span

BUILDING A DIGITAL PATH TO A
SUSTAINABLE FUTURE

2021

Sustainability Report

CONTENT

Span was founded on March 23, 1993, as a limited liability company, and by the decision of the Management Board on December 13, 2019, we became a joint-stock company. Our main activities encompass providing software asset management and licensing services, infrastructure services for the design and maintenance of information systems, work in cloud and information security, management of information technology and technical support service services, as well as software and business solutions development services. In 29 years of business activities, we have evolved from an IT system integrator in Croatia to a global IT consulting group that cooperates with more than 1,200 clients.

We work with leading global and regional corporations focusing on building long-term client relationships. As a leading Microsoft technology expert and a leading regional Microsoft partner, we have Microsoft Gold Partner status. In addition, we are the first Croatian company to have nine advanced Microsoft specializations, which will increase to eleven in 2022.

We have been recording a continuous average annual revenue growth of 20 percent in recent years, and three-quarters of the revenue is generated on the international market. As a provider of IT services, we successfully monitor and respond to trends in the digital transformation of business, and with our work and company values, we strive to be an example of responsible and sustainable business in Croatia.

Our headquarters are in Zagreb, and in Croatia we conduct business activities in two other locations, Rijeka and Osijek. In addition, in 2021, Span operated through four domestic affiliated companies and eight international affiliated companies that make up the Span Group, operating in Slovenia, Germany, Switzerland, Ukraine, Moldova, Azerbaijan, USA and United Kingdom.

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About us

Structure of the Span Group in 2021

Span d.d.

INTERNATIONAL AFFILIATED COMPANIES	DOMESTIC AFFILIATED COMPANIES
Span IT Ltd. UK	
Span d.o.o. Ljubljana	Infocumulus d.o.o.
Span USA, Inc.	
Span Azerbaijan MMC	BonsAI d.o.o.
Span GmbH	MMC d.o.o.
Span TOV	
Span Swiss AG	Trilix d.o.o.
Span-IT s.r.l.	

Key information: Span Group in numbers in 2021
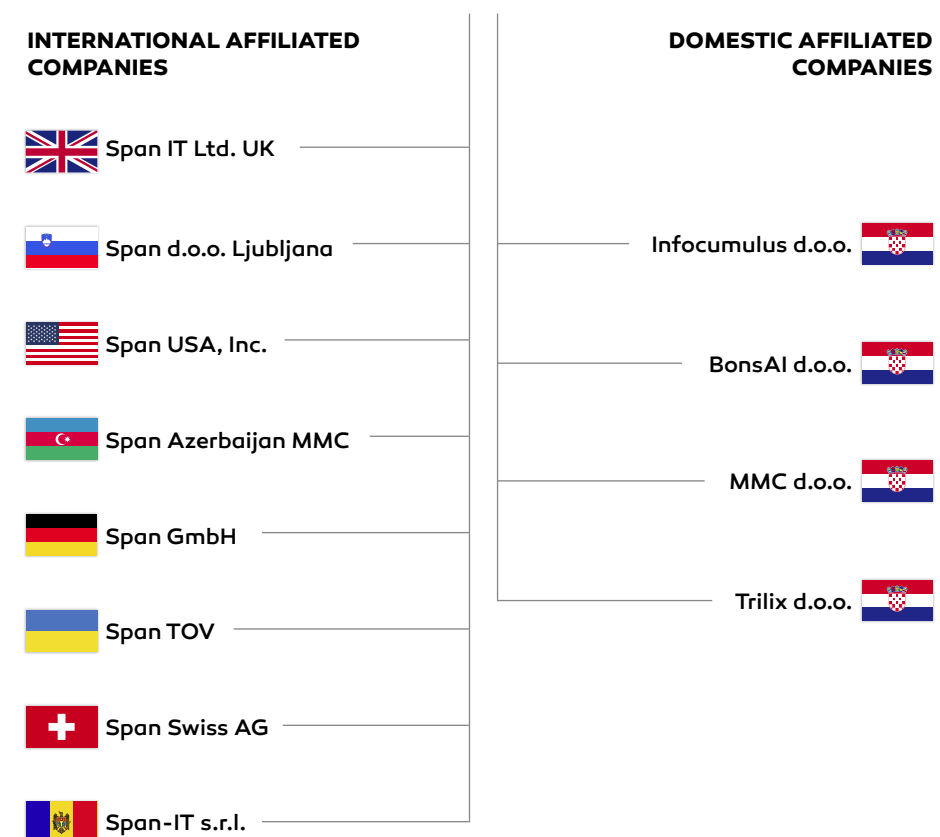
40
INTERNATIONAL PARTNERS

550+
EXPERTS

+1 200
CLIENTS

> By going public, we opened a new business chapter. Through the initial public offering of shares, we raised more than HRK 100 million of capital and welcomed more than a thousand new shareholders into the ownership structure
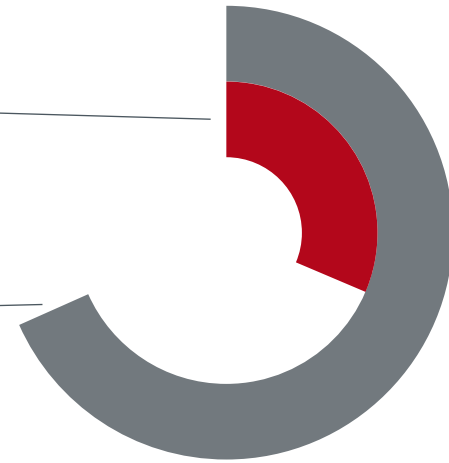
Successful listing on the Zagreb Stock Exchange

