span

SECURING SUSTAINABILITY:
PROTECTING OUR DIGITAL AND ENVIRONMENTAL FUTURE

2022

Sustainability Report

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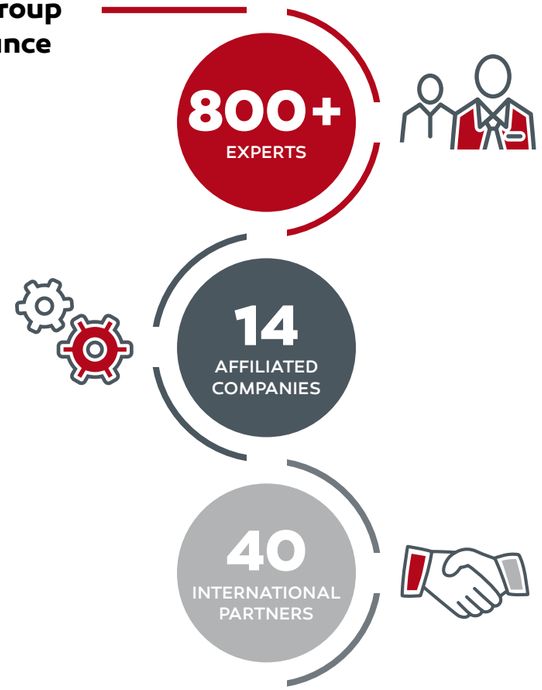
Creating a digital future

In 2022, Span entered its 30th year of successful business operations and confirmed its status as one of the leading providers of software asset management and licensing services, infrastructure design and maintenance services of information systems, cloud and cyber security, information technology service management services and technical support and software development services and business solutions.

Span Group at a glance



Focused on creating long-term, high-quality collaboration with clients, we cooperate with the largest international corporations. Span is the leading expert in Microsoft technologies and its leading regional partner, with the Microsoft Gold Partner status. We ended 2022 as holders of 12 Microsoft advanced specializations and the winner of the Microsoft Partner of the Year award in Ukraine.

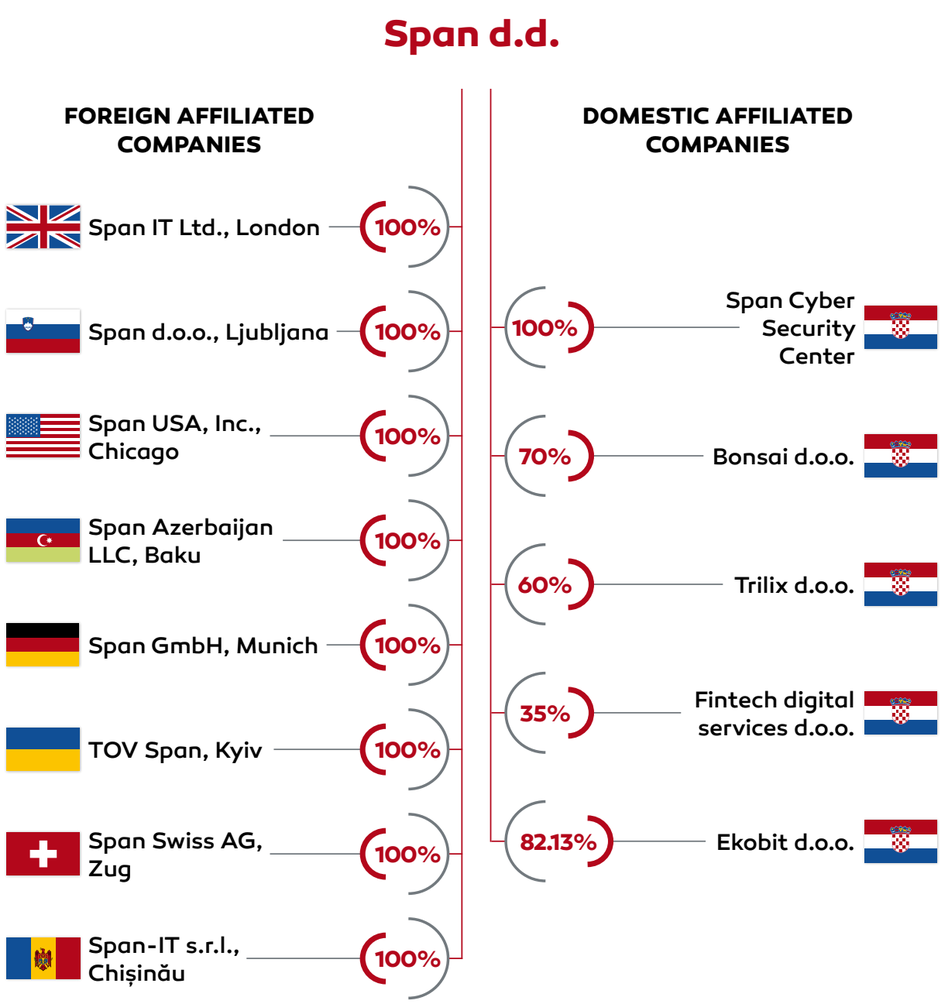
Recording continuous growth in business revenues, in 2022 we generated around two-thirds of revenues on foreign markets. As a provider of IT services, we successfully monitor and respond to trends in the digital transformation of business, striving to be an example of responsible and sustainable business in Croatia with the way we work and our company values.

Span Cyber Security Center

Wanting to provide the market with new capacities for defense against cyber threats, Span founded the Span Cyber Security Center in September 2022 in cooperation with the Israeli Cybergym, thus bringing modern global practices and experience in this field to Croatia. Span Cyber Security Center's aim is to transfer knowledge and empower the business community to respond as efficiently as possible to ever-present and increasingly sophisticated cyber threats that represent one of the most significant risks for business by offering training, education and consulting services. More on page 27.

Span Group consists of Span d.d., five domestic and eight foreign affiliated companies operating in Slovenia, Germany, Switzerland, Ukraine, Moldova, Azerbaijan, the United States of America and the United Kingdom.

Span Group structure in 2022



Mission

Through our expertise and experience, we deliver IT solutions that power up your business.

Vision

Together with our customers, we create a digital future.

Values

Knowledge

We are constantly evolving, advancing, and applying new trends, knowledge, and skills. The people of Span have the opportunity to learn from the best, experience cutting-edge technologies, and thrive in a team of experts with international connections.

Excellence

We always give our best for all our customers and partners – it is one of our main attributes and company ethos. We are proud that we do not give up until we deliver optimal solutions to our clients.

Responsibility

Span aspires to be a safe harbor in the storm and a solid cornerstone of your business. Our experts will look after the security of your data and resources and simultaneously be at your service at any time and in any place.

Trust

Trust is the most valuable currency, and we have learned how to build and keep it - hence, we are always there for all our stakeholders. We retained the same values we had when we were a small company with a handful of employees.

Management and certificates

We operate according to the highest international standards that ensure the trust of our customers. We have certified quality management systems, security and IT services, environment and energy, as well as an anti-bribery management system (ISO 9001, ISO 27001 and ISO 20000, ISO 14001 and ISO 50001, ISO 37001).

GRIT awarded in Singapore

Span's engagement to operate responsibly, with special emphasis on creating an inclusive and decent working environment, was rewarded in the best way, with a GRIT award at the international event ESG Summit & GRIT Awards in Singapore. This award recognizes our contribution to the UN's Sustainable Development Goal 8: promoting decent work and economic growth. The International Institute for Climate Action (IICA) invited us to this event and supported our nomination, and the award was accepted by Iva Gredelj, Board Office Manager and our ESG Advisor.

The ESG Summit & GRIT Awards is an annual gathering of international ESG experts in Singapore. The goal of the conference is to spread sustainable impacts, especially in decarbonization, carbon independence and innovations in food production. The awards are given in accordance with the 17 United Nations' Sustainable Development Goals and are based on the GRIT model, which represents growth, resilience, innovation and excellence as the foundations of healthy business in promoting sustainable development trends.

Five Microsoft Solution Partner statuses

Infrastructure (Azure)

Security

Modern Work

Digital & App Innovation (Azure)

Data & AI (Azure)

12 advanced Microsoft specializations

Adoption and Change Management

Calling for Microsoft Teams

Meetings and Meeting Rooms for Microsoft Teams

Teamwork Deployment

Modernize Endpoints

Cloud Security

Identity and Access Management

Information Protection and Governance

Threat Protection

Windows Server and SQL Server Migration

SAP on Azure

Azure Virtual Desktop

Employer Partner Certificate

Memberships and initiatives

Croatian Independent Software Exporters (CISEx)

American Chamber of Commerce in Croatia (AmCham)

Microsoft Intelligent Security Association (MISA)

American Chamber of Commerce in Croatia (AmCham)

Awards and recognitions

Microsoft Solution Partner status

Microsoft Partner of the Year, Ukraine (TOV Span)

Hewlett Packard Enterprise (HPE) partner status

IBM – Security Signature Project of the Year Award

European Small and Mid-Cap Awards, Rising Star

HR Cloud – Excellence in Employee Experience

GRIT Award for the company with the highest contribution to SGD 8, ESG Summit & GRIT Awards Singapore

A word from Nikola Dujmović, President of the Management Board

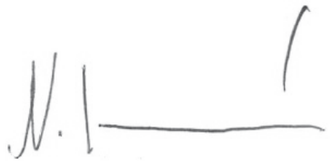
Sustainable growth in a challenging environment

When we started working on our first sustainability report last year, we became aware of numerous perspectives of the world in which we operate today. They were not only the challenges and risks that global trends put before us, but also opportunities to be more responsible in our work and to develop our business using the possibilities that this challenging world offers us. At the same time, the events that shaped our business context, such as the war in Ukraine or the consequences of the covid-19 pandemic on society, demanded from us not only robust management and organizational resilience, but also a good understanding of the areas in which we can achieve the greatest positive contribution.

In preparation for the imminent reporting according to the new European Sustainability Reporting Standards, we used the methodologies already available to better understand our impacts on society and the environment, as well as the impacts that Span's environment has on our identification and management of risks and opportunities, as well as our financial result. Reporting helped us get to know ourselves and the world around us better.

Utilizing a detailed analysis of our business environment, along with our well-known thorough approach and positive team spirit, we recognize challenges on time and engage in finding solutions, so we successfully ended the year and recorded growth. Thanks to this proven "recognize the problem - find a solution" perspective, during 2022 we realized several extremely valuable results of which we are extremely proud. For example, our answer to one of the potentially most significant global sustainability matters, cyber security for businesses, was the establishment of the Span Cyber Security Center, which provides the possibility of state-of-the-art education against cyber threats. Likewise, the transition to cloud, which is not only required by new models of work but also the need for greater energy and climate efficiency, is becoming more interesting to an increasing number of organizations. We were there to give them full support in that transition. Most importantly, on top of all the challenges, the world also served us with the most difficult one, the war in Ukraine. In addition to our business in that country, it was even more important for us to protect the lives of our colleagues and friends, so we spent a good part of the early spring of 2022 securing the conditions for them and their families to stay in Croatia.

We will use the year behind us to apply what we have learned about where we can manage our impacts even better, but also achieve additional positive effects on people and the environment. Although we have enriched the main policies that guide our business by introducing elements of special attention to our stakeholders, we intend to implement due diligence on all our key impacts as well as establish measurable goals and performance indicators in all important areas in which our business affects the economy, environment and people. The report in front of you will reveal how we have included our stakeholders in this process, but we also appreciate the future contribution by all of you who, with your opinions, suggestions and comments, give us the opportunity not only further improve the quality and transparency of our reporting but enable us to continue to do the same in our business.



Nikola Dujmović
President of the Management Board
Span d.d.

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What matters the most

Responsibility is one of Span's core values, and this is the way we build our path to sustainable business.

In preparing our first sustainability report last year, we looked at all environmental, social and governance areas applicable to our business. With the help of the diverse perspectives of our stakeholders, we identified the areas of sustainability that are key to our organization. Most importantly, we agreed on the impacts we already successfully manage and the ones we need to work on more in the years ahead.

We approached the identification of material topics in 2022 intending to upgrade the knowledge we gained last year in the process of creating our first sustainability report. Motivated by positive experiences, we decided to include a more significant number of those who know us best. We are proud to have successfully achieved this goal - in the assessment of Span's significant impacts in 2022, which was carried out in three steps, a total of 270 people participated - 23 members of the ESG working group participated in the internal, and 247 representatives of the most important stakeholder groups in the external materiality assessment.

We started the process by gathering members of Span's ESG working group, comprised of experts from all key departments who deal with different aspects of sustainability in their daily work. To gain deeper insight into the sustainability issues of most significance to Span, we expanded the assessment of identified material topics by implementing due diligence on the direct and indirect adverse impacts Span's activities and business relationships have on the economy, environment and people, including their human rights as required by the Global Reporting Initiative's (GRI) updated standards.

In 2022, we assessed the impact of sustainability on Span's operational results and financial sustainability using the Software and IT Services Sustainability Accounting Standard of the Sustainability Accounting Standards Board (SASB) for the first time. With the double materiality assessment approach, we want to continue to positively impact our environment, improve Span's success in managing ESG risks and opportunities that arise in the dynamic business environment of the IT industry, and be better prepared for the application of European Sustainability Reporting Standards (ESRS).

Starting from the experiences of our people and the analysis of the business environment and global sustainability trends in the IT industry, the ESG working group reviewed last year's report and recognized potential new material topics, the direct and indirect impacts of our business on society and the environment, and individuals, organizations and groups that may have interest in Span's operations. By combining the perspectives of different parts of the organization, we grouped the recognized areas of impact into three categories: core business, business operations, and people and communities.

After the results of the ESG working group's analysis were presented to the Management Board, we tested them by a survey that was sent to the reporting team gathering members of the Management Board and Span's employees from all departments from IT, sales, products and relations with clients and partners, over corporate security, finance, legal affairs, human resources, to marketing and communications, with the inclusion of a diverse sample of Span's key stakeholders. Each of our impact areas included a quantitative assessment of the significance of Span's potential and actual impacts where 1 is "not important", and 8 is "essential", with an additional evaluation of the nature of the impact on a scale from "extremely negative impact" to "extremely positive impact".

Starting from the experiences of Span people and the analysis of the business environment and global sustainability trends in the IT industry, the ESG working group reviewed last year's report and recognized potential new material topics, the direct and indirect impacts of our business on society and the environment, and individuals, organizations and groups that may be interested in the operations of Span

Identification and engagement of key stakeholders

Span relies on constructive feedback from stakeholders, inside and outside the organization, to improve its business practices. With the introduction of sustainability reporting as a management tool, we have started collecting stakeholder impressions on all aspects of sustainability that may affect their interests. For example, with the Code of Business Conduct, we have defined the ethical principles that we adhere to in all our interactions with clients, partners, and employees, as well as the channels that they can use to report any suspicion of illegal, unethical or any other actions that violate our rules, procedures, Code or law. Furthermore, we use various occasions for dialogue with different groups of our stakeholders to discuss topics important to our business. For example, employees express their opinions in a work experience survey; our customers do so in satisfaction surveys. Finally, all our stakeholders can contact us using the e-mail address ESG@span.eu. Communicating opinions with stakeholders allows us to understand better our impacts on the environment and our role in building a society guided by sustainability principles.

In 2022, we took a step further compared to the previous year in the segment of collecting the opinions of key stakeholders. Our maps of stakeholders whose opinions we rely on for sustainable business were expanded by identifying individuals, organizations, and social groups vulnerable to potential or actual adverse impacts of our activities and business relationships. Members of the ESG working group and the reporting team participated in the assessment, while the final list of engaged stakeholders is the result of the cooperation of all Span's departments. In addition to the participation of seven members of the Supervisory Board and related committees, 240 stakeholders responded to our invitation for anonymous assessment of our material impacts: 120 Span Group employees and 11 representatives of affiliated companies, 43 representatives of business partners and suppliers, 15 representatives of academic and educational institutions, 13 representatives of the media, 12 representatives of customers and clients, nine representatives of banks, auditors and regulators, six representatives of investors and shareholders, four financial analysts, four representatives of civil society associations and one representative of interest and professional associations.

