant Global	48	52.32	35.17	6.67	8.75	61.2	3.08

* This employee category is leased to company's clients where they go through clients' internal training and education procedures

During 2020 most of M+ Group (with the exception of SmartFlex Group which did not have specific plans in place for 2020) 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+ Connect holds regular trainings and evaluations for agents. Beginners' trainings include the use of necessary applications, familiarizing with service offerings, soft skill trainings, GDPR and ISO standards-related education. Regarding GDPR³ 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. Moreover, in 2020 part of Mplus BH employees had a training on ISO standards on top of regular on-site trainings attended by all employees. 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).

At the CMC 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 with no previous work experience receive mutual evaluation interviews at the end of the second and fifth month to identify future development 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 Group 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 related to public speaking, stress, time management and virtual team management as well as specialized trainings on managing cybersecurity risks and data protection during the COVID pandemic. All training sessions are evaluated by the attendees and evidenced centrally.

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.

At the time this report was prepared and considering that Geomant group is still a new entity at M+ Group level, no relevant data were available.

³General Data Protection Regulation

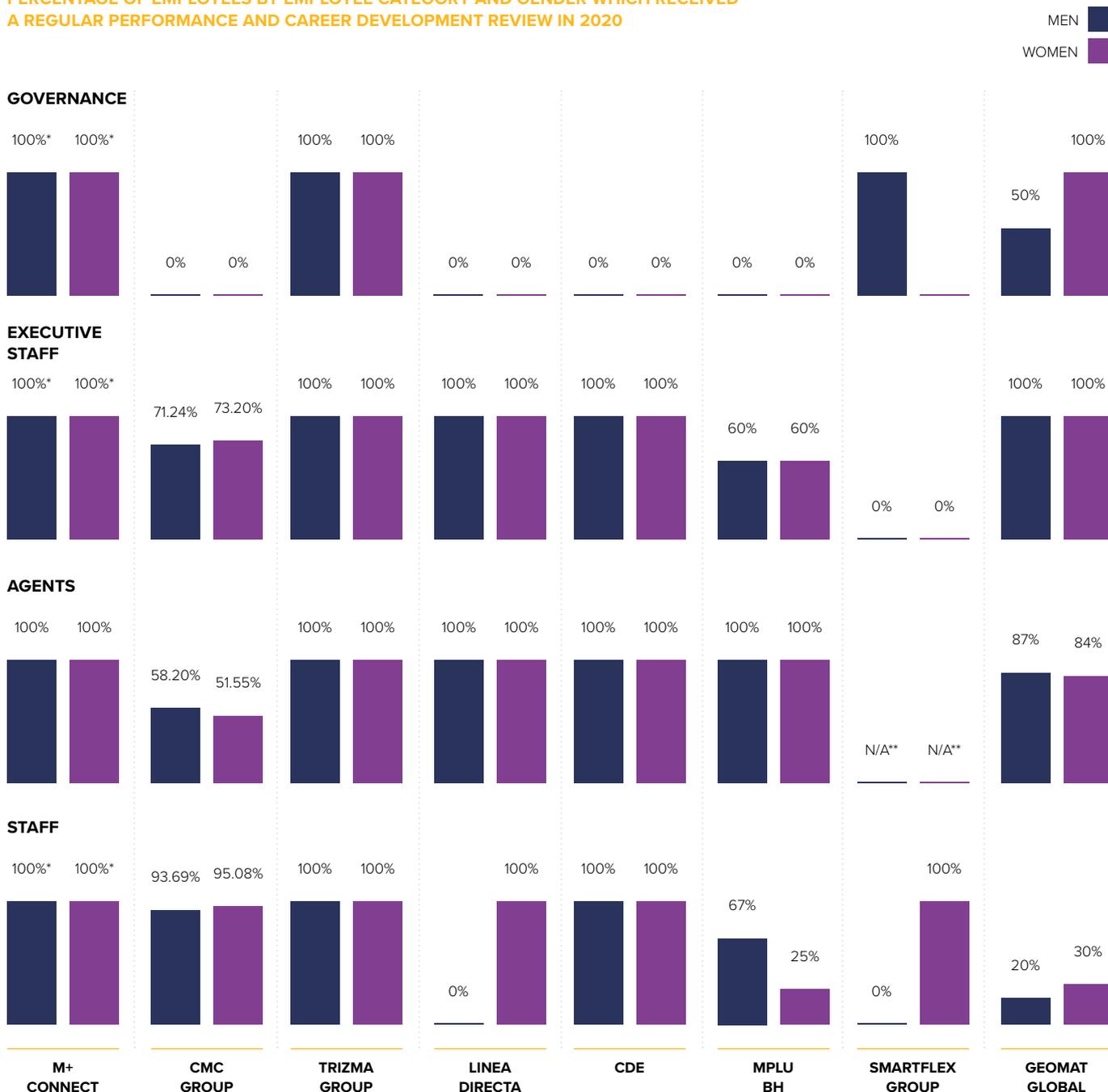
Performance and Career Development Reviews

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 entities 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 2020



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 ...)