In 2019, we became a joint-stock company with the intention of listing shares on the regulated market of the Zagreb Stock Exchange. That was accomplished in 2021. By going public, we opened a new business chapter. Through the initial public offering of shares, we raised more than HRK 100 million of capital and welcomed more than a thousand new shareholders into the ownership structure. In December 2021, the successful initial public offering of shares brought us the Zagreb Stock Exchange Award for Contribution to the Capital Market Development.

Management and certifications

Certified quality, safety and IT services management systems, as well as environmental and energy management systems (ISO 9001, ISO 27001 and ISO 20000, ISO 14001 and ISO 50001)

Nine Microsoft Advanced Specializations:
  Windows Server and SQL Server, Migration to Azure
  Teamwork deployment
  Identity and Access Management
  Adoption and Change Management
  Information Protection and Governance
  Meeting and Meeting Rooms for Microsoft Teams
  Threat Protection
  Calling for Microsoft teams
  SAP on Microsoft Azure

Employer Partner Certificate

Memberships and initiatives

Croatian Independent Software Exporters – CISEx

American Chamber of Commerce in Croatia (AmCham)

Awards and recognitions

Microsoft Partner of the Year (Croatia)

Microsoft Best LSP Partner (Ukraine)

McDonald's Global Technology Partner

Zagreb Stock Exchange Award for Contribution to the Capital Market Development

Best HR Practices – third place, project Fit Happens

Excellence in Employee Experience, HR Cloud

DIGITAL TECHNOLOGIES:
The key to a sustainable future

Today, technology plays a crucial role in economic growth and ensuring equality, inclusion, accountability and efficiency of all social actors. It is vital for unlocking the innovation opportunities needed to ensure sustainable community development and climate protection. Moreover, it is an indispensable cross-sectoral lever for reaching global agreements such as the United Nations Sustainable Development Goals. In the European Green Deal, the European Union emphasizes the development of technologies as an essential pillar of developing a low-carbon economy and societies that ensure equal opportunities and the well-being of all their members.

Just as the future of humanity is digital, so the development of technology must support and encourage the sustainable development of societies. At Span, we take our role in this process seriously. Although this is our first sustainability report, responsible management practices and ideas that we must equally contribute to the development of society and environmental protection have been embedded in our work principles long ago. By publishing this report, for the first time we present our practices as a systematic effort in which we plan to make continued strides, and we will regularly report on our progress.

Even before we started reporting on how we recognize and manage our significant impacts, we prioritized standardizing our management approach, thus aligning it with the most advanced global frameworks. Our commitment to responsible governance is evidenced by as many as six ISO certificates that we use to manage quality, services and environmental impacts. The latest, which we certified at the beginning of 2022, is the Anti-Bribery Management System ISO 37001, which places us among only several companies in Croatia that follow this standard. In addition, by entering the regulated market of the Zagreb Stock Exchange, we also confirmed that we adhere to high corporate governance standards and fair and transparent operations.

Responsibility, the keyword in "corporate social responsibility", does not only describe the ethical standards by which we work. It is one of our core values and the way we approach everything we do. Responsible consideration of all aspects of our business operations, responsible behavior in stakeholder relations, and responsibility in supporting community development all define Span. In our further strategies, plans, and activities aimed at creating environmental and societal benefits, the help of all those who work with us every day and know us well will be welcome. I invite you to use this report to learn more about us and to offer your suggestions to help us become even better.

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Nikola Dujmović
CEO
Span d.d.

The message of the CEO

At Span, we do things "the right way"; when we started thinking about presenting our first sustainability report, we knew we wanted to consider all the aspects of our business, the ones we know we are great at, as well as the ones we know we can improve in. We are open to the perspectives of all our stakeholders that can help us identify areas in which we can make progress and even those we may not have considered thus far.

The process of identifying material topics we carried out for this report helps us not only to report about them but also to better understand the views of our stakeholders, who have given us valuable inputs on how they see our various sustainability aspects. The good news: we were on the right track! All the topics that we have identified ourselves as sustainability areas that are in the domain of our responsibility have also been recognized by almost a hundred of our key stakeholders engaged in this process.

First and foremost, at the very beginning of this process, we have gathered a team of internal experts who, due to the nature of their work, are already dealing with various sustainability aspects of our business. Our people from human resources, quality management, finance, sales, marketing, communications, investor relations and legal affairs gathered at a joint workshop to assess material topics. Given the sustainability context in which companies operate today, our team assessed the most important aspects of our impacts using the United Nations Sustainable Development Goals and looking at topics already globally recognized as key to managing the environmental, social, and governance business aspects, with special emphasis on the IT industry. By classifying the identified topics within appropriate ESG segments, in the next step, via an internal survey, they re-affirmed these topics and gave their own assessment of Span's current management performance for each topic (on a scale of 1 to 8). Identified key stakeholders would go through the same process in the next step of the materiality assessment.