In addition to the participation of seven members of the Supervisory Board and related committees, 240 stakeholders responded to our invitation for anonymous assessment of our material impacts

Our stakeholders assessed the impact of Span's business activities and relationships on the environment and people as positive, confirming that we are on the right track. The areas in which more than half of the participants assessed our impact as extremely positive are cyber security, privacy and data protection, business ethics and anti-corruption activities, financial sustainability and stability, quality of relationships, cooperation and client satisfaction, risk management, corporate governance, and financial sustainability and stability. Some stakeholders pointed out that we need to communicate more on sustainability matters in the public, announcing expected results.

Due diligence of adverse impacts of activities and business relationships on people and the environment

As a company that operates internationally, we need to consider how our activities reflect on the environment and our business partners, employees, end-users of our products and services, and the communities in which we operate. That is why we put particular attention to the due diligence of adverse impacts on human rights following the guidelines of the main intergovernmental frameworks related to human rights and sustainability due diligence, including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, International Labor Standards of the ILO and ICGN Global Governance Principles.

All three steps of the materiality assessment include due diligence of negative impacts. In the initial phase of the analysis of the current aspects of sustainability, the ESG working group mapped the potential negative impacts of Span's operations on people and the environment. Based on this analysis, the reporting team made an internal assessment of the severity (from 1 "no effect" to 10 "catastrophic consequences" and the probability of adverse effects (from 1 "unlikely" to 5 "impact already exists") and the identification of vulnerable groups on which our business has the most significant impact. In this way, we determined the 60 most relevant impacts - 20 in each of the three aspects of business and those individuals, organizations, and groups whose confirmation we need. In the final step, stakeholders expressed their opinion about impacts they considered potentially dangerous, currently harmful or of minor importance, with the possibility of indicating impacts not recognized by the internal assessment.

We put special emphasis on the due diligence of adverse impacts on human rights following the guidelines of the main intergovernmental frameworks related to human rights and sustainability due diligence

Through a due-diligence process of the impact of Span's activities and business relationships on people and the environment, in which members of the ESG working group, the reporting team and Span's stakeholders participated, the following potential adverse impacts were identified and require active management:

- The three highest-rated potential adverse impacts according to the importance for Span and the severity of the consequences for stakeholders were failure to ensure the privacy and data security of the end-users of the services, errors in IT security, and weak data security and privacy mechanisms.
- Three adverse impacts whose occurrence would have severe consequences are data leakage or trading, failure to ensure the privacy and data security of the end-users of the services and data misuse.
- The three adverse impacts with the highest estimated probability of occurrence include an imbalance of employees' private and work life, lack of employee education, and cooperation with partners who do not operate ethically.

The engaged stakeholders characterized all impacts as potential with a low probability level, and only the three listed impacts with the highest estimated probability of occurrence were assessed with a medium value. Potential adverse impacts of our business that we have considered, but whose potential seriousness has been brought to our attention by our stakeholders, are data misuse, unsuccessful adaptation to new cyber threats and failure to respect human rights, although they are all assessed as unlikely. We used the results of the due diligence of our business in assessing material topics for the Sustainability Report for 2022. In the future, they will serve as a basis for even more responsible and informed management of Span's impacts on the economy, environment, and people, including their human rights.

Materiality assessment

Based on an internal and external assessment of the importance of the identified significant impacts of Span on society, the economy, and the environment, 17 material topics from the following ESG segments were confirmed:

Core business

- Cyber security
- Energy efficiency in the cloud and greenhouse gas emissions
- Quality and reliability of products and services
- Increasing the availability of digital technologies
- Privacy and data protection
- Development of innovative solutions for customers

Business operations

- Ethical operations and anti-corruption activity
- Financial sustainability and stability
- In-house ecology (environmental protection and energy efficiency)
- Quality of relationships, cooperation, and client satisfaction
- Responsible supply chain management
- Risk management
- Corporate governance

People and communities

- Well-being, health and safety, and life balance of employees
- Culture and values (diversity, inclusiveness, equal opportunities)
- Opportunities for professional development (work on projects, promotion, participation in decision-making)
- Contribution to the community

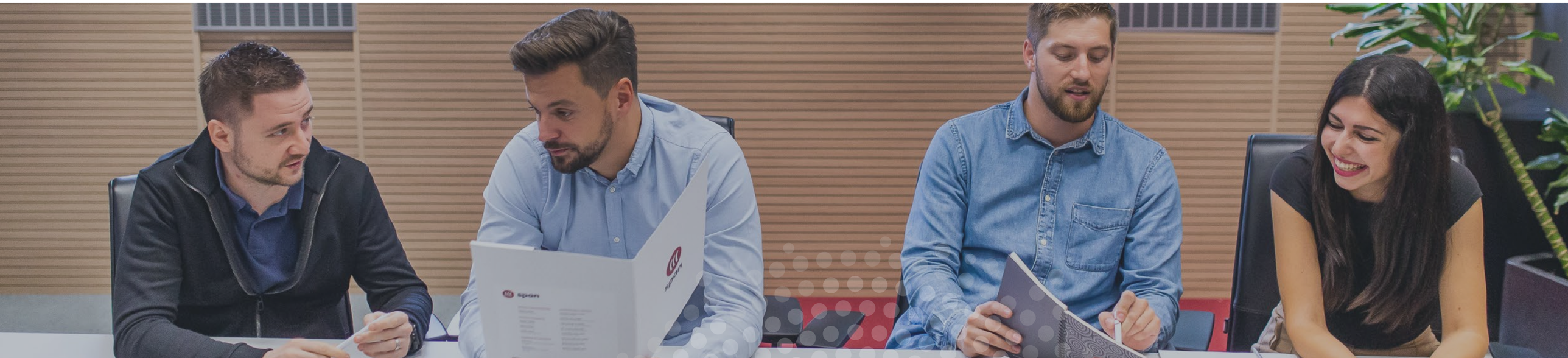
The threshold for determining the materiality of individual material topics was set in advance at an average score of 5 out of 8 on the previously described scale, and the final prioritization of topics was conducted by the Management Board based on the insight into all the collected information described in this part of the report.

Topics of extremely high importance (rated above 7.5 out of 8) for Span and its stakeholders in 2022 are topics from the aspects of core business and business operations: cyber security; quality and reliability of products and services; privacy and data protection; financial sustainability and stability; ethical operations and anti-corruption activities; as well as the quality of relationships, cooperation, and client satisfaction. These areas are also the ones in which our stakeholders see the greatest potential for Span's positive contribution, as well as the greatest responsibility for preventing the occurrence of adverse impacts.

Topics of high importance (rated 7 to 7.5 out of 8) in 2022 are risk management, which is an extremely important area for ensuring the success of all aspects of our business, and topics related to material impacts in which we, as well as our stakeholders, recognized the great potential for achieving positive effects on Span employees, customers and society: increasing the availability of digital technologies; developing innovative solutions; opportunities for professional development; and well-being, health and safety, and life balance.

Topics of medium importance (rated 5 to 7 out of 8) in 2022 are corporate governance; culture and values (diversity, inclusiveness, equal opportunities); responsible supply chain management; contribution to the community; in-house ecology (environmental protection and energy efficiency); as well as energy efficiency in the cloud and greenhouse gas emissions. Although these are topics that we, together with our stakeholders, have assessed as less significant, we recognize the extreme importance of managing these impacts as well.

Span Group also carried out an assessment of the impact of sustainability on operational results and financial sustainability against the Software and IT Services Sustainability Accounting Standard of the Sustainability Accounting Standards Board (SASB). By assessing financial materiality, we wanted to better prepare for reporting according to the future European Sustainability Reporting Standard. The assessment of materiality was carried out by Span's reporting team, and the topics identified as material were data security; data protection and freedom of speech; management of systemic risks from technological disruptions; protection of intellectual property and competitive behavior; recruiting and managing a global, diverse and skilled workforce; and the environmental footprint of the use of IT hardware infrastructure (more on pages 93-94).



Contribution to the United Nations Sustainable Development Goals

In 2015, United Nations member states defined the 17 Sustainable Development Goals (SDGs) as a universal call to action for all countries to tackle climate change, end poverty and build a more inclusive world by 2030.

UN Sustainable Development Goals are in line with Span's ambition to build a more sustainable digital future through the development of IT solutions and partnerships with stakeholders. In the IT services and solutions we offer, in our daily operations and in our relationships with people, we recognize numerous areas in which we can jointly contribute to the fulfilment of all 17 SDGs. We want to communicate responsibly about our current and future progress on this path and focus on the areas we understand best and where we can have the greatest positive impact. That is why, in our first report on the contribution to the SDGs, we present seven goals in each segment of our business in which we recognize our greatest responsibility and concrete activities with which we already have a positive impact on our environment.

Core business

SDG 4	4.7. We offer cyber security education and training and teach the employees of our customers about methods of defense against cyber-attacks.
SDG 7	7.3. Our services and solutions enable the optimization of business processes and increase energy efficiency.
SDG 8	8.2. Utilizing innovative solutions, we enable customers to increase productivity and apply new models of work.
SDG 9	9.1. We develop and provide infrastructure services for the development and maintenance of information systems that enable our customers to operate more sustainably and more resistant to cyber threats.
SDG 13	13.1. Digitization of business and the technologies on which our services are based enable customers to reduce energy consumption and greenhouse gas emissions.
SDG 16	16.4. We help customers in the timely detection and elimination of cybercriminal threats.
SDG 17	17.6. We cooperate with international partners in the development of services and solutions that rely on modern technologies.

Business operations

SDG 5	5.5. We are working to increase the number of women in the Supervisory Board and in director positions, and we provide equal opportunities for advancement to all employees.
SDG 7	7.2. At the location in Savska street where Span rents office space, we use "green" energy.
	7.3. Operating in accordance with ISO 50001 energy management system, we continuously work to increase energy efficiency.
SDG 8	8.1. Span Group's operating revenue grew by 8 percent in 2022, and the European Commission, the Federation of European Stock Exchanges and the Association of European Issuers declared it one of the three best European small and mid-cap companies that entered the capital market.
	8.2. Our business is based on activities with high added value and expanding into new markets with strong cooperation with key partners and international clients.
	8.7. Our suppliers undertake to comply with Span's Code of Business Conduct, which includes the prohibition of forced and child labor and respect for human rights.
SDG 10	10.3. We adopt non-discriminatory policies and processes and provide opportunities for development to all employees.
SDG 12	12.2. At our business locations, we improve waste separation and prevention practices and introduce sustainable office materials.
	12.6. We transparently and publicly report about our sustainability practices.
	12.7. We evaluate the business practices of our suppliers according to several criteria. By entering into a business relationship with us, our partners undertake to respect human and labor rights, act legally and establish a system of internal control and prevention of conflicts of interest and illegal actions of their employees and subcontractors.
SDG 13	13.2. We include concern for climate protection in our policies and processes.
SDG 16	16.3. We operate fairly and legally, and our Code of Business Conduct obliges us and our partners to respect the fundamental human rights defined in the UN General Declaration of Human Rights and internationally recognized principles and guidelines, including the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.
	16.5. At Span, we comply with anti-corruption laws in all countries where we operate, and we are the first IT company in Croatia to have the ISO 37001 anti-bribery system certified.
	16.7. Our Management Board implements our policy of social and environmental responsibility, and we regularly communicate about our sustainable practices with employees and external stakeholders.

People and communities

SDG 3	3.8. To create a workplace where our people feel satisfied, we understand that we must take special care of their physical and mental health, safety and general well-being, which also depends on a good balance between private and work life.
SDG 4	4.4. At Span, we believe in sharing knowledge and that is why we implement various youth education programs in STEM.
SDG 5	5.5. One of our long-term goals is to increase the share of women in IT positions. We want to achieve this by providing opportunities for education and work, which is why we attach great importance to educational opportunities through programs such as the "Work in Tech" project.
SDG 8	8.5. The starting salary at Span is twice the minimum salary in the countries where we operate, and regardless of whether it is about salary, working hours, benefits or education, we enable all employees to discuss the best model for them.
	8.6. We implement internal programs to encourage the development of talents, student programs that educate future employees and support employees and young people in the development of knowledge and skills.
	8.8. We respect the right of employees and workers to a safe and healthy environment, freedom of association and the right to collective bargaining. In all countries where we operate, we respect all legal regulations and standards in the field of human and labor rights
SDG 9	9.1. We ensure that Hrabri telefon (Brave Phone), a non-profit organization that provides help and support to abused and neglected children and their families, has full technological support in their daily work and use all the possibilities that technology brings.
SDG 10	10.3. We create an environment of equal opportunities by focusing on five pillars, without neglecting or excluding the others. These are gender, age, socioeconomic status, disability and well-being. Openness and inclusiveness build on our values of responsibility, knowledge, excellence and trust, making our team stronger, more reliable and more innovative.
SDG 15	15.1. In cooperation with Project O2, we carry out afforestation actions.

Safe and efficient solutions - the keys to our success

IT solutions we develop improve our customers' business, but our vision goes beyond that - we want to use technology to improve the lives of as many people as possible.

In this process, we provide added value that will help our customers conduct their business faster and safer, and gain additional dimensions of environmental efficiency on one hand, by creating more energy-efficient solutions, and social efficiency on the other, by enabling access to their services to as many end users as possible. Every project we undertake is aimed at solving problems, enabling easier use of technology and promoting responsible management of various aspects of business.

Cyber security: Global sustainability issue

More than 90 percent of the value of companies included in the S&P 500 stock market index is made up of intangible assets[1], which has led to a significant increase in cybercriminal threats. In 2022, a record number of cyber-attacks was recorded with an annual increase of as much as 38 percent[2], which is why cyber security is already one of the biggest threats to the business of organizations and the security and privacy of everyone's data.

At Span, we have been applying and developing new security solutions and strategies that enable our customers to uninterrupted operations. Along with the application of cloud solutions, we see the area of cyber security as the highest priority for our development, but also the development of sustainable business of our current and future customers. We are happy to share our knowledge and experience in this area with different groups of stakeholders, and in addition to user support, partnerships and education, we want to contribute to the development of cyber security in Croatia.

Knowledge is power, and power is in the Span Cyber Security Center

Since human error is responsible for 95 percent of cyber security breaches[3], we focus significant attention on raising cyber security awareness among our employees and customers.

To offer customers in Croatia and the region high-quality and comprehensive education in the field of cyber security, Span opened the first center of this type in Southeast Europe in 2022. With its establishment, Croatia and the region received an extremely valuable educational resource in the creation and strengthening of experts for the fight against cybercrime. The center offers education, training and consulting services for entities in the public and private sectors. The program is adapted to the specific needs of the participants or the company and involves active participation in real situations in which professional hackers simulate real attacks on their business systems.