* These employees do not receive official feedback which would be recorded through an official system, however their superiors communicate with them feedback regarding their performance verbally at least once on a quarterly, semi-annual or annual basis.

** This employee category is leased to company's clients where they go through clients' internal performance and career development reviews.

Employee Engagement

At the level of individual subsidiaries M+ Group usually 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. Given the specifics of COVID-19 pandemic in 2020, these assessments were not carried out within all operating subgroups (for example, no surveys were conducted in Trizma Group), while, in cases when they were, primary focus was on the WFH model resulting from the pandemic and related circumstances.

In particular, most efforts were made within the M+ Connect Group where a general satisfaction survey and one WFH focused survey were undertaken in Croatia, in addition to WFH survey in Mplus BH. **Total percentage of employees who participated in these surveys was 89%**. Linea Directa Group also conducted an online WFH survey, while CDE provided employees with a survey on COVID-19 related circumstances.

By analyzing the survey data, we can conclude that employees are satisfied with the WFH model and its implementation, and the Group's organization in light of the extraordinary circumstances caused by the COVID-19 pandemic. Despite the physical distance, about 90% of respondents still feel connected to their team during teleworking and express satisfaction with the existing communication channels and good communication between colleagues and their superiors.

Majority of the respondents would like to continue working from home in the coming period. They are also more willing to work overtime and accommodate greater flexibility regarding changes of shifts in the WFH regime.

Additional suggestions were mostly related to the adequacy of technical equipment available at home (such as the need for office chairs, faster internet and larger monitors) and more effective communication (more frequent meetings via video calls).

SUMMARY OF THE ANSWERS TO MOST IMPORTANT TOPICS IN THESE SURVEYS

WFH survey questions	M+ Connect Croatia	Mplus BH	CDE	Linea Directa
Are you satisfied with the quality of communication with your coworkers while working from home?	92.42%	97%	97%	95%
Are you satisfied with the quality of communication with your superiors while working from home?	94.10%	97%	97%	95%
Are you satisfied with the organization of work tasks while work from home?	92.39%	91.50%	82%	95%
Are you satisfied with the support while working from home?	92.18%	96.73%	91%	96%
Do you want to continue working from home in the coming period?	68.54%	61.18%	46%	49%
Do you have adequate space in your home to work from home?	85.35%	90.2%	80%	81%

Gender Equality and Diversity

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 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 the Diversity 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.

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES IN 2020 (to the Group employee structure as at 31 December 2020)

Employee category	Age group	Men	Woman	TOTAL
GOVERNANCE	under 30	0%	0%	0%
	30 - 50	0.22%	0.04%	0.25%
	over 50	0%	0%	0%
	TOTAL	0.22%	0.04%	0.25%
EXECUTIVE STAFF	under 30	1.04%	0.91%	1.95%
	30 - 50	1.86%	1.30%	3.16%
	over 50	0.03%	0.01%	0.04%
	TOTAL	2.93%	2.22%	5.15%
AGENTS	under 30	26.36%	37.93%	64.28%
	30 - 50	10.59%	13.42%	24.01%
	over 50	0.38%	0.69%	1.07%
	TOTAL	37.33%	52.04%	89.37%
SUPPORT STAFF	under 30	0.94%	1.19%	2.13%
	30 - 50	1.64%	1.34%	2.98%
	over 50	0.06%	0.06%	0.13%
	TOTAL	2.65%	2.59%	5.23%

TARGETS FOR FEMALE REPRESENTATION ON THE MANAGEMENT AND SUPERVISORY BOARD⁴

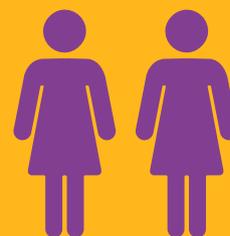
33.33%



at least one woman
among (a maximum of)
3 members

MANAGEMENT
BOARD

28.57%



at least two women
among (a maximum of)
7 members

SUPERVISORY
BOARD

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

Regarding other diversity criteria we employ people of various age groups and have women in manager positions (other than Management and Supervisory Board), both shown in the table below. Given M+ Group's presence in various countries, we employ people with different cultural backgrounds by default, enabling us to easily approach clients from these countries/cultures. Our aim is also to place more focus on empowering people with disabilities, however we have not yet developed an approach and set targets in this respect.