Responsible and sustainable-Our material impacts

Key stakeholder identification and engagement

The constant exchange of information with our internal and external stakeholder groups - such as our customers, employees, policymakers, investors, NGOs, suppliers, and partners - is key to the quality management of our sustainability aspects. We continuously engage all our stakeholder groups in various dialogue processes non-related to our sustainability report. For example, employees participate in a series of workplace satisfaction surveys, and we regularly examine our customers' satisfaction with the solutions we provide so we can improve continuously.

Wishing to include all opinions essential to us in this process, we carried out a stakeholder mapping procedure to identify those whose views are relevant to our business and those significantly affected by our operations. In a process involving all key departments with their unique perspectives, we recognized the following stakeholder groups as the key:

- Customers and clients
- Employees and management
- Business partners and suppliers
- Shareholders and investors
- Financial institutions and analysts
- Scientific community and academia
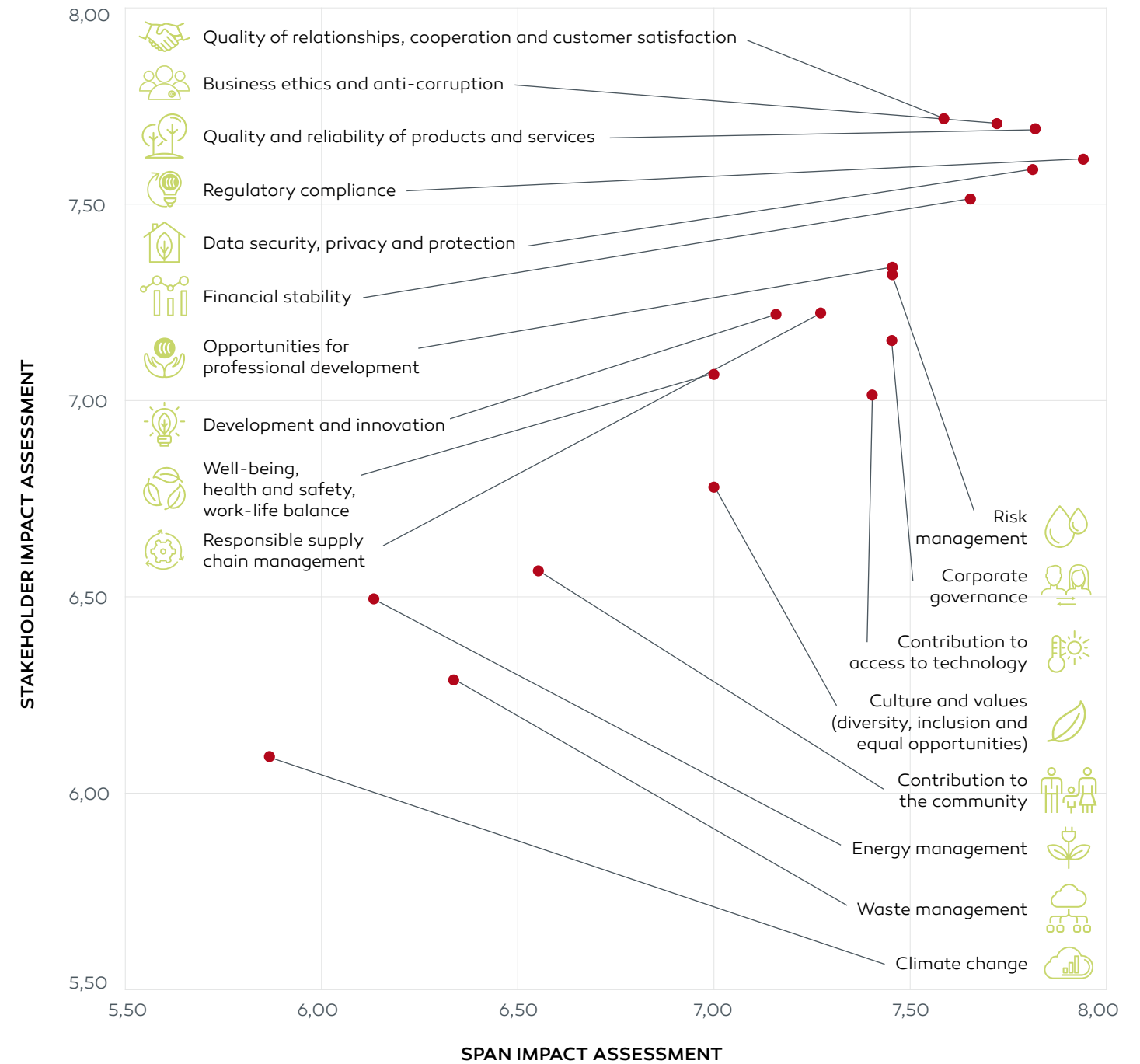- Students and student associations
- Media

Slightly less than a hundred representatives of these groups were included in the online survey in which they had the opportunity to rate the importance of identified topics, our success in managing them but also to contribute to the consideration of material topics by adding aspects which they find important and their perspectives that we may not have recognized. This process has shown that the internal assessment of sustainability aspects is mainly aligned with the perceptions of our stakeholders who confirmed our set direction.

Materiality analysis

The aim of the internal and external materiality assessment was to note stakeholders' expectations and define areas we will address in this report as well as our reports in the years ahead.