Along with the application of cloud solutions, we see the area of cyber security as the highest priority for our development, but also the development of sustainable business of our current and future customers

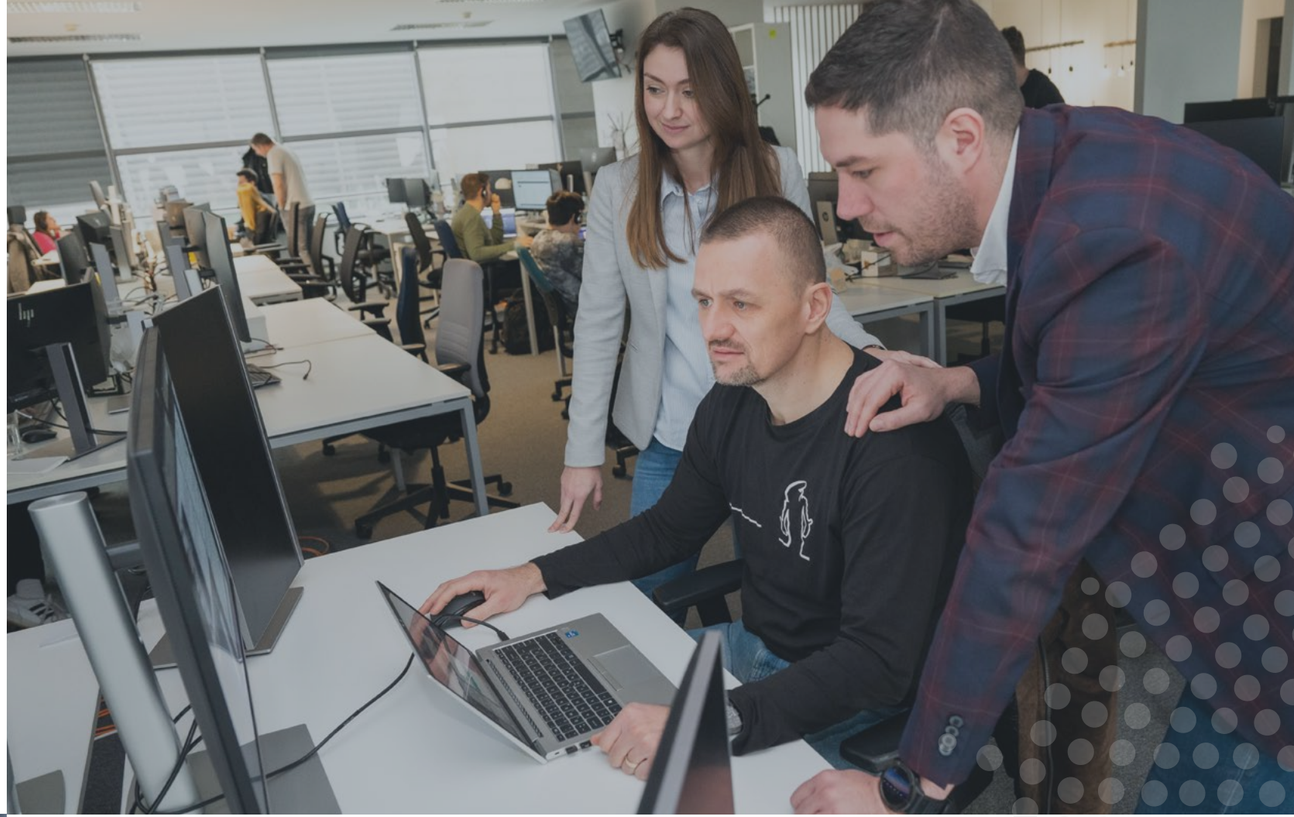
1 Ocean Tomo, Intangible Asset Market Value Study

2 Global cyberattacks increased 38% in 2022 | Security Magazine

3 World Economic Forum (WEF)

Our partner in this project is the leading Israeli cybersec company Cybergym, whose know-how is based on experience in a country that is one of the most attacked in the world. As part of this collaboration, Cybergym trained a selected group of Span employees who will become trainers of the Span Cyber Security Center in the field of protection and implementation of cyber-attacks. This training helped them learn to think from the attacker's perspective and develop more effective defense mechanisms. We also cooperate with other partners such as TripleP and CQURE Academy, which provide training and training solutions in the field of cyber security based on proven methodology.

In addition to cooperation with partners, Span develops and offers its own training and works on additional content and exercises used to offer participants new content and forms of acquiring knowledge and skills. Education and training for management, professional staff and increasing awareness of cyber security issues, as well as training specifically adapted to the needs of individual users, are aimed at raising the level of knowledge and skills of all employee profiles in organizations. Continuous training of the entire organization significantly reduces the surface area of cyber-attacks and exposure to cyber threats. By training the professional staff, we enable organizations to implement and manage security systems more successfully and controls using their own resources, and in case of security incidents, provide a timely and effective response.



IT security management

In creating and providing services in the IT security segment, we use the best available practices and develop our own solutions based on the ISO/IEC 27001 information security management standard, the ISO/IEC 20000-1 IT service management standard and the risk management system according to the ISO 31000 guidelines.

Our cyber security and cloud security solutions, the Security Operations Center (SOC) and Span Cyber Security Center complement each other to allow customers to focus on their core business, knowing that their company is protected from cyber threats. We provide protection against cyber threats at all times and at every step of the process, from planning and implementation to monitoring and responding to threats. Depending on the type of service, our teams perform security assessments that include checking the security and vulnerability of the customer's infrastructure and the maturity of information security processes aimed at reducing the negative effects of attacks. Our support in this area includes the implementation of new technologies and solutions, and we are particularly proud of our Span DNS Collect and Analyze solution for detecting malware within an organization based on the analysis of DNS queries. Span DNS Collect and Analyze protects critical IT services from ransomware, zero-day attacks, drive-by data transfers, identity theft and other exploits.

In 2022, our Security Operations Center (SOC) expanded the base of Croatian and international customers. SOC is a service that increases their resilience to cyber threats through continuous monitoring, hardening and rapid response to security incidents. This service enables our customers to monitor cyber threats in real time, 24 hours a day, throughout the year. We have also used our experience and knowledge to develop solutions that make it easier for our customers to manage all GDPR-related activities. The Span Personal Data Protector (PDP) enables organizations to comply with the GDPR regulation, protect personal data and simplify data processing activities.

Cloud is the future of business

The elimination of worries about the basic infrastructure and hardware, the cost, operational and environmental benefits it brings are not the only advantages of cloud operations nor the only reasons why business in the cloud is the business of the future. Cloud provides numerous advantages, including flexibility, scalability, fast delivery and better cost control, but also enables reaching the global workforce and its easier collaboration, which has become the basis of sustainable business in times of hybrid or remote work models.

Cloud and security go hand in hand

In 2022, we achieved the Microsoft Cloud Security Advanced Specialization status, which proves our expertise in the areas of Cloud Security, Identity and Access Management, Information Protection and Governance, and Threat Protection, and became a Microsoft Security Solution Provider

With the increase in security threats in the world, a significant number of projects in 2022 was also aimed at protecting M365 services and data in the cloud. In 2022, Span's Infrastructure Services, Cloud and Cyber Security segment recorded growth in the number of customers, both implemented on premises, as well as Cloud Privileged Access Management solutions. Span's cloud security assessment is a structured approach that helps clients better understand their current security system, identify weaknesses, and prioritize security controls that can reduce the risk of malicious activity.

The migration of business to the cloud has significant positive effects on cyber security as well, and the wider application of the Cloud Privileged Access solution among our users significantly raises the general level of security of the user environment. In 2022, achieved the Microsoft Cloud Security Advanced Specialization status, which proves our expertise in the areas of Cloud Security, Identity and Access Management, Information Protection and Governance, and Threat Protection. We also became a Microsoft Security Solution Provider, holding a series of workshops for customers related to the security of Azure and M365 platforms and the capabilities of native cloud tools for protecting user identities, data and applications in the cloud and on-premises.

Considering the growing tendency of employees to work remotely around the world, the focus of customers in 2022 was directed at data and document protection and classification projects, which enabled users to control business data. The number of penetration tests (PEN test) grew noticeably, especially in the second part of the year, which follows the trend of the global cyber industry, where the PEN test is recognized as one of the ways to determine the vulnerability of an organization.

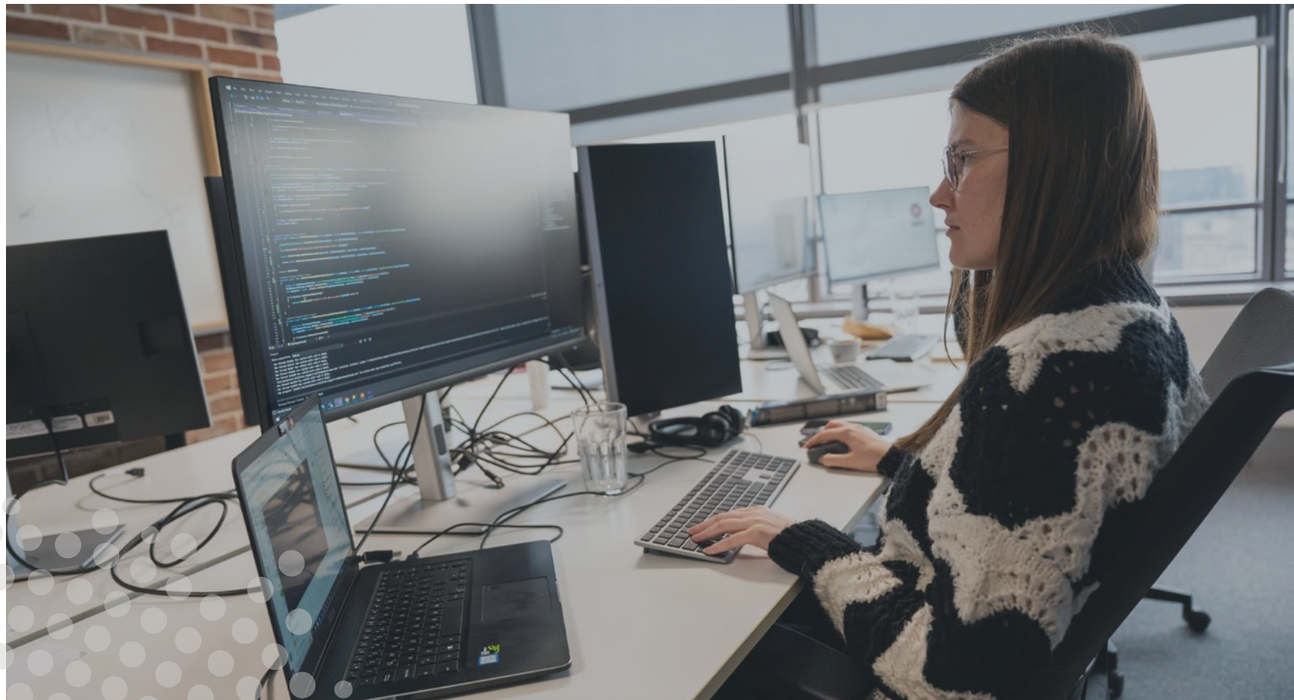
Safety of Span systems

To successfully protect others, we must first be able to protect ourselves. Given Span handles information of varying sensitivity levels within its activities, including internal processes and data of a wide range of users, by implementing the ISO/IEC 27001 system back in 2011, we established and maintained strict data access controls.

This system enables us to protect the confidentiality, availability and integrity of information as well as the continuous improvement of our business processes. By constantly monitoring and updating information security policies, procedures and guidelines, we ensure a high level of adaptability and upgrading of the information security management system in accordance with changes in the business environment. Regular audits by an external certification company help us maintain and improve the system and provide us with an objective picture and proof that we deal with information security well.

To reduce the risk of security incidents such as hacking, data leakage or misuse of information that can have serious adverse consequences for us and our customers, we have also established an information security management system (ISMS) that enables us to identify system vulnerabilities and take appropriate measures. An extremely important part of the self-security management system is the review and management of risks that can lead to technological business interruptions. The risk assessment carried out included all our services and solutions, organizational units and physical locations. Based on the assessment of vulnerability to several environmental impacts, we conducted simulation exercises to respond to identified threats and developed measures that ensure the uninterrupted availability of our IT services and the protection of the security of Span and our customers.

Given that the cause of most security incidents is human error, we actively conduct regular training of new employees and teams within the organization to increase their awareness and the organization's resistance to phishing, malware and ransomware threats.



INTERVIEW

Sustainable development should be supported by IT

Marijan Pongrac
Member of the Management Board, Technology Director

We contribute to the construction of a more sustainable user IT systems by using new, modern cloud solutions. In recent years, we have been working together with many of our customers to remove outdated equipment that consumes a lot of electricity from their data centers. We build and introduce new applications that facilitate work, and reduce the need for travel, thus contributing to less pollution. At the same time, we depend on quality, sustainable management of infrastructure and services in the cloud, and choose companies that also care about sustainability for our partners (Microsoft, AWS, Google).

Shutting down old equipment and reducing electricity consumption by migration to cloud contributes to the preservation of the environment. However, achievement of green energy goals depend upon the introduction of new energy management solutions in companies. IT can help here by developing a range of tools to manage consumption, use energy more efficiently and choose to use energy from renewable sources. I believe that many companies would take advantage of smart incentives to turn to green energy if the government was willing to reward that effort.

As always, Span will strive to be the leader in introducing new processes in order to achieve a sustainable future. Given that we do not directly produce tangible products, we cannot work on their improved sustainability, but we can make sure that the systems used for digital production are quality, modern, and therefore more sustainable. I believe that in the future we will also encourage our employees to think about sustainability at every step, and not only in their work.

> **Achievement of green energy goals depend upon the introduction of new energy management solutions in companies. IT can help here by developing a range of tools**

Privacy and data protection

In order for our customers, employees, business partners and other stakeholder groups with whom we cooperate to know that their personal data is safe in our hands, at Span we adhere to the highest privacy standards.

Our approach to privacy and data protection is based on the principles of fair and transparent treatment, which is harmonized with the General Data Protection Regulation and other laws related to the protection of personal data. This area is described by the Privacy Policy, which is publicly available on our website, and provides the purpose, goals and method of collecting, processing and managing personal data within members of the Span Group. In 2022, we adopted regulations on the management and handling of privileged and regulated information, which ensure the responsible and safe handling of information by participants in the regulated market of the Zagreb Stock Exchange. The ISO 9001, ISO/IEC 20000 and ISO/IEC 27001 certificates prove that the safety and quality of service are of utmost importance to us, with which Span guarantees quality, business security and data management.

We collect and use data only for specific and legal purposes defined by the regulations. Collected information is used for purposes such as advertising and sending marketing and informational content related to Span Group's operations and activities. Through clear and public communication, we ensure that information is used in line with individuals' expectations and prevent the use of information that could violate their privacy. The processing of information at our disposal involves various activities, such as analysis, aggregation and manipulation of data. Information processing is based on contractual obligations, legitimate interest, legal obligations and consent to prevent the violation of individuals' privacy.

Three appointed data protection officers who report directly to the director of each member of the Group are responsible for ensuring that the Privacy Rules and other policies and procedures that define the rules of conduct when collecting and processing data subjects' personal data are applied within the Span Group. In their work, they act independently and in the interest of protecting the rights of respondents and their personal data. They are the primary point of contact for information on how personal data is handled within the Span Group.

All participants of the Span Management Academy are trained on GDPR, and in addition to awareness-raising activities in 2022, we have implemented additional data protection mechanisms:

- activation of multi-factor authentication where it was not present for all access data used by Span's employees
- additional protection of access data for the customers' IT infrastructure, especially for those with privileged access
- implementation of "security hardening" practices for service accounts
- introduction of the process of more frequent control of access data rights
- informing users about security recommendations that they can apply independently for areas that are not under Span's authority, and support in their implementation

Our approach to privacy and data protection is based on the principles of fair and transparent treatment

Reliability, cooperation, satisfaction

With 30 years of experience in the development, implementation and maintenance of business solutions, at Span we want to help our customers become more efficient and successful, providing them with business systems that enable simpler and faster work, easier cooperation, availability from anywhere in the world, but also other uses. For example, we strive to develop our solutions so that they enable energy efficiency and reduce cloud hosting costs, which directly reduces the required energy, and consequently, CO_2 emissions in data centers.

Such and other changes in the IT industry are happening at a high speed, and without paying attention to building quality relationships and trust with each customer, it is easy to lose direction. That's why at Span we take care of customer satisfaction with our products and services in every project.

Year after year we diligently collect their feedback by conducting three types of surveys that cover all our customers and types of cooperation. Thus, the Solutions Consulting department conducts a satisfaction questionnaire at the end of the project, the Solutions and Services Management department conducts a customer satisfaction survey after closing each ticket, and we also periodically survey our key customers. Also, our Sales department conducts interviews with customers and solves potential problems.

Successful projects

Since 2014, we have continuously been measuring customer satisfaction at the end of the project according to seven parameters, which include the evaluation of change and error control, project management, time matrix, satisfaction with the implementation and project, as well as the overall evaluation of the project. Projects are evaluated according to Span's methodology with a standard set of questions, which allows us to analyze trends by calendar years.

In 2022, customers evaluated 28 projects in this way, and the average ratings of all tested parameters were above 5.45 on a scale of 1 to 6, which indicates a balanced and high level of user satisfaction with the implemented projects. The average grade was 5.624, which is at the level of the previous year (5.654).

Key customers' opinions

At the beginning of 2023, we completed the analysis of the collected data of the periodic key customer satisfaction survey, which includes the evaluation of the professionalism and ability of Span representatives on a scale of 1 to 5. High average ratings (above 4.7 in various categories) indicate a very high level of the professionalism and ability of Span representatives.

As many as 70 percent of the surveyed key users answered that they would decide to start another project with Span, 70 percent of them believe that, considering the price of the project, Span creates a good value that corresponds to the invested funds, and 80 percent rate Span's services as excellent or very satisfactory. All key customers stated that the quality of Span's services is better or at the level of the previous year, which confirms that we are successfully raising the level of our service quality.

Satisfaction with solving difficulties

At Span, we also check end-user satisfaction with the speed of response, reporting, quality of solutions and access after closing each ticket. Customers also evaluate the method of business communication and overall satisfaction with the method of resolution. The evaluation of the end-users is included in the QMS evaluation of the Administration.