⁴The 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.

Work/Life Balance

When it comes to protecting and valuing our employees, strong emphasis is placed on labor 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 of these elements are important in accomplishing fair and necessary work-life balance.

In order 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 support of our employees' self-development, in particular through continuous education and learning, a wide range of programs and systems are made available. Such example is paid educational leave provided by CMC for its employees.

To motivate and reward our employees financially, we already have (as presented in the table under Employee Benefits above) 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 some tax benefit. In addition, our employees are also able to benefit from other schemes provided by specific subsidiaries such as a group accident and health insurance coverage.

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

During 2020 and the extraordinary circumstances taking place with the COVID-19 pandemic, we had to retort to WFH model (as already mentioned)







E. Environment, Health and Safety

Program Overview
Environmental Performance
Health and Safety Performance



Program Overview

Environment, health and safety are all on top of our priorities' list and our strong intention is to work harder on adjusting our business processes and internal policies in this direction.

On the other hand, health and safety – primarily of our employees – is also one of our most important goals to be achieved in full while doing business, as stated in our Policy on the protection of human rights and the rights of workers prescribing occupational health and safety considerations. In particular, the Group is obliged to ensure a safe and healthy working environment and to act in accordance with health and safety regulations. The goal is to reduce the risk of accidents, injuries and exposure to health risks in the work environment, as well as timely detection of hazards and remediation of health and safety problems.

In response to the health risks of the COVID-19 pandemic the M+ Group has activated and improved all health and safety protocols as described in section Health & Safety Performance of the Sustainability Report. During these times of crisis, we strive to establish feelings of trust with employees by communicating accurate and clear information continuously. We have deployed WFH surveys and maintained constant communication to really hear our employees and empathize with their greatest concerns. Thus, we can remain flexible and supportive to meet employee's needs in order to ensure maintained productivity and engagement.

Nevertheless, the Group continues to have all business premises at its disposal and physical capacities have not been reduced until further notice in order to enable a quick transition to work from the office and/or WFH in a short time, depending on the epidemiological situation and keeping in line with all epidemiological measures prescribed.

⁵Total Consumption recorded as at December 2020 according to latest data available at the time of report creation including approximations for certain locations due to the type of lease of the premises.

Environmental Performance

The environment will continue to be a high priority for the Group, and as time goes on, we will continue to update the business processes and business policies of the Company and the Group.

Below is an overview of energy consumption per location/ regions, for which consumption data was available, which will serve as baseline for our Sustainability Reports in the coming years. Given that this is our first reporting year we did not yet perform the calculations as required by the GRI Standards, in particular 302 Energy but plan to be as compliant as possible in the future periods.

POWER CONSUMPTION (kWh)⁵ PER LOCATION/REGION

Croatia	174,680
Slovenia	109,822
Bosnia and Herzegovina	57,699
Turkey	4,222,855
Serbia	291,901



ELECTRIC INTENSITY (kWh) PER EMPLOYEE

Croatia	158
Slovenia	1,639
Bosnia and Herzegovina	263
Turkey	828
Serbia	304



Health and Safety Performance

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

Moreover, with the aim of protecting the health and safety of employees from risks arising from the COVID-19 pandemic, the Group has:

- implemented protection measures in its business premises in accordance with the instructions of local authorities,
- informed employees about the facts and misconceptions related to the COVID-19 virus in accordance with the information of the World Health Organization (WHO),
- cancelled all business trips and transferred to holding meetings electronically,
- completed the implementation of WFH model for all clients in March 2020.

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 employers, 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. 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.

On the other hand, employees are advised to actively report possible hazards and injury threats to their immediate supervisors to ensure workplace safety counseling and communication through employee involvement.

Regarding other countries where we operate, UK based companies in Geomant group also have in place strict policies on health and safety, together with corresponding education and trainings for employees.



F. Supply Chain and Customers

Supplier Management
Supplier Diversity
Greening the Supply Chain
Customers



Supplier Management

In order to regulate its relationships with suppliers, M+ Group has implemented its M+ Group Policy on Supply Chain containing guidelines on supply chain operations. 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 into such business relationship or (ii) pose a risk to the entity's business in any other way, the responsible persons of the procurement department 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.