The following material topics have been identified, and the result of this assessment is visible in the materiality matrix:

- Business ethics and anti-corruption
- Financial stability
- Corporate governance
- Quality and reliability of products and services
- Quality of relationships, cooperation and customer satisfaction
- Responsible supply chain management
- Development and innovation
- Data security, privacy and protection
- Risk management
- Regulatory compliance
- Well-being, health and safety, work-life balance
- Contribution to access to technology
- Contribution to the community
- Culture and values
- Opportunities for professional development
- Waste management
- Climate change
- Energy management

STAKEHOLDER IMPACT ASSESSMENT

SPAN IMPACT ASSESSMENT

Quality of relationships, cooperation and customer satisfaction
Business ethics and anti-corruption
Quality and reliability of products and services
Regulatory compliance
Data security, privacy and protection
Financial stability
Opportunities for professional development
Development and innovation
Well-being, health and safety, work-life balance
Responsible supply chain management
Risk management
Corporate governance
Contribution to access to technology
Culture and values (diversity, inclusion and equal opportunities)
Contribution to the community
Energy management
Waste management
Climate change

Aspects rated as most important by both the internal expert group and stakeholders relate mainly to successful governance ("business ethics and anti-corruption" and "regulatory compliance"), which is not surprising given that both our experts and stakeholders were strongly influenced by the initial public offering of shares, i.e., Span's entry into the regulated market of the Zagreb Stock Exchange. This event marked 2021 for us internally, and it had a substantial impact on the assessments of our stakeholders also. What is even more crucial for us is stakeholders' assessment of our success in managing these topics. Over 70 percent of stakeholders that participated in the survey believe that Span manages these aspects above or far above the standard, while the rest of the respondents who provided an opinion on these aspects think that our management is in line with the standards.

Ranked by importance, the topics that follow refer to the added value of Span's core business: "quality and reliability of products and services", "quality of relationships, cooperation, and customer satisfaction" and "data security, privacy and protection". Our internal evaluation of the importance of these topics was once again in line with our stakeholders' assessments. Moreover, 69 percent of our stakeholders rate Span's management of the quality of its services above or far above the standard, while 78 percent of respondents believe our management of the quality of cooperation is above or far above the standard. When it comes to the "data security, privacy and protection" topic, stakeholders are slightly less strict when rating its importance than our internal group (internal rating 7.90; stakeholder rating 7.59 out of 8), and their estimate of our management performance in this aspect is also high - 64 percent of stakeholders assess our management of the topic above or far above standards (35 percent: in line with standards).

Apart from issues relating to governance and market access, the most important topics in the social segment concern the working environment, developing a corporate culture, and working conditions that foster a healthy work-life balance, professional development, and satisfaction. Both the working group and stakeholders consider the topics of "opportunities for professional development" and "well-being, health and safety, work-life balance" to be crucial. Stakeholders highly rated our management performance for the first two topics (73 percent), while our management of "well-being, health and safety, work-life balance" was rated above or far above the standard by 62.5 percent of stakeholders.

Finally, energy management is at the forefront when considering our environmental impacts. Although stakeholders currently consider these impacts less important than governance, market and social impacts, the matrix shows that they are all within 6-8 range, which still represents high importance. Nevertheless, the results of the survey indicate that environmental issues have not emerged as crucial in the relationship between Span and its stakeholders thus far; in their management performance assessments, slightly less than half of the respondents answered that they could not assess how successful Span manages its environmental impacts, although most respondents who provided an assessment rated management of these topics (at least) in line with standards. Given that we have environmental and energy management systems in place, this result indicates we will need to discuss our environmental impacts, their management and our results more with our stakeholders.

Transparent, ethical and efficient governance

Mission

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

Vision

Together with our customers, we are creating a digital future

Core business values and principles

Competence
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.

Governance structure and management standards

We apply clear and legally harmonized management principles to all segments of our business. Span is managed by three fundamental company bodies - the General Assembly, the Supervisory Board, and the Management Board. Our Management Board members, led by the CEO, represent the company independently and individually and make business decisions in the business segments of their jurisdiction. Members of the Management Board on the last day of 2021 were:

- Nikola Dujmović, CEO
- Marijan Pongrac, Member of the Management Board
- Dragan Marković, Member of the Management Board
- Antonija Kapović, Member of the Management Board
- Saša Kramar, Member of the Management Board

Our solid corporate governance model ensures carrying out responsibilities at all levels and in all aspects of our business. Considering Span's shares are listed on the regulated market of the Zagreb Stock Exchange, we adhere to the principles of the Corporate Governance Code of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency (HANFA). In addition, Span has specific rules of procedure that closely regulate the work of the company's bodies, the Conflict of Interest Managing Policy, the Policy on the Management and Handling of Prescribed Information, and the Policy on the Management and Handling of Inside Information.

We have been committed to adhering to the highest responsibility and quality standards from the very beginning. In doing so, we monitor how our behavior and actions compare to the most advanced global practices. In order for us, as well as all our stakeholders, to be certain that we manage our impacts in accordance with the highest standards, we recognize essential aspects of our business and certify management systems. By 2021, we have certified quality management, security and IT services, as well as environmental and energy management systems:

- ISO 9001
- ISO 27001
- ISO 20000
- ISO 14001
- ISO 50001

At the beginning of 2022, we certified the ISO 37001 Anti-Bribery Management System, thus confirming alignment with the best anti-corruption and compliance practices.