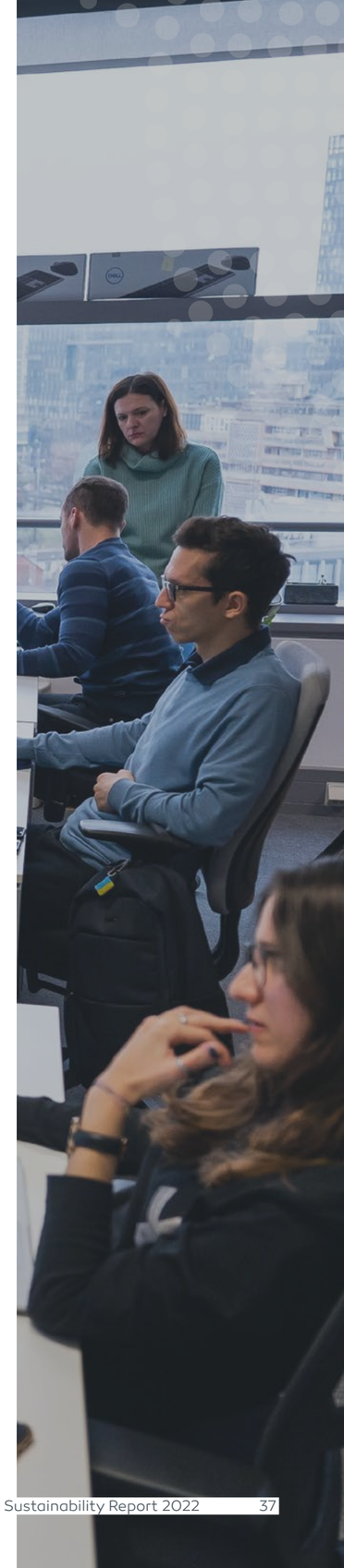
The implementation of the Service Desk tool in 2022 ensured a high response from customers as well - 1,979 tickets were evaluated, slightly less than the 2,060 tickets of complaints processed last year. In 2022, 814 Span's internal tickets (41 percent) were evaluated, which is an increase of nine percent compared to 2021. Survey requests are sent to 50 percent of closed tickets, so the real response is 2.4 percent, which is in line with last year's turnout.

The average grade was 4.92 out of 5 and there was no change compared to the previous year (4.93). In 2022, 21 customer complaints were reported, of which only one remained open, while the others were successfully resolved. All complaints are reported and processed, each with appropriate communication to the user. Out of 74,539 incidents, 36,631 (49 percent) were resolved at the Service Desk, which represents an increase of six percent compared to the previous year. The focus on customer satisfaction and their feedback confirm that we are doing a good job.

Incident management

Strengthening the incident management process, in 2022 we introduced the position of Incident Manager, whose task is to coordinate the response to all incidents of the highest priority by restoring the IT service to an operational state.

We consider the incidents of the highest priority to be those that have the highest level of urgency and impact on the business of our customers. After the Incident Manager initiates the Problem Management process, our ITSM Process Management team takes responsibility for the functioning, evaluation and evolution of the process and ensures the continuous improvement of the quality of our services to prevent the occurrence of incidents of the same type that disrupt the business of our customers.



Empowering people and communities

Awards and recognitions are nice, but it's even nicer to know that every day you will be welcomed at your workplace by great people, a pleasant working environment, interesting projects and opportunities for learning and advancement. At Span, we are committed to creating the best work experience for the people of Span, because we believe that only in this way can we grow sustainably and create lasting value for our users, but also for society.

So, what's it like working at Span?

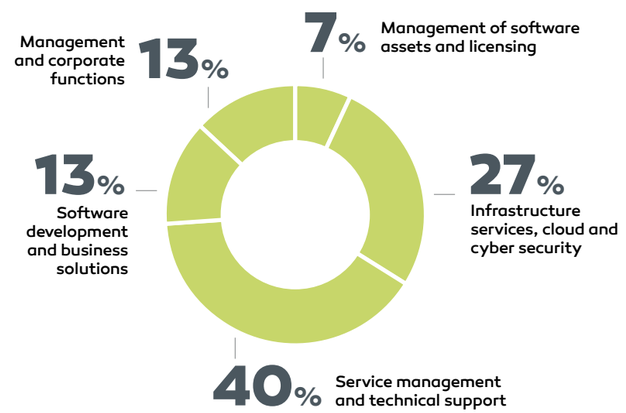
We approach each employee individually and try to listen to everyone's wishes and needs. The company does not offer its employees a collective agreement, but regardless of whether it is salary, working hours, benefits, or education, we can always talk openly about everything and find the best model for each employee. Our ranks filled up considerably during 2022, so we welcomed the end of the year with a little over 800 colleagues – 802 to be exact. But who works at Span?

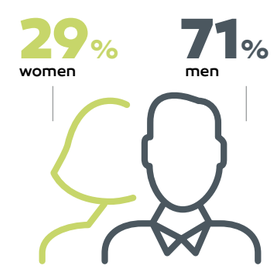
STATISTICS

SPAN THROUGH THE YEARS

	2020	2021	2022
Span d.d.	417	469	608
Span Group	522	574	802

OVERVIEW OF EMPLOYEES BY BUSINESS SEGMENT





AVERAGE AGE OF SPAN GROUP EMPLOYEES

34 years of age

AVERAGE LENGTH OF SERVICE IN SPAN GROUP

4.14 years

Span heroes get a new dimension

At the very beginning of this chapter, we bring a story from the very end of 2022, which we marked with traditional awards: Span heroes. This award is presented to all those who have given their best and have been a daily example and role model to their colleagues throughout the Span Group. The significance and value of this initiative was also recognized by our customers, and they too had the opportunity to nominate their heroes last year for the first time. In the year marked by the war, we gave special recognition to those who were heroes in the true sense of the word at the time of an existential, life crisis – for their families, colleagues, and homeland.

Not all heroes wear capes

To provide all our colleagues in Span Ukraine and their families with the necessary aid and accommodation, a crisis team was assembled in Span in the first days of the Russian aggression against Ukraine, which coordinated all activities on a daily basis. An important part was related to timely and continuous communication, both with colleagues in Ukraine and with all other employees of Span Group. Together, we have ensured that 27 people arrived in Croatia. In addition to colleagues from Span Ukraine, their families, and the families of employees who remained in Ukraine, came to Zagreb.

With the help of our volunteers, we organized translators, transport, accommodation, medical and psychological assistance, and everything else that was needed to adapt to life in a new environment. Some of the biggest challenges and obstacles were administrative ones, so we focused our efforts on obtaining all the documents necessary to regulate health care, legal status and secure all other fundamental human rights. One of them is certainly the right to work, so we helped family members of our colleagues from Ukraine in their job search, while we assisted all those who have children to enroll them in kindergartens and schools in Croatia. We organized the collection of humanitarian aid for all colleagues from Ukraine, regardless of whether they came to Croatia or stayed in Ukraine. At the end of the year, we gave special recognition to all those who in this crisis gave their best for others as part of the internal initiative Span heroes.

Diverse strengths, common values

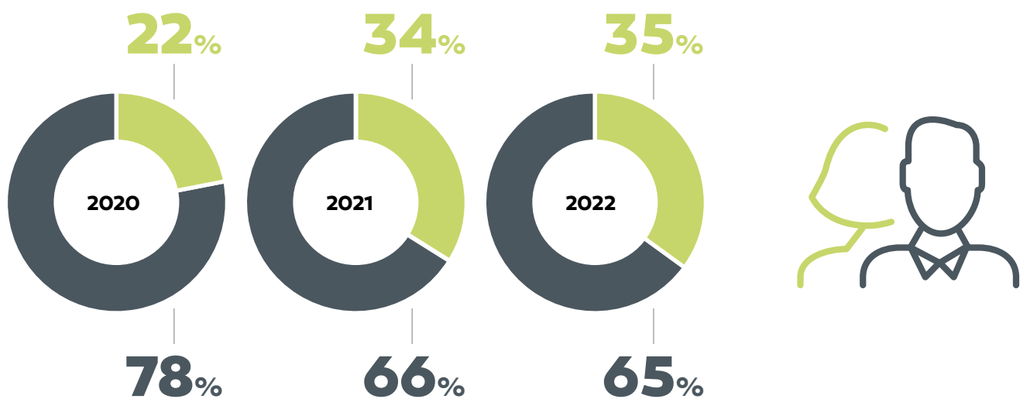
No organization can ignore the potential of growth brought by different perspectives, experiences and knowledge of diverse people. Openness and inclusion build on our values of responsibility, knowledge, excellence and trust, making our team stronger, more reliable and more innovative. It is important to us that our values correspond to the values of our people because this is the only way to build an authentic and open working environment. Adequately managing this experience is crucial, so our Employment Rules of Procuedure, Code of Business Conduct and mandatory compliance training shape our experiences of diversity and inclusiveness. But we will not stop there, because in 2023 we also plan to adopt a diversity and inclusion policy.

As analysis is the foundation of good preparation, at Span we monitor a wide range of diversity indicators that allow us to focus our efforts in creating an environment of equal opportunity where it is most needed. This approach is not just about our people; we also care about the needs in our communities, seeking to contribute where we can bring about the greatest change using our experiences and expertise.

Towards gender equality

One of Span's long-term goals is certainly to increase the share of women in IT positions. Span currently employs 29 percent of women, three percent more than in the previous year, but also nine percent more than at the beginning of gender diversity monitoring in 2015. Furthermore, according to a Eurostat survey, data for 2022 show that Span employs eight percent more women than the industry average. Finally, the share of women among new employees in 2022 was 35 percent, therefore, more than a third of new colleagues were female.

NEWLY EMPLOYED BY GENDER



DevArena, flagship events for developer engineers

In 2022, Ekobit organized three DevArena meetups. DevArena meetup is designed as a series of lectures with the aim of connecting local IT experts. The lectures are focused on concrete technologies and exchange of best practices and experiences, and are visited by developer engineers, software architects, software project managers and IT professionals of all specialties.

Looking at the share of women in the management positions in the company, 30 percent of managerial positions in Span are held by women, while 11 women were promoted to managerial roles in 2022.

The number of women in IT will not be able to grow significantly if they are not given opportunities for education and work from the start, so we attach great importance to opportunities for learning. One of the most significant projects which encourages diversity, in which Span is involved as a partner, was launched by Algebra University College. The purpose of the “Work in Tech” project is to include a larger number of women in the fast-growing IT industry with the aim of professional training for the position of IT Support Specialist. Participation in this initiative provides an opportunity for an internship with mentorship for a certain number of participants of the program, but also their potential employment after the conclusion of the internship. In 2022, we hired nine out of 20 participants in the internship program after its completion.

New opportunities for young people

In addition to gender, age is also one of the diversity characteristics that we have been intensively dealing with for the past few years. Since 2015, Span has been offering an internship program known as Span Academy for students of technical faculties, to contribute intensively to youth employment. Intensive cooperation with the academic and IT community and promotions at numerous student events in the first half of the year 2022 resulted in an extremely high interest in this program, with more than 350 applications. In almost two months of internship, 54 students from more than 10 faculties across Croatia spent their summer in Span. These results are a direct indicator of the development and improvement of our program and the continuous strengthening of Span’s cooperation with the academic community, with the aim of attracting and developing future IT experts.

Ekobit and Span get to know each other

In 2022, Span Group achieved one of the most important steps in its further expansion and business growth - the acquisition of a Croatian company specialized in software development, Ekobit. While mergers and acquisitions are key tools for achieving organizations’ strategic goals, they can also affect employees in numerous ways. Lack of communication, decline in trust, misunderstanding and uncertainty of long-term goals are just some of the challenges and potential problems that organizations may face.

After Ekobit joined Span Group, the first step was to explore the perception of Ekobit employees about Span and, in turn, Ekobit’s position within Span Group. Based on the results obtained, we engaged in dialogue with Ekobit employees at the end of last year. The aim was to provide the best possible insight into the acquisition process, secure an understanding of Span Group strategy and show that Ekobit is an integral part of our common story. At the end of October, we organized a joint off-site meeting attended by employees of both companies, which employees rated with a high grade - 9 out of 10. This was the first important step in interconnecting and integrating the employees of both companies.

Open dialogue

Span encourages its employees to be constantly open and free to give feedback and opinions about any part of the business process. One of the formal ways that serve this purpose is Performance Evaluation

However intangible and often elusive it may be, culture is always the crucial connective tissue of an organization. That is why it is extremely important for us to hear what our people think about their work environment, opportunities and challenges that open through working in Span, but also the way we collaborate on a daily basis.

Several key surveys are regularly conducted in Span and Span Group with the aim of obtaining employee feedback about their satisfaction and opinions. The key is the examination of the organizational climate, which we conduct on two levels: in-depth analysis is carried out every two years, with pulse surveys in the meantime. We conducted the pulse survey in 2022, and alongside it, a regular periodic 360° questionnaire.

In addition, Span encourages employees to be constantly open and free to give feedback and opinions about any part of the business process. One of the formal ways that serve this purpose is Performance Evaluation. The purpose of the PE dialogue is a structured exchange of feedback on the period past and the agreement of directions and goals for the next period, which consists of three main elements. In addition to assessing the employee's performance for the past and defining goals and expectations for the future, part of the PE dialogue is also employee feedback for their managers.

By filling out the PE form, and later in the PE dialogue itself, employees provide feedback on the past year, projects they invested the most time and energy in, the goals they have set for themselves, and also whether they have met their expectations and the challenges they encountered. It is also an opportunity to give their opinion about their leader, team, atmosphere, and work tasks, propose improvements and express equipment or support needs.

Formal internal communication takes place in four channels - e-mail, intranet, Yammer social network and video channel Span TV. The latter, a favorite and award-winning channel, allows employees to ask questions when members of the Management Board and senior management are guests on the show. Questions do not go unanswered; if there are some the members of the Management Board have not addressed, HR provides uses Yammer to provide answers. In addition to all this, the HR group has a Virtual Mailbox on Yammer to which everyone can send questions anonymously which are then appropriately answered. In addition to formal channels of communication and channels in which teams collaborate, Span offers the opportunity for exchange in informal meetings such as team buildings or socializing at the end of the working week.

What do people of Span say?

Without people's feedback, we would not be able to develop any of these initiatives well. Therefore, within employee satisfaction, inclusion, and experience surveys, we are particularly concerned with opportunities for professional development and advancement.

In both already mentioned versions of the satisfaction and opinion survey, the same areas and components are examined in terms of content, with the difference that the pulse examination does not go into the depth and evaluation of each issue of a particular aspect of climate but examines the overall impression within the aspect itself. In 2022, a questionnaire was sent to all employees of Span d.d., including students, and the turnout was very good, with a high of 96.3 percent.

When we talk about assessing certain aspects of organizational culture and climate, the best-estimated areas in the last year are leadership (90.00), team climate (87.42) and image of the organization (87.40), while the weakest estimated was reward system (71.44). In the context of personal experience, the best-estimated is the dimension of social integration, while the weakest-estimated is the dimension of psychophysical balance.

INTERVIEW

We want to be a role model of a responsible employer

Antonija Kapović

Member of the Management Board, HR Director

I see sustainability in the HR segment as an important part of Span's strategy. For me personally, sustainability in human resources primarily means ensuring a safe and healthy work environment for our employees, opportunities for development and advancement, and HR practices that promote diversity and inclusion. Sustainability also includes supporting the local community by encouraging our employees to actively contribute.

The most important social challenges facing the IT sector now include data privacy and security, various forms of discrimination, inequalities in access to technology and information, as well as the impact of the IT sector on the environment. We recently revised Span's HR strategy, which is increasingly converging towards ESG guidelines, because it is human resources that can ensure that our employee recruitment, development and evaluation processes value diversity and inclusion, and that our HR processes generally support the well-being of employees and the creation of a healthy work environment. We can also realize a positive impact on social challenges by working on the development and implementation of policies that promote diversity and the well-being of employees, and by encouraging employees to participate in volunteer and environmental initiatives. These are exactly some of our concrete KPIs for 2023.