Supplier Diversity

Supply chain operations are conducted 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 favor any of the bidders.

Whenever possible, the selection of goods, services/works, materials or technology must be done in such a way as to avoid dependence on one or more suppliers with the exception of suppliers who have exclusive protected rights to certain technologies, types of goods or services necessary for the Group's operations.

Interdependent business transactions, where potential or contracted suppliers are also our clients must be analyzed by the procurement department and the competent organizational unit of the Group entity entering into such business relationship and approved by its Management Board.

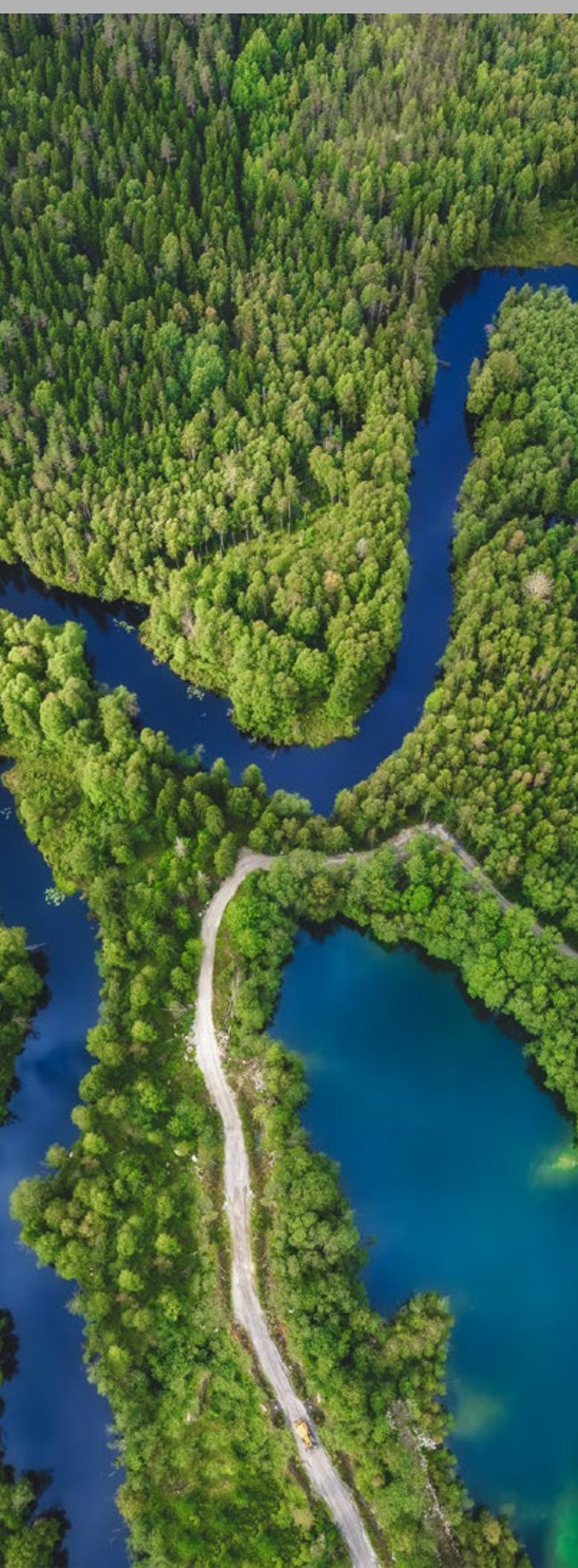
During 2020, changed its electric energy supplier in Croatia from RWE to Energia gas and power. Otherwise, there were no major changes in the location of our suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.

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, taking into account the impact we may have on the environment. As one of the objectives for the next reporting periods 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.

M+ Group's main procurement categories are services and IT equipment, as well as infrastructure and maintenance costs. In light of COVID-19 pandemic and related measures in place, it is important to stress that the supply chain continues to operate under relatively normal conditions, supporting the efforts of the operational continuity and ensuring the flexibility of the business model.





Customers

The 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 the M+ Group, leading to increased revenue and profitability of M+ Group.

A significant 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 offer e-wallet and payment system services.

Circumstances surrounding the COVID-19 pandemic influenced the rising demand for BPTO services at most of our clients, while our wide geographical coverage of BPTO service deliveries has been further increased with the WFH business model.