In addition to management systems, an important document that sets out the principles of our business and management of many of our impacts and relationships is the Code of Business Conduct. We are aware of our responsibility for how we cooperate and include our employees, suppliers, partners and customers. Therefore, in this Code, we express our commitment to comply with our core values, rules, policies and legal requirements, but we also expect the same from all our stakeholders.

The Code of Business Conduct regulates matters of fair business relations, states our basic ethical principles, highlights the importance and determines the measures of our business integrity and responsible behavior. In addition, a particular part of the Code is dedicated to the expectations we place before our suppliers and partners in terms of respect for human rights, regulatory compliance and risk management.

Sustainability topics, or more specifically, environmental, social and governance impacts, which are the responsibility of the Management Board, are also managed by a broad, multidisciplinary team comprised of experts from key business areas: human resources, development, quality management, marketing, sales, finance, legal services and controlling, who monitor sustainability matters and trends from their respective perspectives and work together to analyze, adapt and manage Span's critical impacts on the environment, society and economy.

Regulatory compliance

We are firmly committed to complying with legal requirements regulating every aspect of our business activities. The legal and quality management departments verify compliance with regulations and other norms that concern Span. We also put in place internal acts that define and elaborate obligations based on the legal framework and follow the principles of management systems and the Corporate Governance Code of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency to ensure that our actions are always aligned with the existing regulatory framework and its requirements. Regulatory compliance is one of the crucial segments of our Code of Business Conduct, which also provides information on reporting potential misconduct.

All our stakeholders can report irregularities to our Compliance Officer via e-mail at compliance@span.eu, or our headquarters in Zagreb. The reporting procedure is also available online and can be submitted anonymously using the form on our website.

Span being recognized as a responsible business entity is also evidenced by the fact that we have not recorded any cases of non-compliance with laws and regulations in the field of environmental protection and laws regulating social and economic issues.

All our stakeholders can report irregularities to our Compliance Officer via e-mail at compliance@span.eu, or our headquarters in Zagreb

Business ethics and anti-corruption

At Span, we operate globally and work with thousands of people, recognizing the significance of fighting corruption. In addition to the Code of Business Conduct, we particularly deal with business integrity in our Anti-Corruption Policy.

The Anti-Corruption Policy identifies and describes the principles, measures and main risk areas for corrupt practices. All our employees are familiar with it; it is part of the onboarding training, along with the Code of Business Conduct, and all our employees must pass the test after completing this training. The Anti-Corruption Policy is also available on our website. In 2021, as in the years prior, no cases of corruption were recorded.

In 2021, we conducted a corruption risk exposure assessment as part of preparations for the certification of the ISO 37001 standard. The analysis and risk management plan was carried out in sales, procurement, Management Board, human resources and marketing activities.

Risk management

Risk assessment, identification and monitoring are fundamental determinants of business success in a volatile and uncertain world. Therefore, at least once a year, we regularly conduct risk analyses to ensure timely management of their impacts on our business.

We monitor and manage risks in Span in accordance with various ISO management systems and ad-hoc for new or existing suppliers, customers and projects. A detailed list and description of the identified risks are available in the 2021 Annual Report.

In 2021, we launched a project to implement transparent risk management in certain business domains, and at the strategic, operational and financial levels, which we plan to complete by the end of 2022. Risk assessment within this project is carried out in accordance with the recommendations of the ISO 31000 standard and the Corporate Governance Code of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency.

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Our main task is to create IT solutions that improve the business operations of our customers. For us, this mission means more than just delivering intended solutions, but also creating added value that will help customers' business efficiency, security and simplification of processes and technology that will enable access to their services to a more significant number of stakeholders. In everything we do, we are guided by the intention of contributing to problem-solving, promoting easier use of technology and influencing the responsible management of various aspects of our client's business. Our worldview is inspired by those who want to use technology to improve the quality of life of as many people as possible.

Quality and reliability of products and services

Today, reliable technology is the basis of every business, and our task and responsibility are to provide customers with quality and advanced solutions that will, in turn, contribute to the sustainable development of their stakeholders. The quality of our solutions is based on our core values - competence, excellence, responsibility and trust. We always give our best to our customers and partners - one of our main characteristics and company ethos. We are proud of the fact that we do not give up until we deliver optimal solutions to our customers.

Since 2006, we have been implementing the ISO 9001 quality management system, which is the basis of our quality management. In addition, it has been upgraded with two additional management systems focused on IT services: ISO 27001, certifying information security, and ISO 20000, covering IT service management. By obtaining these leading international certificates, we have proven our commitment to continuously design, improve as well as monitor measures and procedures that ensure effective control of systems and confidentiality, integrity and availability of our customers' information, not forgetting our own information.

In addition to management standards, we have several certificates indicating our expertise in the implementation of specific solutions, such as 16 Gold and two Silver Microsoft competencies, nine advanced Microsoft specializations, status for EU / EFTA / Ukraine / Azerbaijan + BS and CIS, Microsoft Cloud Services status Provider, Google Cloud Partner, AWS Select Consulting Partner, Dynatrace Master Partner, HP Certified Gold Partner and many more.