When it comes to Span's sustainable future, I believe that it will continue to include continuous efforts to reduce our environmental footprint, promote sustainability through the use of cloud and cyber security services, and be an example of a fair, decent and socially responsible employer in the community in which we operate, as well as on the wider regional scene. We expect our stakeholders to recognize our investment in sustainability through transparency in reporting on our sustainable practices, continuous work to improve our HR and ESG processes and practices, and participation in numerous initiatives and projects that promote sustainability.

We can realize a positive impact on social challenges by working on the development and implementation of policies that promote diversity and the well-being of employees

Well-being, health and life balance

Considering the specificities of our work in which the issues of life balance are crucial, we are continuously working on creating a work experience that provides a good balance of private and professional, which is key in ensuring personal well-being and satisfaction. This area is regulated by the processes and rules contained in our Employment Rules of Procedure and the Code of Business Conduct, which also refer to safety and safety at work.

In the spring of 2022, in cooperation with the Croatian Institute of Public Health, Span embarked on the process of certification for "Health Friendly Company", gathering companies that recognize the importance of healthcare for their employees. This certificate is obtained within the National Program "Living Healthy" implemented by the Ministry of Health and the Croatian Institute of Public Health (HZJZ).

For the company to acquire this certificate, it must meet several criteria assessed and set by a team of HZJZ experts, in six areas: nutrition, promotion of physical activity, protection of the health of employees at the workplace, smoking ban, prohibition of alcohol consumption and regulation of the environment. We immediately got down to business to adapt to the program's recommendations, and here are the goals we achieved in the year 2022.

An apple a day keeps the doctor away

Nutrition is one of the key topics that we addressed intensively on several levels during 2022. Before the covid-19 pandemic, we provided fresh fruit in the offices for all employees on a weekly basis. With the arrival of the pandemic, this initiative was put on hold for sanitary reasons, but in 2022, in accordance with the guidelines of the HZJZ, it was successfully reintroduced.

But we did not stop there - as part of the internal social network Yammer, we opened a separate well-being channel called LifeSpan, to continue work on promoting healthy eating. As part of the channel, in the #SPAN NUTRITION section, we shared HZJZ menus, useful tips and brochures about healthy eating monthly.

Finally, in 2022, we also completed one of the most significant action plans in the field of nutrition. The results of last year's organizational climate survey indicated the need to introduce a certain form of subsidized meal in the company. Thanks to this, since mid-2022, we pay the maximum non-taxable amount of compensation for a meal to the employees.

Fitness challenges

We promote a healthy and active lifestyle in numerous ways, the most popular of which is probably the use of the MultiSport card, which allows all our employees access to various sports facilities and content throughout Croatia.

We do not just rely on external initiatives and programs - back in 2021, we launched one of now most recognizable internal well-being initiatives, the annual fitness challenge "Fit Happens", with the idea that Span Group employees "collect" steps for a month, compete and participate in raising awareness and healthy habits. We marked 2022 in this tone as well, so for the second year in a row, more than 140 employees across Span Group joined the "Fit Happens" initiative.

After a long absence, in 2022, the people of Span joined one of the largest business races in Croatia, B2Run, and in cooperation with the team from MultiSport, an analysis of body mass composition for all interested employees was successfully organized. Aware of the sedentary nature of our work, we decided to film short series of workplace exercises. These materials are available within the well-being channel LifeSpan, as part of the #SPAN OFFICE WORKOUT section.

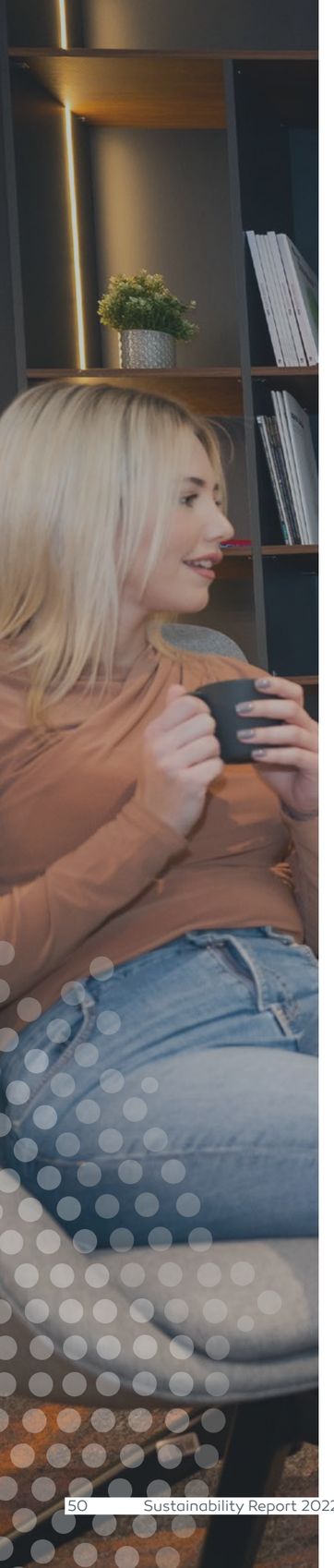
A step further was also made in cooperation with the Cyclists' Union. We certified our office in Zagreb with the European certificate "Cycle Friendly Employer", with which we joined the international initiative of socially responsible companies whose goal is to reduce greenhouse gases and positively affect the health and lifestyle of their employees.

Well-being and mental health

In the context of health in the workplace, great emphasis is placed on the importance of raising awareness and protecting mental health. Throughout the year, as part of the LifeSpan channel, we created content about this topic, and paid special attention to our Ukrainian colleagues who, unfortunately to this day, face the serious consequences of the war crisis. During this period, our colleagues had psychological counselling and support groups at their disposal. We have kept this form of support accessible for all our employees, offering five psychological counselling sessions, with which we want to further raise awareness and emphasize the importance of preserving and protecting mental health.

LifeSpan

The forerunner and foundation of all projects and initiatives was created through the cooperation of two areas in Span - human resources and corporate social responsibility. It was in this collaboration that LifeSpan was created, an umbrella term rounding up all our initiatives and well-being programs. The idea of LifeSpan is to cover different areas of everyday life – from proper nutrition and exercise to taking care of physical and mental health. To become aware of which segments of these topics are most important to our employees, we conducted a short survey at the beginning of the year. Based on the results, we worked out various initiatives and projects throughout the year. Aware of the fact that the key to any successful initiative and project is communication, the LifeSpan channel is one of the key resources for well-being for all our employees.



Education and professional development

As we work in a rapidly evolving industry, learning and advancement opportunities are of critical importance for our people. Therefore, we continue with initiatives in the field of employee development and training related to our strategic goals – talent retention and successful business.

When we talk about the professional competencies of Span employees, due to the specifics of the projects on which they are engaged, they need to acquire certain technological certificates by passing one or more exams. Directors of organizational units assess how many certificates should be acquired by each organizational unit, considering projects, customers and their needs, market trends and new technologies. We also consider the employee's interest in a particular technology, the desired guidance and the competencies that need to be developed. Directors in cooperation are working on education plans with leaders that will enable the acquisition of the necessary knowledge and development of skills to achieve all business goals. All employees can take the necessary exams for obtaining technological certificates free of charge in our Test Center, which they regularly do - as many as 70 percent of Span's employees have at least one technology certificate, and some have over 30.

The LMS portal (Learning Management System) is also available to employees. It contains a series of technical and non-technical training courses that are always available to employees. We use it when it is necessary to ensure that employees thoroughly master certain content. After completing a video lecture or reading material, they must pass the test to complete the course.

At Span, we believe in knowledge-sharing, so every other Monday engineers and/or project designers share knowledge about new technologies and solutions they are working on. The training is conducted via the Microsoft Teams collaboration platform, where they are recorded and published on the internal social network Yammer for those who may not be able to participate in a particular session. Most often it covers technical topics, but sometimes pertains to advanced use of various tools. Employees propose and prepare topics that they want to present to other departments, and those who attend conferences or external courses prepare presentations to transfer knowledge to other colleagues who need it or find the topic useful. Also, once a week colleagues from the Product Marketing department prepare short presentations about new products, services and solutions that Span offers on the market.

A special, intensive onboarding program is developed for employees in the Service Desk department. Since the beginning of 2021, we have been implementing this program, which includes empowering communication skills and teamwork, as well as a series of professional lectures to facilitate the transition into work.

In 2023, our goal is to add another initiative to our education offer: the development of competencies for specialist positions with the in-house education system called Span Learning Hub. Training in business areas, as well as "soft" skills, are planned in order to invest in the skills and knowledge of employees to continue the trend of strengthening Span's position in the market.

Encouraging talent development

The growth of the competencies of employees who are recognized as talents is part of the management skills development program known as Span Management Academy. The number of participants in 2022 increased compared to the previous year and 30 current and future team leaders and managers were included in this program. It included colleagues from the Group, so three colleagues from Ekobit, two from BonsAI and colleagues from Slovenia participated as well.

Span Management Academy is a nine-month educational program that includes two courses of workshops and a mentoring one. One direction of workshops refers to the development of business skills, or rather getting acquainted with the business of Span in certain management positions. Workshops and lectures in this course are held by our top managers and members of the Management Board who share theoretical and practical knowledge from their own experience. The second course deals with the development of "soft" skills, equally important for the development of managerial competencies. Span Management Academy's third course is a mentoring program. Depending on the competencies they need to develop and the development goals they have set for themselves, each participant is assigned a mentor who has the required competencies. Mentors are members of Span management who in this way share their knowledge and experience with new generations of leaders. A total of 22 mentors also underwent mentor training to be as effective as possible in this role.

Beyond our academy, we are developing a mentoring program with the intention of helping employees adapt and develop. Past activities include a mentoring program at Span Academy for future mentors with a focus on the transfer of technical knowledge. Also, all our managers are involved in the transfer of knowledge to employees.

Student programs

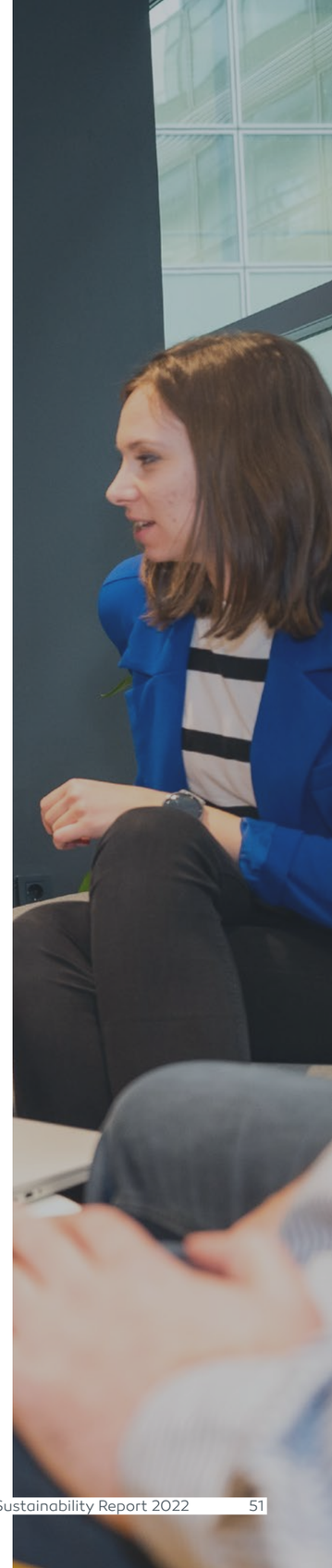
In the summer of 2022, two student summer internships called Span Academy - Development and Span Academy - Cloud & Security were also held. In July, the Cloud & Security course officially started and lasted nine weeks, while the Development course began in August and lasted five weeks. Both courses included lectures and mentoring by Span's experts to provide a better insight into the basic elements of IT systems, i.e., application development, to students.

Since September 2022, Span employees from the Software Development department held a lecture on the so-called skill entitled "Agile development of digital platforms using microservices" at the Faculty of Electrical Engineering and Computing in Zagreb. Skill is a four-month extracurricular course held by companies in collaboration with colleges and includes 13 lectures alongside practical portion. With both initiatives, we are working on Span being recognized as the employer of first choice at targeted higher education institutions in Croatia. Also, our employees who partake in these projects develop their mentoring and organizational as well as lecture and exercise conducting skills, which helps them in their daily work as well as communication with customers.

Global sustainability issues

In our Span Cyber Security Center launched in 2022, in addition to training for external trainees, cyber security training course is held for our employees. Cyber-training involves the experience of an actual attack on systems that mimic an organization's existing IT infrastructure. In this way, we work internally on the competencies for the future, both of our employees and customers and build resilience to one of the biggest sustainability challenges of today.

At Span, we recognized the importance of considering environmental, social and managerial aspects of business and sustainability management. Therefore, we organized management workshops called ESGym. By focusing on global risks and sustainability context, sustainability issues in the IT industry and Span's activities in these segments, we have trained our "sustainability muscles" and opened platforms not only for learning but also for the exchange of ideas and perspectives.



Working in the community

In almost thirty years of Span's existence, it has always been important for us to help those in need. Realizing that our position, in which we do what we love and are successful in it, is also a position of privilege, we have always worked to create opportunities for those who need and deserve them.

Our socially responsible projects, which we implement independently or in cooperation with institutions or civil society organizations, show exactly this desire. We have always advocated for actions in the interests of the community and this philosophy has been present from the very beginning of our business.

We especially try to help children. Regardless of age, from kids to teenagers, we strive to provide help to those who need it most. We often focus our actions on projects for them, because we believe that by investing in their development, we are building the foundation for an advanced, smart and inclusive society.

We provide assistance to numerous associations in STEM fields and work with children and youth, especially in the field of robotics, computer science and mathematics. Also, we are trying to stimulate interest in these areas in younger generations. Science, technology, engineering and mathematics are closely related to our company and their promotion is a logical and natural step for us.

Due to the noticeable deficit in investing in less popular sports and programs, we try our best to support such sports and clubs. We believe that they are important for the development and quality of life, both for young and older amateur sports enthusiasts. Martial arts, beach volleyball, softball and swimming marathons are just some of the sports we support and encourage.

The way we implement socially responsible projects and award donations and sponsorships is regulated by the Regulations on Sponsorships and Donations. It should be said that Span does not sponsor and donate funds to political parties or individuals competing for seats in representative bodies. In accordance with our commitment to zero tolerance for discrimination, we do not allocate or support persons and organizations that support or engage in any kind of discrimination.

Digital upgrade for Hrabri telefon

In 2022, we continued several collaborations and started some new ones, but in this, we focused on providing our knowledge and expertise in volunteer activities. Cooperation with Hrabri telefon (Brave Phone), a non-profit organization that helps and supports abused and neglected children and their families, has become something more and grown closer to our hearts in 2022 because it relied on providing our expertise and technologies at our disposal.

We have provided this NGO with a solution developed on the Power Platform using the PowerApps, app development tool, helping them to administer donations and track costs more easily, and a mobile application for scanning incoming invoices that reads important data from accounts using AI technology and stores them in an administration application. By developing these applications, we have replaced manual data entry and shortened time, enabling visibility and access for all documents – invoices, projects, contracts – in one place.

We often focus our actions on projects for children, because we believe that by investing in their development, we are building the foundation for an advanced, smart and inclusive society

In addition, we helped them activate free Microsoft licenses, installed the new Office applications they received with the M365 license, migrated their e-mails, set up the Sharepoint portal and provided information on the basic use of Office 365 services – therefore, we ensured that, in their daily work, they have full technical support and can use all the opportunities that technology brings them.

Making the days in the hospital easier

Span Ljubljana and Hospital School Ledina at the University Rehabilitation Institute Soča (URI Soča) have been collaborating for many years in numerous initiatives involving Span employees. They continued their cooperation through 2022.

In June, Span Ljubljana organized a trip to the Ljubljana Zoo for children undergoing treatment and rehabilitation at URI Soča. 11 children, four URI Soča employees and 11 Span employees participated. Every year Span Ljubljana organizes day trips that allow children who are being treated exposure to different experiences and an opportunity to spend the whole day with Span employees who take care of them.

Every year in December, Span organizes a holiday party with a masquerade and a play for the children at URI Soča. In addition to spending time with children who are treated in this institution, Span Ljubljana donates the necessary computer equipment and most importantly, educates the employees of the Hospital School and URI Soča about its use to facilitate their daily work. On a monthly basis, Span organizes evening lectures “Spananje” at the location of the institute (held online during the pandemic) open to wards, employees and the public.