During 2020, we expanded our operations to several new markets in the European Union and North America. In addition to global operations in the services industry, the Group is additionally focused on the logistics and transport industry and has launched a customer support project in two different markets with significant potential for growth and further expansion into new geographies. In the third quarter, we started working with several new clients, of which, in this report, we want to highlight the company for delivery, packages, and urgent mail. At the same time, due to the consequences of the crisis, some of our clients have significantly reduced, postponed cooperation until the fall, or completely suspended orders. Despite the negative effects due to which individual companies of the Group go through a reduced volume of logistics and financing operations, the effects of such decisions on the operations of the entire Group are not yet significant and the operations as a whole are stable.

G. Community Support

Donations and Employee Volunteering



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 work together with local communities on issues affecting vulnerable groups and offer employment and training opportunities accordingly.

In order to improve the quality of life in the 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 shareholders, and the entire community.



Croatia:

Donation of protective equipment to medical institutions in the City of Zagreb

2000 protective visors to help the Croatian health care system, patients and the community.

Croatia:

Big smile for “Osmijeh”

Donation of HRK 6,320 (EUR 850) to the therapeutic riding association “Osmijeh”

PARTNERS: “Osmijeh” - therapeutic riding association



Croatia:

Donation for the humanitarian action “Palčić Gore!”

Donation of HRK 23,150 (EUR 3,000) for medical equipment for the care of premature infants and donation of packages to an orphanage

PARTNERS: “Palčić Gore!” - a humanitarian action initiated by the Club of Parents of Premature Infants Palčići

Croatia:

Earthquake relief donation for inhabitants of Petrinja, Sisak, Glina and the surrounding areas

Donation of HRK 150,000 (EUR 20,000) for the reconstruction of homes destroyed in the earthquake





SERBIA

Supporting humanitarian activities of our employees

New Year presents for children hospitalized in Oncology Clinics in Belgrade and Niš who will spend the holiday season in hospitals and donation of RSD 50,000 (EUR 400) to NURDOR association

PARTNER: NURDOR Serbia National Association of Parents of Children With Cancer



SLOVENIA

Donation to basketball club Janče

Donation of EUR 500 to local basketball club Janče



SLOVENIA

Donation to Lions club

Donation of EUR 900 to Lions club Slovenia



SERBIA

Donation of computer equipment

Donation of 18 computers to the "Kosta Manojlović" music school in Serbia



SLOVENIA

Donation to "Palčica pomagalčica"

Donation by employees to a humanitarian organization for children "Palčica pomagalčica"



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 as well as for humanitarian donations.



TURKEY

Koruncuk/ Turkish Foundation for Children in Need of Protection



TURKEY

Campaign to meet the needs of primary school students with the contributions of CMCs Staff



TURKEY

Blood donation campaign

Blood donation campaign in the workplace in cooperation with the "KIZILAY"

HAYVAN DOSTLARIMIZ YARDIMLARINIZI BEKLİYOR

Rize Sokak Hayvanları Koruma ve Yaşama Derneği dostlarımıza yardım için kedi- köpek maması bağışlarınızı bekliyor. Malatya lokasyonumuzda başlattığımız yardımda 58 kilo mama toplanmış. Sıra Rize'de. Haydi, Malatya'yı geride bırakalım!



TURKEY

Food aid campaign for stray pets with the contribution of CMCs Staff



TURKEY

Marathon for TOÇEV (Child Education Foundation)

CMCs staffs participated in the marathon for TOÇEV (Child Education Foundation)

Appendix

GRI Standards Content Index

GRI Standards Content Index

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GRI 102: General disclosures 2016	102-14 Statement from senior decision-maker	6-7	
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GRI 102: General disclosures 2016	102-16 Values, principles, standards, and norms of behavior	40-41	
Governance			
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Stakeholder engagement			
GRI 102: General disclosures 2016	102-40 List of stakeholder groups	36	
	102-41 Collective bargaining agreements		There is no collective bargaining agreement entered into with M+ Group employees.
	102-42 Identifying and selecting stakeholders	36	
	102-43 Approach to stakeholder engagement	36	
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	102-47 List of material topics	38-39	
	102-48 Restatements of information		This report covers 2020 and is thus the first sustainability report of M+ Group.
	102-49 Changes in reporting		This report covers 2020 and is thus the first sustainability report of M+ Group.
	102-50 Reporting period	8	
	102-51 Date of most recent report		This report covers 2020 and is thus the first sustainability report of M+ Group.
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	102-54 Claims of reporting in accordance with the GRI Standards	8	
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	102-56 External assurance		There have not been any external audits.
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	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	48	
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GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	50	
	404-3 Percentage of employees receiving regular performance and career development reviews	53	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	39	
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GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	41	

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