Quality and reliability are reflected in the extremely low turnover of our customers. We record high percentages of satisfaction ratings in projects and IT services growing year by year. Following responsible practices in every aspect of our operations, in 2021 and before, there were no reported cases of non-compliance with regulations and voluntary codes of declaration and labelling of products and services.

The quality of our solutions is based on our core values - competence, excellence, responsibility and trust

Development of technologies and services for a sustainable future

The annual targets, set at the level of all management systems, are monitored, evaluated and developed in accordance with Span's strategic commitments. We measure success in this segment by standard financial and strategic indicators, evaluations of annual goals and customer satisfaction analysis in crucial business domains.

Also, with the latest certification of ISO 14001 and 50001 systems, we want to develop ways to monitor, measure and optimize the impact of our services on the environment, such as reducing the energy requirements of their development and use. Since we have certified these systems in May 2021, this aspect of management monitoring is only at the beginning. We are inspired by the examples of good practice in terms of energy efficiency and climate change and the performance of the world's largest companies to develop our own ways of managing these impacts.

Data security, privacy and protection

With the growth of the global IT market and as a response to cyber threats, cyber security and data protection are becoming an increasingly important segment of IT solution development. In this segment, we want to achieve further growth and be the most reliable service provider to our current and potential clients, implementing the latest solutions and strategies for managing increasing cyber threats. Security is equally essential for our systems, their safety and the protection of privacy and data of all users.

With this in mind, we have adopted the Information System Security Policy as an umbrella act, with the Privacy Policy available on our website regulating the use of personal data. The Information System Security Policy is related to compliance with the ISO 27001 standard, considered one of the best management frameworks in data security and protection. Based on this policy, we have adopted other internal acts regulating and elaborating security and data protection practices and property management issues, human resources, communication and equipment, and access control from the security aspect.

In Span, this segment of the business is managed by the Department of Corporate Security, the Department of Identity, Access and Cyber Security, and teams specializing in certain areas of information security (SOC, Service Desk etc.). Furthermore, our employees are familiar with the security issues, policies and processes that define this area. Education on these issues is a part of the onboarding process, assessed by an online test to determine knowledge acquisition. In addition, through our electronic media communication, we continuously inform all employees about the news in this area and test their knowledge.

In addition to employees, we also involve our other stakeholders in discussing and exchanging information regarding information security. For example, we conduct occasional webinars open to our existing and potential partners. Each webinar covers a separate topic, such as ransomware, response to cyber security threats, working with specific tools, GDPR etc. The presented materials are delivered to the participants at the end of the webinar.

Every year, Span conducts an internal and external audit of the information security management system, the results of which are reported to the Management Board and the Supervisory Board. By continuously conducting assessments, we control the state of the data protection system and,

if necessary, carry out preventive actions or correct processes. We also constantly monitor and harmonize the current situation with the development of new technologies and best practices applicable to data security. So far, we have not recorded any critical inconsistencies that could compromise our systems, nor cases of complaints regarding privacy breaches or loss of customers' personal data.

Success story: **How we strengthened system security by using passwordless login**

Although the rules for secure passwords are becoming more complex, it is still one of the most critical parts of the system and one of the most significant risks for cyber-attacks. Hackers do not break in; they log in to the system, for which they need the right combination of username and password. If we remove passwords from the equation and keep multi-factor authentication (MFA), systems are more protected from cyber-attacks. As a Microsoft partner, we knew that passwordless login was the way to go.

We used the Microsoft Authenticator App, Microsoft Hello for Business, and Microsoft InTune. The only technology within the complete solution that we purchased from a different vendor is the YubiKeys from Yubico keys, also proven to be compatible with these solutions and supported by Microsoft. The pilot project involved users from different departments to identify needs, specifics and challenges. After the successful implementation of the pilot project, the complete implementation project was divided into two phases, each of which consisted of several series of users who included a new way of applying. The implementation project took place in the last quarter of 2021 for Span Group members in Croatia. At the same time, several employees from other countries are involved in the project, followed by implementation in international group members.

Now all users log into our systems without a password, using devices under the security supervision of the organization, which are verified to meet the set security standards in combination with biometrics and PIN. In addition, we have eliminated the risk of exposing the password and effectively eliminated additional problems that passwords can cause - from creating a new secure password that meets the requirements every few months, to the fact that the user does not have to enter the password every time they log in.

Success story: How Domel reduced the risk associated with the availability of its SAP systems

Domel is a global development supplier of electronic systems and components with a leading market position as a manufacturer of vacuum units. Its fast-growing business has triggered the need for a disaster recovery plan (DR) to protect the company's assets and prevent losses in any disaster scenario.

We helped Domel conduct an "SAP to Azure" assessment that showed that the company could use the benefits offered by the public cloud platform to implement its SAP systems. We initially established a Disaster Recovery Site for Domel's SAP operations in Azure, which reduced the risks associated with geographical location. With our expertise in disaster recovery management, we have contributed to the business of users who continued to use previously purchased equipment in their own data centre. We have carefully planned and implemented the Disaster Recovery Plan for Domel, ensuring minimal business interruptions and almost negligible data loss.