Opportunities for new STEM forces

After helping the Special Hospital for Medical Rehabilitation Krapinske Toplice and the Elementary School Mirko Pereš from Kapela in Bjelovar-Bilogora County, the RTL Helps Children Association and Span joined in cooperation for the third time.

Association for the Promotion of Technical Culture Glina and the People for People Association launched the project STEM center Glina with the aim of improving knowledge and innovation as key factors of future development and improving the quality of education. The project includes cooperation with primary and secondary schools and a kindergarten in Glina. Span and RTL Helps Children joined the project by providing additional support in the form of advanced educational IT activities that will be part of the extracurricular offer in Glina. The main idea of the project is to provide children and young people with access to quality materials and new applications and tools in the field of electronics and digital technology. Financing equipment for the project includes a smart board, 3D printer and consumables, camera and memory cards.

Thanks to the new equipment, STEM training will be possible with participation in practical work. The program will include topics in physics, chemistry, geology, biology, computer science, electrical engineering, mechanical engineering, robotics, polytechnics and mathematics. STEM center Glina will be open for all young people eager to learn and master new technologies, and visits will be free of charge.

Our young roboticists

For many years, we have been supporting young robotics enthusiasts by helping them organize participation in international competitions. Young roboticists are achieving fantastic results there - at the 3. Euro RoboCup in Guimarães, Portugal, Croatia was represented in nine categories by 37 competitors in 14 teams, with the support of 11 mentors. As many as seven teams returned to Croatia with medals – they won four gold, two silver and one bronze.

This achievement is even more significant considering that it was a true festival of knowledge that gathered competitors from 21 countries, more than 150 teams competed in numerous robotic categories, with about 900 participants!

A lovelier holiday

Span employees fulfilled Christmas wishes to the little wards of the Society for improving the quality of life of poor and neglected children Mali zmaj (Little Dragon). And in the past holidays, they turned into Santa Claus's helpers and responded with gifts to children's letters to Santa - just in case Santa could not arrive!

Mens s(p)ana in corpore s(p)ano

In 2022, we continued to support our softball club, a member of the Zagreb and Croatian Softball Alliance. Span's team has been achieving enviable results and won the Croatian Cup in 2022. In addition to sports clubs, we also support individuals; among them is a young climber Anja Santini Mikulić, who competed in both European and world competitions in 2022.

Governance with a purpose

The robust corporate governance model adopted by Span guarantees accountability at all levels and transparent reporting of our financial and non-financial data. In our management, we rely on the Code of Corporate Governance of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency (HANFA).

Management structure and composition of the Management Board

In accordance with the Statute and the Croatian Companies Law, Span consists of three management bodies: the Management Board, the Supervisory Board and the General Assembly, which consists of the company's shareholders.

The statute of the company, available on the company website, prescribes the manner of operation of the General Assembly, its authorities, shareholder rights and the manner of their realization. The Supervisory Board, appointed by the General Assembly, supervises the management of the company's operations and decides on issues within its authority in accordance with the law, the Statute and the Rules of Procedure of the Supervisory Board. As part of the Supervisory Board, the Audit Committee and the Appointments and Remuneration Committee work to support the work and activities of the Supervisory Board, both elected to a four-year term. The Appointments and Remuneration Committee of the Supervisory Board supervises the process of appointments to the Supervisory Board and the Management Board to ensure transparency and integrity and especially to establish the independence of the independent members of the Supervisory Board.

The company's operations are managed by the Management Board, following the fundamental principles of the corporate governance system: transparency, efficiency, clearly defined lines of authority and responsibility, as well as the implementation of supervisory mechanisms, all while considering sustainability and business development. The authorities of the Management Board and the Supervisory Board are prescribed by the Companies Law.

In accordance with Span's Policy of Assessment of Company Impact on the Environment and Community and Management of Associated Risks, the company's Management Board is responsible for managing environmental and social impacts. It ensures that in all aspects of its operations, Span considers and assesses the effects of its business activities on external and internal stakeholders, the environment and the community, as well as the management of related risks. The Supervisory Board is responsible for supervising the implementation of these activities and this policy.

The Management Board is appointed for a maximum period of five years, with the possibility of re-appointment, with no limit on the number of mandates. The Supervisory Board of the company determines the number of members of the Management Board by its decision. All members of the Management Board are experts with years of experience in management positions in the area of their responsibility and are of different ages, genders, profiles and work experience. The members of the Management Board were not members of the supervisory boards of Span Group companies.

Management Board members in 2022:

1. **Nikola Dujmović**
   – president
2. **Antonija Kapović**
   – member
3. **Marijan Pongrac**
   – member
4. **Dragan Marković**
   – member
5. **Saša Kramar**
   – member

The Management Board is obliged to act for the benefit of the company and shareholders, considering the impact of activities on external and internal stakeholders, the environment and the community. Members of the Management Board may not participate in decision-making or make decisions that are based on personal interests, or the interests of persons related to them, that is, the interests of individual shareholders or other parties. In order to prevent conflicts of interest, the members of the Management Board are guided by the rules prescribed by the Rules of Procedure of the Management Board in accordance with the Code of Corporate Governance of the Zagreb Stock Exchange and HANFA as well as the Companies Law, and especially the Conflict of Interest Management Policy.

At the session held at the end of 2022, Span's Committee for Appointments and Remuneration established a proposal to adopt a plan with a target percentage of female members of the Supervisory Board and Management Board in the next five years, in accordance with the provisions of the European Women on Boards Directive. Following these obligations, at least 40 percent of the seats in the Supervisory Board or 33 percent of all director positions (Supervisory Board and Management Board) should be occupied by an underrepresented gender, which in Span's case are women. The proposal was sent to the Supervisory Board, which will adopt an implementation plan based on it.

Management of key impacts

By adopting the Policy for assessing the impact of the company's activities on the environment and the community and managing related risks, Span undertook to consider and evaluate the effects of its business activities on external and internal stakeholders and the environment

We believe that technology provides humanity with numerous opportunities to achieve a more sustainable world, a fairer society and a healthier natural environment. Therefore, we operate in such a way as to encourage the opening and capturing of opportunities that technology brings and to reduce the possible harmful effects of our activities.

By adopting the Policy of Assessment of Company Impact on the Environment and Community and Management of Associated Risks, Span undertook to consider and evaluate the effects of its business activities on external and internal stakeholders and the environment in all aspects of its operations. To achieve this, we are committed to providing all our services to customers in a safe, reliable, sustainable, environmentally and socially responsible and efficient manner. We also ensure that all managers and employees are aware of their organizational and individual responsibilities for the environmental and social impacts of their work. We actively support the development of new technologies and processes that could further improve environmental and social benefits.

We are committed to promoting awareness of environmental and social responsibility among employees, customers, partners, suppliers, regulators and authorities and all other relevant stakeholders. In this, we want to ensure an open dialogue, so we provide trustworthy mechanisms for expressing complaints, concerns or suggestions about our company's activities and practices, as well as transparent and responsible resolution of complaints and responding to stakeholders' concerns and feedback.

The Management Board of the company is responsible for the implementation of this policy, which ensures due diligence of the organization and other processes to identify and manage impacts on the economy, the environment and people. The Supervisory Board and the Management Board jointly identify key stakeholders, and the Management Board ensures the existence of effective mechanisms for regular interaction with stakeholders, as well as for informing the Supervisory Board about the results of these communications. Dedicated ESG experts are responsible for the implementation of these

processes, coordinating all activities and regularly reporting to the Management Board and the Supervisory Board.

Span's Code of Business Conduct describes the values and principles on which the company relies in its operations, and which shape its relations with all stakeholders. These values and principles shape all of Span's business policies, guidelines, rules and procedures. At Span, we respect the fundamental human rights defined in the United Nations' Universal Declaration of Human Rights and internationally recognized principles and guidelines, including the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

The responsibility for the implementation of the obligations of the corporate policy related to sustainable and responsible business lies primarily with the Management Board, which ensures that all business and other relationships and ventures initiated by Span are based on these principles, but also on all Span employees who come into contact with people and the environment in their daily business and make business decisions that can affect them. Therefore, Span provides continuous education, either through internal educational channels or by organizing workshops, to raise employee awareness of the importance of doing business based on the principles of this policy and the Code of Business Conduct.

The due diligence process launched in 2022 included an internal review of the potential and actual negative impacts of Span's operations on the environment and stakeholders and the engagement of stakeholders in identifying key such impacts. More than two hundred members of various stakeholder groups were involved in this process, giving their opinion on Span's key impacts. Based on these findings and the analysis of its own business processes, Span will adopt a strategy to manage its key environmental, social and governance impacts, but also consider sustainability risks to its own business (more on pages 16-18).

During 2022, we also conducted extensive training for the Board and management of Span on the topic of the importance of managing the company's impact on the environment and society, with a special emphasis on issues, challenges and opportunities important for the IT sector. The workshops attended by more than 50 Span managers, as well as members of the Management Board, dealt with the context of sustainability, international initiatives and agreements, and an overview of global risks, the goals of the European Green Deal and the requirements that extensive regulation places on European companies. Furthermore, the workshops covered the interests and expectations that different groups of stakeholders such as employees, investors or customers have from IT companies in Croatia, Europe and the world.

INTERVIEW

Integration of reporting is the future

Ana Vukšić
Finance Director

Sustainability, in the broadest possible sense, for me represents a higher quality and better life for my children, grandchildren and all generations after them. The classic ESG challenge of anyone working in finance is to see the immediate benefits given that responsible resource management is engraved in our DNA code, and the costs of action (mitigation and adaptation to climate change) are significant. A more importnat question to ask is what the costs are if there is no such action, are we responsible in that case and what kind of life we are leaving for our grandchildren. It is necessary to “zoom out”, to get a wider perspective and a deeper insight into ESG.

Most companies already publish sustainability reports, but separately from financial reports, which makes it difficult to see the relationship between financial performance and sustainability performance. I believe that the introduction of IFRS standards will enable a better dialogue, both between these two segments, and between companies and their investors. A well-known saying says that what cannot be measured cannot be managed. All efforts are aimed at reducing ESG to a common denominator, i.e. standardizing legislation by introducing reporting standards. In this, I see three types of support that my profession can provide. The first is professional knowledge in the introduction of integrated reporting of financial and non-financial indicators, support in strategic decisions and defining the sources of financing that will be needed in the transition to a sustainable economy.

Technology is inevitable for economic growth, but also a crucial factor needed to ensure its sustainability. This is also confirmed by the Green Deal At the same time, Span is working on shaping its own sustainability impacts by reducing the impact cloud business has on energy consumption and climate change, developing an environmental responsibility strategy and contributing to the fight against climate change by developing energy-efficient products and reducing greenhouse gas emissions.

Technology is inevitable for economic growth, but also a crucial factor needed to ensure its sustainability

Risk management

Span recognizes several risks for business in different domains - strategic, economic, political and social, ethical, technological, security, legal, management, and market, as well as risks related to projects and changes, business continuity, environment and climate, employment and relations in the value chain. That is why in 2022 we started the implementation of a risk management system according to the recommendations of ISO 31000. Considering that risk is the uncertainty of achieving a business goal, we started from the goals within all management systems, with the intention of setting strategic goals from which we would later define risks in accordance with already applied controls.

Risks are defined and categorized by the risk management team together with risk champions from individual departments. Risks are presented to the Management Board four times a year, interpreting the application of controls and the plan for treating more important risks. Corrections are made, and tasks are assigned to individual team members at the Management Board meetings. The goal of such a system is for the organization to learn how to manage existing and recognized risks, regulating their importance and impact.

During 2023, we plan to assess risks according to the sustainability goals from the sustainability strategy in development. The sustainability risk assessment will include an assessment of climate and environmental risks for Span's operations, as well as complementing social and governance risks.

Ethical operations

Span's Anti-Corruption Policy and Code of Business Conduct are aimed at the effective management of risks arising from business relations with customers, suppliers and other business partners. Our Code applies to Span d.d. and all its affiliated companies (Span Group), all our employees and business partners, which include customers, suppliers, consultants, external associates, shareholders and other business partners appropriately related to Span in accordance with local legal requirements and regulations.

The Code determines the minimum standards that we require from our suppliers, their subcontractors and other business partners, and which they must respect and adhere to in doing business with Span. Span requires suppliers, their subcontractors and other business partners to act in accordance with the Code or equivalent standards, which may represent higher standards than those prescribed by applicable law.

We expect suppliers and business partners to respect human rights, and act in accordance with the law, especially when it comes to the fight against corruption and unfair market competition. They are expected to have internal controls, risk and conflict of interest management systems in place and to promptly notify us of a conflict of interest that could directly or indirectly affect Span. In 2022, we assessed six large suppliers and five key customers, and no cases of corruption were recorded.

If an employee finds themselves in a situation where they suspect illegal or unethical actions or any actions or procedures that violate our rules, procedures, the Code or the law, they are obliged to immediately report any suspected violation. In principle, as a first step, we encourage them to contact their superior, but if this is not possible for any reason, they should contact the Compliance Officer at compliance@span.eu or the Employee Dignity Protection Officer at dostojanstvo.radnika@span.eu, by phone at SPAN LINE: +385 1 6690 240 and to the address of our headquarters in Zagreb. All our stakeholders can also submit the application anonymously, using the application form on our website.

When it comes to training employees on this topic, cooperation with Microsoft continued, and employees with a risk of bribery higher than low for the Microsoft partner Code of Conduct were educated. In 2022, we organized a one-hour education on the topic of anti-corruption, which was attended by members of the Management Board, all directors, the Sales department and attendees of the Management Academy. Also, new participants of the academy underwent a one-hour training on our anti-bribery system.

Among the first on the market

In January 2022, Span certified the anti-bribery system to the requirements of ISO 37001, thus establishing another robust management system. Span thus became the first Croatian IT company and the third company in Croatia with this certified system, built based on our set of compliance documents from 2018.

Financial sustainability and stability

Our business strategy is focused on the expansion of business activities with high added value and further growth in all segments of our business, as well as expansion into new markets with strong cooperation with key partners and international clients.

REALIZATION OF SPAN GROUP'S GROWTH STRATEGY

Operating revenue **HRK 829.7 mil.** (+8% YoY)

EBITDA before one-off items **HRK 71.8 mil.** (+48% YoY)

EBITDA after one-off items **HRK 69.9 mil.** (+64% YoY)

Net profit after one-off items **HRK 50.5 mil.** (+112% YoY)

Along with the establishment of the Span Cyber Security Center (which you can read more about on page 27) and the merger of the company Infocumulus, owned since 2017, Span made another leap in 2022 – the takeover of the Ekobit company specialized in software development. In addition to being a logical step in Span's growth strategy, with the acquisition of Ekobit, both companies are expanding their service portfolio and customer base, offering existing and future customers even more advanced solutions and services.

In its operations, Span also uses some of the financial supports for entrepreneurship. This is the support of the Ministry of Economy and Sustainable Development, which enables exemption from the payment of profit tax for the period from 2015 to 2025, at 50 percent of the amount of the tax base, and up to the maximum threshold in the amount of the total investment according to the Investment Promotion Act and additional 50 percent in the period from 2021 to 2031, also in the amount up to the maximum threshold of the total investment. As part of the incentives approved in accordance with the Law on Investment Promotion and the Regulation on Investment Promotion, we were also approved for the incentive measure Support for the justified costs of creating new jobs related to the investment project.