Development and innovation

The emphasis on IT system security requires companies like ours to provide our customers with resilience to cyber-attacks or threats

Digital transformation is the most critical lever to accelerate the changes that humanity must make in a very short time to achieve the goals aimed at climate and environmental sustainability and the creation of a society of equal opportunities. As the pressure to ensure greater responsibility for the environment and society grows, so do digital technologies such as the Internet of Things, artificial intelligence and machine learning, aimed at helping these efforts. Any technological advances and applications that today follow market demands and high technology directly affect sustainability issues.

When we talk about the services that customers are looking for, the most important ones are security solutions, moving to the cloud business and cloud security management, and generally monitoring trends in technology development. The emphasis on IT system security requires companies like ours to provide our customers with resilience to cyber-attacks or threats. In addition, the transition to cloud business eliminates the need to use physical infrastructure and servers and thus significantly reduces energy consumption or impacts on the circular economy. On the other hand, users are looking for increasingly advanced solutions that will meet their core purpose and provide added value for the environment - such as energy efficiency - or for communities, ensuring accessibility, ease of use, inclusion or other societal benefits.

Large global companies such as Microsoft, which understand the magnitude of their responsibility to manage their impact on the planet, impose trends in the development and management of impacts and sustainability risks. In general, "cloud-first "is a philosophy advocated by Span, and major global service providers such as Microsoft and Google have long been working to reduce the cloud business's impact on energy consumption and climate change. Given our Microsoft Gold Certified Partner status, we closely monitor how this company shapes sustainability impacts and works with partners in the value chain to expand sustainability practices in each segment.

Development story: Span Zone - resource and operational efficiency

We are developing Span Zone, a self-service and self-care portal available to anyone who needs a specific set of cloud products and services. The Span Zone ecosystem will allow the user to manage services, view reports, as well as their assets, enabling better real-time cost management.

The added value of this portal is wide availability, user experience and customer support system, which enables business efficiency and easier access to services that users have so far purchased in direct sales or other channels.

Availability of technology

Digitalization has the power to expand the availability of services to individuals, thus strengthening the capacity of groups and communities for resilience and sustainability

Digital tools help overcome spatial barriers, enable better forecasting and risk management, reduce the environmental footprint and offer many other values to users. Digitalization transforms the classic business in the offline world and transfers it to the digital environment, speeding up processes and ensuring resource efficiency, which, in addition to money and time, also refers to the physical resources that business uses. But in addition, digitalization has the power to expand the availability of services to individuals, thus strengthening the capacity of groups and communities for resilience and sustainability. Therefore, our direction is to enhance business in those markets where there is a greater need for accelerated digitalization, such as the Eastern European markets. Digitalization will thus increase the competitiveness of local economies by optimizing business and ensuring the availability of services to many stakeholders, impacting the quality of everyday life.

Global risks best show how resilient and genuinely sustainable states, communities and companies are when they occur. With the rapid changes brought about by the outbreak of the Covid-19 pandemic, all the world's organizations have faced the challenge of ensuring uninterrupted functioning with remote working. As a provider based primarily on Microsoft products, we have helped many of our customers to enable their systems to work remotely and educate their employees, alleviating the situation in which we found ourselves.

Success stories: Support during the pandemic

Pandemic has created unprecedented challenges in the way our clients work. To help keep their business running smoothly in the "new normal", we developed an agile strategy to provide the technical support they needed. In one of the first projects of this type, we established five work processes aimed at enabling remote work, maintaining business connectivity, and the possibility of remote cooperation, thus enabling our clients to maintain normal business operations while ensuring the safety and well-being of employees. In addition, the range of functionality has been expanded to support the needs of changing modes to include Teams, Exchange Online, SharePoint Online, Autopilot Intune, Windows Updates and Cyber Security.

Communication with end-users and 24/7 support were vital in adopting this way of working; clients were presented with an intranet site featuring key events and news, a learning portal covering all new tools and processes, including Microsoft materials, live training, personalized, targeted emails to advise on upcoming changes and new opportunities, as well as push messages. Communication was also enabled in the internal social network Yammer and within discussion groups. Using the already available Microsoft tools, we created work environments that provided end-users with uninterrupted work and communication.

We took a similar approach with our other clients who needed a quick adjustment to ensure smooth business operations in changing conditions. For example, for the digital publishing house MCFR in Ukraine, which has more than 500 employees, creating a positive team atmosphere and attracting experts is one of the critical tasks of organizational management. It became even more critical when the company was forced to switch to remote work, which affected the emotional state of employees.

Experts from the Human Resources have developed a series of so-called "anti-crisis" activities to improve emotional state, internal communications and distance learning. For the technical implementation of this program, the Microsoft Teams solution was chosen, which, with the help of experts from Span, was integrated into the company's IT infrastructure.

As a provider based primarily on Microsoft products, we have helped many of our customers to enable their systems to work remotely and educate their employees, alleviating the situation in which we found ourselves

The first step in the implementation of the program was the organization of training on effective work with the Microsoft Teams system. Span experts held a series of webinars for employees with practical demonstrations of the functionality of this solution. Then, armed with the necessary knowledge and skills, human resource managers organized and conducted a series of internal corporate training, using the functionality of Microsoft Teams to train new employees who joined the company during the period of remote work. The highlight of the HR activity was the organization of an informal online event for employees - a virtual disco with a professional DJ, joined by many as 200 employees.