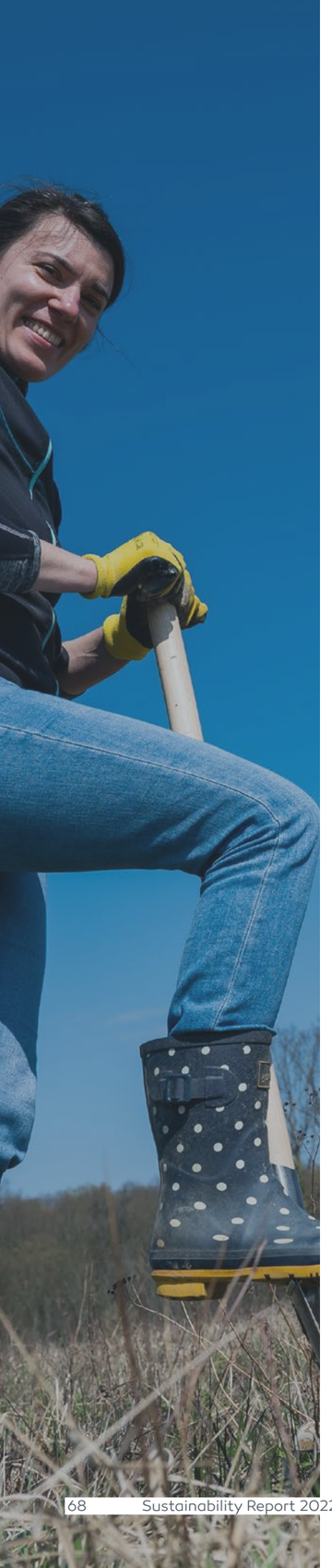
Business in Ukraine

At the beginning of the Russian aggression against Ukraine, Span established a crisis team in charge of ensuring the continuity of TOV Span's business and the continuation of providing support to customers, as well as protecting the lives of our employees in Ukraine (more on page 40). Interest in cloud migration services and the use of the Microsoft Azure platform has grown among Ukrainian customers, enabling stable business, data security and remote access from anywhere in the world, which has become imperative for many Ukrainian business entities due to the forced displacement of employees. Following our increased efforts in implementing solutions for customers in Ukraine, in 2022 TOV Span was named the Microsoft Partner of the Year in that country.

European star

At the end of 2022, Span was declared one of the three best small and mid-cap European companies that entered the capital market. This award is presented by the European Commission, the Federation of European Stock Exchanges and the Association of European Issuers. Among the best small and mid-cap companies with a market capitalization of up to EUR 200 million, we were chosen because of the excellent business results achieved after the initial public offering of shares on the capital market as a growing company with promising long-term prospects.

In the first year, Span's share, listed on the Zagreb Stock Exchange in September 2021, recorded a price increase of almost 40 percent. During that period, more than 450,000 shares worth more than HRK 100 million were traded. Also, the number of shareholders has increased, so - from the initial 1,200 during the IPO - at the end of 2022 we had more than 1,600.



Supply chain management

In our daily business, we cooperate with around three hundred suppliers from Croatia, the European Union and the world, depending on the supplier's coverage and the location of the customer for whom a certain project is being implemented. For illustration, the share of domestic suppliers in the total turnover with suppliers in 2022 was 48 percent, and the share of obligations to domestic suppliers in total obligations to suppliers at the end of 2022 reached 43 percent.

In our supplier assessment, we evaluate 63 suppliers across a range of categories, from vendors delivering technology platforms, Internet and telephony providers, to suppliers of hardware, materials and services. The criteria by which we evaluate them are quality, price, delivery time, adherence to deadlines and resolution of objections. The verification of suppliers is also carried out according to information security criteria, but the elaboration of the verification process according to social and environmental criteria is also underway. The first step in this process is the systematization of the requirements of all norms whose management systems we certify, and which relate to business with suppliers. Accordingly, and considering the risk assessment in business, we will set additional criteria for supplier evaluation.

When we talk about ethical business, adherence to the Code of Business Conduct is a prerequisite for any business cooperation with suppliers. By concluding a business relationship with us, our partners undertake that all their actions are subject to the provisions specified in the Code, and Span reserves the right to monitor compliance with these principles. Our suppliers and business partners are obliged to report any suspected violation of regulations, laws and the Code. They may report in good faith any suspected illegal or unethical actions or any actions or practices that violate our rules, procedures, the Code or the law to the Compliance Officer at compliance@span.eu.

Climate and environment

Mitigating climate change and preserving the natural environment have long ceased to be something commendable – today, this is imperative for the business world, which has the greatest impact, but also the greatest opportunity to achieve climate and environmental neutrality.

In accordance with the obligations assumed by the members of the UN when it comes to mitigating climate change according to the goals of the Paris Agreement and the European Union's ambitions for Europe to become the first carbon-neutral continent, at Span we have begun to consider our impact on the climate and the opportunities before us to make a positive contribution. Therefore, we started calculating carbon emissions in 2022. The calculation of the organization's greenhouse gas emissions is ongoing for the values for Scope 1 and Scope 2 according to The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard. These calculations will serve us as starting values in setting goals and developing an action plan for reducing our own carbon emissions.

We will look for opportunities for a positive contribution in reducing the energy requirements of the development of the solutions and services we provide, but also in ensuring the selection of more energy-efficient data centers for our customers. In this way, together with our partners such as Microsoft, we are already considering all impacts in the joint value chain to provide customers with sustainable digital solutions and business in the cloud.

When it comes to environmental protection and energy efficiency, in 2021 we certified our environmental and energy management systems according to ISO 14001 and 50001 standards, and continue to consider our environmental impacts and manage them according to these standards in 2022 as well. During the year, we launched an energy audit of Span's building in Koturaška Street to consider possible solutions for achieving energy efficiency. Due to technical aspects of the building, it is not possible to install a photovoltaic system which was initially planned, so the procedure for contracting the procurement of energy from renewable sources for this location has been initiated. At the location in Savska Street where Span rents office space, "green" energy is already being used.

During 2022, we also started the process of improving sustainable practices in everyday office work. We analyzed the procurement of office materials and the sorting and disposal of all types of waste to improve the management of this segment of work. Recycled paper has been introduced for everyday business, and all products from hygiene baskets in our restrooms have been replaced with sustainable products, while other paper or cardboard products are gradually being replaced with those made from recycled raw materials. We are continuously replacing the use of plastic in all business elements (bags, folders and other office supplies) with more sustainable solutions. We do not take the understanding of the importance of this aspect of work for granted, so all new employees in Span undergo training on sustainable practices in the office environment based on the mentioned management systems and take a short test.

Span in action

Going beyond our offices, in 2022 we expanded our environmental horizons and collaborated with partners Projekt O2 and Humana Nova on great initiatives that not only gave us a sense of contribution but also opened up some new perspectives and ideas.

We marked Earth Day 2022 with a volunteer afforestation campaign in Grubišno Polje in cooperation with Project O2. A dozen people from Span (in 2023 there will be many more of us!) participated in reforestation by throwing balls or "bombs" filled with seeds of different plant species. Already after a dozen thrown balls, it became clear why the drone - which is used in the project to carry around the seeds - is a much faster, easier and more efficient solution. The volunteers also had the opportunity to listen to a lecture where they learned something about the process of making balls filled with seeds, studied the ways in which a special mixture of seven ingredients is made, and tried their hand at making them.

Social cooperative Humana Nova is a well-known social entrepreneurship project that combines environmental and social responsibility, employing socially excluded people who create new values from textile surpluses and sew products from new materials. In cooperation with them, we organized the campaign "Loads of Clothes" in which we collected worn clothes and other textile products for the purpose of recycling and smart management of raw materials. Also, permanent containers for the collection of textiles were placed in front of Span's headquarters, and we also educated all employees about the importance of good management of this type of resource - which is by no means waste.

Span in numbers

The people of Span							
GRI	**Indicators**	**2020**		**2021**		**2022**	
G2-7	**Employees, Span Group**	**M**	**F**	**M**	**F**	**M**	**F**
	Employees, Total Number	399	123	427	147	571	231
	Fixed-term contract, no.	4	1	15	4	14	3
	Permanent contract, no.	395	122	412	143	557	228
	Full-time, no.	398	123	427	146	570	230
	Part-time, no.	1	0	0	1	1	1
	Students, %	5.17		6.79		8.73	
	Employees, Span d.d.	**M**	**F**	**M**	**F**	**M**	**F**
	Total number of employees	326	91	353	116	439	169
	Fixed-term contract, no	14	2	15	4	14	2
	Permanent contract, no.	312	89	338	112	425	167
	Full-time	325	91	353	116	438	169
	Part-time	1	0	0	0	1	0
	Students, %	4.79		6.57		7.87	
Span	**Diversity, Span Group**	**M**	**F**	**M**	**F**	**M**	**F**
	< 30 years of age	111	31	135	45	212	86
	30-50 years of age	269	86	274	97	339	137
	> 50 years of age	19	6	18	5	21	7
	Diversity, Span d.d.	**M**	**F**	**M**	**F**	**M**	**F**
	< 30 years of age	94	21	112	34	167	58
	30-50 years of age	217	67	226	79	258	106
	> 50 years of age	15	3	15	3	14	5
401-1	**New hires (31/12/22), Span Group**	**M**	**F**	**M**	**F**	**M**	**F**
	< 30 years of age	52	15	56	25	89	46
	30-50 years of age	42	12	33	20	54	35
	> 50 years of age	2	0	0	1	1	1
	Departures (31/12/22), Span Group	**M**	**F**	**M**	**F**	**M**	**F**
	< 30 years of age	12	5	17	5	18	11
	30-50 years of age	35	7	40	15	30	10
	> 50 years of age	1	2	3	0	3	0
	New hires (31/12/22), Span d.d.	**M**	**F**	**M**	**F**	**M**	**F**
	< 30 years of age	43	11	46	19	75	34
	30-50 years of age	28	8	29	17	45	29
	> 50 years of age	2	0	0	0	1	1
	Departures (31/12/22), Span d.d.	**M**	**F**	**M**	**F**	**M**	**F**
	< 30 years of age	11	5	14	3	11	7
	30-50 years of age	22	7	31	8	23	7
	> 50 years of age	1	2	3	0	3	0
202-1	**Ratio of standard starting salary to minimum wage, Span d.d.**	**M**	**F**	**M**	**F**	**M**	**F**
	Zagreb	1.99	2.04	1.96	2.18	2.21	2.21
	Osijek	2.56	n/a	2.07	n/a	2.13	n/a
	Rijeka	n/a	n/a	2.94	3.06	2.35	n/a

405-2	**The ratio of salaries of women and men, Span d.d.**	**F/M**		**F/M**		**F/M**	
	Zagreb	0.90		0.91		0.89	
	Osijek	0.86		0.89		0.98	
	Rijeka	2.30		1.31		1.37	
406-1	**Cases of discrimination, Span Grupa**	0		0		0	
404-1	**Education, Span d.d.**						
	Number of hours spent on education	44,015		56,171		84,956	
	Average hours per employee	106		120		140	
	Education by gender and position, Span d.d. (Statistics are managed by gender as of 2022)	**M**	**F**	**M**	**F**	**M**	**F**
	Management, no. hours	-	-	-	-	5,939	3,288
	Average management, no. hours	-	-	-	-	121	164
	Employees, no. hours	-	-	-	-	53,215	23,177
	Average employees, no. hours	-	-	-	-	136	156
404-3	**Performance assessment, Span Group**	**M**	**F**	**M**	**F**	**M**	**F**
	Fixed-term contract	100	100	100	100	100	100
	Permanent contract	100	100	100	100	100	100
	Full-time	100	100	100	100	100	100
	Part-time	100	100	100	100	100	100
403-9	**Injuries at work, Span d.d.**						
	Number of injuries at work	0		0		1	
	The rate of injuries at work	0		0		0.1	
	Lost working hours	0		0		120	
	Lost working days	0		0		15	
401-3	**Maternity and parental leave, Span d.d.**	**M**	**F**	**M**	**F**	**M**	**F**
	Employees entitled to parental leave*, no.	326	91	353	116	439	169
	Employees who have exercised the right to parental leave, no.	1	9	5	6	2	10
	Employees who returned to work after completing parental leave, no.	1	9	5	2	1	3
	Return of employees who have exercised the right to parental leave **, %	100	100	100	33.3	50	30
	Employees who returned to work after completing parental leave and remained employed and 12 months after returning to work, no.	1	7	1	0	0	0
	Retention at work of employees who have exercised their right to parental leave***, %	100	77.7	20	0	0	0

**The number of employees who returned to work after the end of parental leave included all employees, regardless of the year in which they returned.*

***Given that the parental leave of individual employees extended over two calendar years, such employees were included in the report for both years.*

****For individual employees who have taken parental leave during 2021 and 2022, it is not possible to determine whether they remained employed for 12 months after returning to work, given that this period has not yet ended. Therefore, these employees were included in this report as if they did NOT remain employed and 12 months after returning to work.*

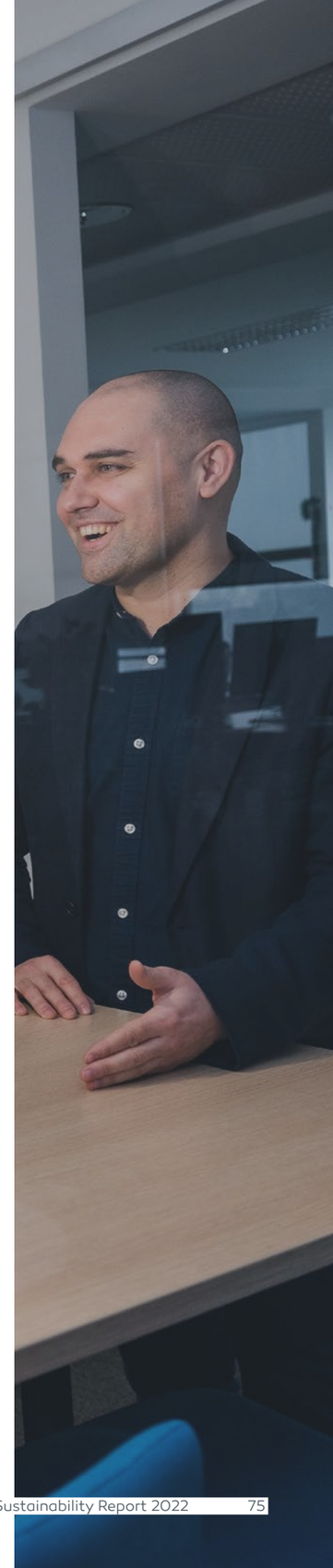
Corporate governance				
GRI	**Indicators**	**2020**	**2021**	**2022**
2-21	The ratio of the total annual compensation for the highest paid individual of the organization and the average of the annual total compensation for all employees	5.51	5.62	5.98
2-21	Ratio of percentage increase in total annual compensation for the highest paid individual of the organization against the percentage increase in the total average annual compensation for all employees	1.45	1.02	1.07
2-9	Women in the management bodies, %	16.7	20	20
405-1	Women in managerial positions, %	20	26.4	30.1
2-27	Cases of non-compliance with laws and regulations	0	0	0

Economic impact				
GRI	**Indicators (HRK)**	**2020**	**2021**	**2022**
201-1	Revenues	618,093,598.00	780,237,413.00	873,651,690.00
	Operating expenses	79,082,153.00	100,655,759.00	150,173,124.00
	Salaries and benefits of employees	118,911,970.00	138,583,688.00	194,301,888.00
	Payments to capital providers	-	1,538,880.00	11,226,860.66
	Government-by-state payments (taxes)*	30,372,326.00	32,953,314.00	35,135,325.56
	Community investments (donations)	152,402.00	673,118.00	1,458,205.00

**Government payments by taxes: VAT, profit tax, income tax and surtax*

Products and services				
GRI	**Indicators**	**2020**	**2021**	**2022**
416-2	Cases of non-compliance with regulations concerning the impact of products and services on health and safety	0	0	0
417-2	Cases of non-compliance with regulations and voluntary codes for declaring and labelling products and services	0	0	0
417-3	Cases of non-compliance with regulations concerning marketing communications	0	0	0

Environmental impacts				
GRI	**Indicators**	**2020**	**2021**	**2022**
302-1	Power consumption, Koturaška, Zagreb			
	Electricity (kWh)	337,990	329,772	342,586
	Thermal energy (kWh)	135,620	144,869	125,680
	Energy intensity, Koturaška, Zagreb	2021	2022	2022/2021
	Electricity (kWh/m^2)	190.32	197.71	103.89%
	Thermal energy (kWh/m^2)	83.61	66.86	79.97%
	Power consumption, HOTO tower, Zagreb	2020	2021	2022
	Electricity (kWh)	-	80,119	99,373
	Thermal energy (kWh)	-	80,722	192,937
	Fuel consumption, motor vehicles (Zagreb)	2020	2021	2022
	Petrol and diesel (l)	61,204	67,806	103,141
	Total km	874,339	968,664	1,473,442
	Consumption (l/100km)	7	7	7
	Energy (kWh)	612,037	678,065	1,031,410
303-5	Water consumption, Koturaška, Zagreb	2020	2021	2022
	Water (m^3)	993	924	1,199
306-3	Waste	2020	2021	2022
	Hazardous waste (total) (electronic), kg	210	810	400
	Non-hazardous waste (total) (paper, cardboard), kg	870	700	2,100



Taxonomy report

Taxonomy Regulation (EU) 2020/85 is a key element of the European Commission's action plan to redirect capital flows to a more sustainable economy. As a classification system of environmentally sustainable economic activities, it represents an important step towards achieving carbon neutrality by 2050 in accordance with the goals of the European Union.

Following the obligation to report on key indicators, Span Group presents the share of taxonomy-eligible and taxonomy-aligned economic activities in its group revenues, capital expenditures (Capex) and operational expenditures (Opex) related to the first two taxonomy objectives: climate change mitigation and climate change adaptation, in accordance with Taxonomy Regulation 2020/852 and Commission Delegated Regulation (EU) 2021/2139.

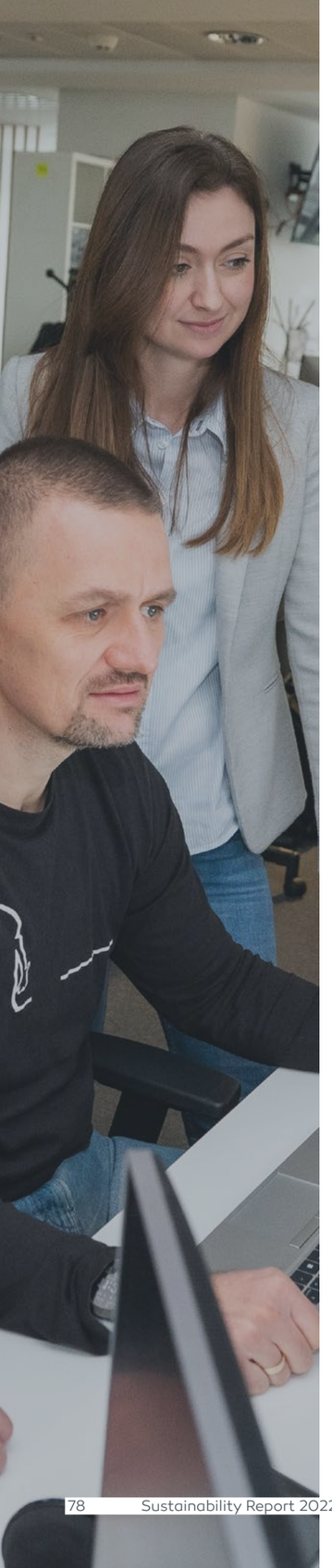
In the calculations of the key indicators, we used the following interpretations: taxonomy-eligible economic activities are described in the delegated acts that supplement the Taxonomy Regulation, regardless of whether they meet any or all the technical screening criteria established in the delegated acts. Taxonomy-aligned economic activities are activities that contribute to one or more environmental protection objectives; they do no significant harm to any of the environmental protection objectives; are carried out in accordance with minimum social safeguards; and are in accordance with the technical screening criteria in the delegated acts that supplement the taxonomy. A taxonomy-non-eligible economic activity is any economic activity that is not described in the delegated acts of the Taxonomy Regulation. Key performance indicators (KPIs) include turnover, capital expenditure and operating expenditure.

For the 2022 reporting period, KPIs must be published in relation to taxonomy-eligible and non-eligible economic activities as well as taxonomy-eligible economic activities that are aligned and non-aligned with the taxonomy (Article 10(2) of the Delegated Regulation). The determination of KPIs is determined in accordance with Annex I, Article 8 of the Delegated Acts.

Eligibility analysis

Last year, our interdisciplinary team analyzed the operations of Span according to the requirements of the taxonomy, i.e., made the first assessment of taxonomically eligible activities. We started by analyzing the activities in the scope of the information and communication sector within which Span generates its revenues. Following the descriptions of activities, we concluded that all our activities that can be taxonomy-eligible are under the item Computer programming, consulting and related activities[1]. Also, through the analysis of other taxonomy activities, we checked Span's activities outside of the core business, and we recognized eligible activities in the item Acquisition and ownership of buildings.

1 In the Sustainability Report 2021, it was stated by mistake that these activities fall under the heading Data processing, server services and related activities. The calculations of taxonomically eligible activities for 2021 are correct.



The share of taxonomy-eligible economic activities in our total revenue is calculated as the portion of net revenue derived from products and services related to taxonomy-eligible economic activities (the numerator) divided by net revenue (the denominator), for the financial year that lasted from January 1, 2022, until December 31, 2022. The numerator of the revenue KPI is defined as the net revenue resulting from products and services related to economic activity eligible for the taxonomy for Computer programming, consulting and related activities.

The KPI of capital expenditures (Capex) is defined as the taxonomy-eligible share of Capex (the numerator) divided by the total capital expenditures for the financial year 2022. In this segment, we compared the activities with the economic activities included in the taxonomy and singled out internal development of software solutions, ownership of the real estate and its use, as described in the points Computer programming, consulting and related activities and Acquisition and ownership of buildings.

The operational expenditure KPI (Opex) is defined as the totality of taxonomy-eligible operational expenditure (the numerator) divided by our total operational expenditure (the denominator). Total operating expenses, according to the definition of the taxonomy, consist of direct non-capitalized expenditures related to research and development, building renovation measures, short-term leases, maintenance and repair and all other direct expenses related to the daily servicing of real estate assets, plant and equipment. In our case, this includes the cost of salaries of employees who provide professional services for the development, construction and maintenance of information systems to customers, the costs of maintaining the Group's business premises, depreciation of intangible assets resulting from internal development, and depreciation of real estate and its use in accordance with items Computer programming, consulting and related activities and Acquisition and ownership of buildings.

Alignment analysis

We subjected the identified eligible activities to an assessment of alignment with the taxonomy, following the given assessment steps: for all recognized activities, we determined whether they significantly contribute to adaptation to climate change, given that, according to the taxonomy, both groups of activities can contribute to this taxonomic goal. Then we checked whether there were DNSH criteria for other taxonomy goals for these activities and assessed compliance with them. Finally, we checked whether the company's implementation of the minimum social safeguards complies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights established in the eight fundamental conventions established in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Charter of Human Rights.

Substantial contribution to climate change adaptation

A prerequisite for establishing that the activity contributes to the goal of adaptation to climate change for both identified activities is the implementation of the process of analysis and assessment of physical climate risks. The assessment of physical climate risks for the key infrastructure at our disposal and for buildings owned and managed by Span was carried out in 2022 as part of the ISO 22301 Business Continuity Management certification process (for which we received the certificate in April 2023).

Do no significant harm

We assessed taxonomy-eligible activities aligned with the criteria of substantial contribution to climate change adaptation according to DNSH criteria in accordance with Annexes I II. Delegated Acts 2021/2139.

For activities under the item Computer programming, consulting and related activities, there are no taxonomy-prescribed DNSH criteria for other taxonomy goals. For activities under the item Acquisition and ownership of buildings with the goal of contributing to climate change adaptation, the taxonomy stipulates that buildings built before December 31, 2020, must have at least an Energy Efficiency Certificate (EPC) of class C. The buildings owned and managed by Span meet this criterion.

Minimum social safeguards

Span's Code of Business Conduct describes the values and ethical principles on which the company relies in its operations. At Span, we respect the fundamental human rights defined in the United Nations Universal Declaration of Human Rights and internationally recognized principles and guidelines. As an employer, Span is committed to work aligned with the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. Also, in 2022, we initiated due diligence on our potential and actual negative impacts on the environment and society, including human rights, and we did not come across any cases of human rights violations. We will continue to strengthen our responsible policies and practices regarding the protection of human rights, by checking the impact of our activities throughout our value chain.

TURNOVER

Economic activities (1)		Absolute turnover (3)		Proportion of turnover (4)		Climate Change Mitigation (5)		Climate Change Adaptation (6)		Water (7)		Pollution (8)		Circular Economy (9)		Biodiversity and ecosystems (10)		Climate Change Mitigation (11)		Climate Change Adaptation (12)		Water (13)		Pollution (14)		Circular Economy (15)		Biodiversity (16)		Minimum Safeguards (17)		Taxonomy aligned proportion of total turnover, year N (18)		Category (enabling activity) (20)		Category (transitional activity) (21)	
		(HRK)		%		%		%		%		%		%		%		Y/N		Y/N		Y/N		Y/N		Y/N		Y/N		Y/N		%		E		T	
A. Taxonomy-eligible activities				39%																																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																																					
8.2. Computer programming, consultancy and related activities		323,118,841.00		39%		0%		100%																													
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		323,118,841.00		39%		0%		39%																													
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																																					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00		0%																																	
Total (A.1+A.2)		323,118,841.00		39%																																	
B. Taxonomy-non-eligible activities																																					
Turnover of Taxonomy-non-eligible activities (B.)		506,612,032.00		61%																																	
Total (A+B)		829,730,873.00		100%																																	

CAPITAL EXPENDITURES

Economic activities (1)		Absolute capital expenditure (3)		Proportion of capital expenditure (4)		Climate Change Mitigation (5)		Climate Change Adaptation (6)		Water (7)		Pollution (8)		Circular Economy (9)		Biodiversity and ecosystems (10)		Climate Change Mitigation (11)		Climate Change Adaptation (12)		Water (13)		Pollution (14)		Circular Economy (15)		Biodiversity (16)		Minimum Safeguards (17)		Taxonomy aligned proportion of total capital expenditure, year N (18)		Category (enabling activity) (20)		Category (transitional activity) (21)	
		(HRK)		%		%		%		%		%		%		%		Y/N		Y/N		Y/N		Y/N		Y/N		Y/N		Y/N		%		E		T	
A. Taxonomy-eligible activities				43%																																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																																					
7.7. Acquisition and ownership of buildings		7,681,781.00		15%		100%		0%																													
8.2. Computer programming, consultancy and related activities		13,861,460.00		28%		0%		100%																													
Capital expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)		21,543,241.00		43%		15%		28%																													
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																																					
Capital expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00		0%																																	
Total (A.1+A.2)		21,543,241.00		43%																																	
B. Taxonomy-non-eligible activities																																					
Capital expenditure of Taxonomy-non-eligible activities (B.)		28,134,138.00		57%																																	
Total (A+B)		49,677,379.00		100%																																	

Economic activities (1)	Absolute operating expenditure (3)	Proportion of operating expenditure (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Taxonomy aligned proportion of total operating expenditure, year N (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
			Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
	(HRK)	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities		**21%**																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
7.7. Acquisition and ownership of buildings	9,933,856.00	1%	100%	0%						Y					Y	1%		
8.2. Computer programming, consultancy and related activities	150,182,978.00	20%	0%	100%											Y	20%		
Operating expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)	**160,116,834.00**	**21%**	**1%**	**20%**	**0%**	**0%**	**0%**	**0%**								**21%**	**0%**	**0%**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
7.7. Acquisition and ownership of buildings	2,359,591.00	0%																
Operating expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	**2,359,591.00**	**0%**																
Total (A.1+A.2)	**162,476,425.00**	**21%**																
B. Taxonomy-non-eligible activities																		
Operating expenditure of Taxonomy-non-eligible activities (B.)	**600,679,844.00**	**79%**																
Total (A+B)	**763,156,269.00**	**100%**																

The Sustainability Report for the year 2022 covers Span Group's operations and activities for the period from 1 January to 31 December 2022. It has been prepared in accordance with GRI standards and SASB standards for disclosure of financial material information on sustainability. The contents of the report are not subject to external verification. All questions and suggestions related to this report can be directed to ESG@span.eu or Span d.d., Koturaška cesta 47, Zagreb.

Report profile

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SASB index

In the 2022 Sustainability Report, we used the Software and Information Technology (IT) Services guidelines of the Sustainability Accounting Standards Board (SASB). This is the first year Span's sustainability report has been prepared using the SASB standard. The following view refers to public disclosures that include information in accordance with SASB metrics for the year ended December 31, 2022.

Environmental Footprint of Hardware Infrastructure				
Accounting metric	Category	Unit of measure	SASB code	Disclosure
(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	kWh, %	TC-SI-130a.1	Climate and environment Span in numbers
(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	m^3, %	TC-SI-130a.2	Span draws and consumes water for the needs of sanitary facilities in its office spaces. Given this, the quantities of drawn water are not material for Span.
Discussion of the integration of environmental considerations into strategic planning for data center needs	Discussion and Analysis		TC-SI-130a.3	Span works with data center providers in the processes of migrating users to the cloud. We cooperate with service providers that respect all world standards of energy and environmentally efficient business.

Data Privacy and Freedom of Expression				
Accounting Metrics	Category	Unit of measure	SASB code	Disclosure
Description of policies and practices relating to behavioral advertising and user privacy	Discussion and Analysis		TC-SI-220a.1	Span's policies and procedures for the protection of employees' personal data include collection, use, protection, retention, access and correction of data in accordance with the GDPR. The full Privacy Policy is available on the Span website.
Number of users whose information is used for secondary purposes	Quantitative	Number	TC-SI-220a.2	Span has established policies and practices regarding the privacy of user data that provide a high level of security and privacy to users in advertising. The information is used for purposes such as advertising and sending marketing and information content related to the business and activities of Span Group. Information usage practices that are inconsistent with individuals' expectations may violate their privacy, and Span prevents such use of information.
Total amount of monetary losses as a result of legal proceedings associated with user privacy	Quantitative	Currency	TC-SI-220a.3	There were no such proceedings.
(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	Quantitative	Number, percentage	TC-SI-220a.4	There were no such requests.
List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	Discussion and Analysis		TC-SI-220a.5	N/A

Data security				
Accounting Metrics	Category	Unit of measure	SASB code	Disclosure
(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Quantitative	Number, percentage	TC-SI-230a.1	There were no data breaches.
Description of the approach to identifying and addressing data security risks, including the use of third-party cybersecurity standards	Discussion and Analysis		TC-SI-230a.2	Span holds ISO/IEC 27001 information security management certification, ISO/IEC 20000-1 for IT service management and risk management system according to ISO 31000 recommendations. In creating and providing services, Span applies the best practices of partners such as Microsoft or Cisco and organizations such as NIST, ENISA, CIS.

Recruiting & Managing a Global, Diverse & Skilled Workforce				
Accounting Metrics	Category	Unit of measure	SASB code	Disclosure
Percentage of employees who are (1) foreign nationals and (2) located offshore	Quantitative	Percentage	TC-SI-330a.1	Span d.d. employs 0.5 percent of foreign citizens in the total number of employees, while Span Group employs 0.4 percent of foreign citizens. Employees who have resided abroad (Croatia) for a longer time in 2022 are employees of TOV Span from Ukraine (5 employees, 0.6% of Group employees).
Employee engagement as a percentage	Quantitative	Percentage	TC-SI-330a.2	In 2022, 96.3 percent of employees participated in the employee satisfaction survey of Span d.d.
Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Quantitative	Percentage	TC-SI-330a.3	Span monitors the workforce structure by gender. The data is available in the Span in numbers chapter

intellectual Property Protection & Competitive Behavior				
Accounting Metrics	Category	Unit of measure	SASB code	Disclosure
Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	Currency	TC-SI-520a.1	There were no such proceedings.

Managing Systemic Risks from Technology Disruptions				
Accounting Metrics	Category	Unit of measure	SASB code	Disclosure
Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Quantitative	Number	TC-SI-550a.1	There were no problems with the delivery of services or interruptions in the delivery of services.
Description of business continuity risks related to disruptions of operations	Discussion and Analysis		TC-SI-550a.2	At the end of 2022, a business impact analysis was carried out and groups of services critical to support business processes were defined as well as key risks that can affect business continuity. The main risks relate to prolonged loss of electricity and the ability to connect to the Internet at business locations, as well as the physical risks associated with the building owned by the company. More on the risks in the 2022 Annual Report.

Activity Metrics				
Accounting Metrics	Category	Unit of measure	SASB code	Disclosure
(1) Number of licenses or subscriptions, (2) percentage cloud-based	Quantitative	Number, %	TC-SI-000.A	The performance indicators used by Span are available in the 2022 Annual Report.
(1) Data processing capacity, (2) percentage outsourced	Quantitative	Number, %	TC-SI-000.B	The performance indicators used by Span are available in the 2022 Annual Report.
(1) Amount of data storage, (2) percentage outsourced	Quantitative	Number, %	TC-SI-000.C	The performance indicators used by Span are available in the 2022 Annual Report..

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HEADQUARTERS: Zagreb, Koturaška cesta 47, phone: +385 1 6690 200