Success story: More efficient internal communication in INA

Employees in large companies such as INA often have difficulty accessing their administrative data, information on absence from work, salary, contributions, etc. This process is usually time-consuming and laborious, both for the person looking for such information and the one providing it.

Aware of the existing internal challenges and new technologies, INA wanted to provide employees with faster and easier access to internal information and reduce the workload of departments that store and provide such information. The solution came with the introduction of internal support, i.e., a chatbot that automates the data collection process, developed by a member of the Span Group, BonsAI.tech.

Quality of relationships, cooperation and customer satisfaction

We responsibly approach every relationship and project we develop for our customers; the quality of that relationship and their satisfaction are just as important to us as the quality of the solutions we develop for them. Therefore, we regularly survey the satisfaction of our customers using three types of surveys, which cover all our clients or types of cooperation:

- Solutions Consulting conducts a satisfaction questionnaire at the end of the project
- Solutions and Service Management conducts a customer satisfaction survey after the closure of each ticket
- We periodically conduct surveys of key users

In addition to these surveys, our sales department conducts customer interviews and resolves potential issues.

"Knowledge, skills, organization, accessibility. Any potential user should contact such a partner! The result will follow." Pula General Hospital

Project evaluations: Following the end of the project, customer satisfaction has been measured since 2014 and monitored annually with trend analysis. We examine change control, error control, time matrix, and customer satisfaction with the contractor and the project itself with a standard set of questions. In 2021, 28 projects were evaluated according to this methodology, with grades from 1 to 6. All grade averages are above 5.50, and a mean score of 5.624 was recorded, at the same level as in 2020 (5.654).

Solution and Service Management (SSM) - customer satisfaction after the ticket closure: This survey evaluates the speed of response, reporting, quality of solutions and access, business communication, and overall satisfaction with how complaints are resolved. Since the new Service Desk tool's implementation, the survey's response has improved, and 2,060 comments were processed in 2021 (1,745 tickets in 2020). It should be noted that 656 ratings came from Span's internal remarks, which is 32 percent, compared to 30 percent in 2020. Survey requests are sent to 50 percent of closed tickets, so the actual turnout is 2.1 percent, in line with the number of responses last year. The average score is 4.92 compared to 4.93 in 2020, so there are no significant changes.

Over the past year, users have submitted eighteen complaints, processed through the "Complaints" list, each with appropriate communication with the user. Of the 86,671 incidents, 37,268 were resolved at the Service Desk, up 43 percent, slightly less than last year's high 57 percent. These excellent results show focus on the satisfaction of our customers.

Key users: We periodically conduct surveys of key users, examining their attitudes and satisfaction with our people, the projects we implement together, and the services we provide to them. The latest survey, in which six of the nine key users participated, showed high satisfaction with all aspects of the collaboration. Ratings for people in the range of 1-10 range between a high of 9 and 10, with an average of 9.97. Customer satisfaction is expressed in percentages of answers to questions about the likelihood of starting a new project with Span and the perception of the value Span created by the project. Here, all users respond that they would like to start a new project with us and perceive the value we create as exceptional or good. Progress in the quality of services was also recognized, where respondents generally considered them to be slightly better than in previous surveys, and the services themselves were rated above average. Finally, when considering support aspects, users gave high scores (9-10) to all parameters, from support to knowledge of technologies and understanding of customer needs.

Financial stability

To create added value for the environment and the communities in which we operate, we must be financially stable. Therefore, an essential aspect of every company's business, including ours, is responsible and efficient management of the implementation of business strategy activities, i.e., growth strategies.

Our growth strategy is primarily focused on expanding high-value-added business activities, including IT services from the business segments of infrastructure services, cloud and cyber security, service management and technical support, as well as software and business solutions development. The expected growth is based on the geographical expansion into new foreign markets in Eastern Europe and Central Asia, for which we have the status of Microsoft LSP partner, but also on further organic growth in existing markets in all business segments.

Our strategic framework also includes more intensive cooperation with existing key international customers (expanding the number and types of services) as well as the development of Span Zone, a digital platform that allows fully autonomous procurement, activation, management and maintenance of cloud licenses and services for small and medium companies.

We regularly report on our business activities and results in our financial statements prepared following International Accounting Standards and the controls proposed by the Supervisory Board and its subcommittees.

Creating economic value and social investment (HRK)	2019	2020	2021
Revenues	471,806,907.00	613,757,176.00	774,123,386.00
Operational costs	68,424,592.00	79,082,153.00	100,655,759.00
Salaries and employee benefits	99,577,591.00	118,911,97.00	138,583,688.00
Payments to capital providers	1,005,000.00	–	1,538,880.00
Payments to government (taxes) *	26,582,031.00	30,372,326.00	32,953,314.00
Community investments (donations)	855,722.00	152,402.00	673,118.00

Payments to the government according to taxes: VAT, profit tax, income tax and surtax

Regarding the financial support intended for entrepreneurship, we use the support of the Ministry of Economy and Sustainable Development, allowing exemption from income tax for the period from 2015 to 2025 at 50 percent of the tax base and up to the maximum threshold of total investment according to Investment Promotion Act (NN 63/22). It also allows an additional 50 percent for the period from 2021 to 2031, which is also up to the maximum threshold of total investment. In addition, following the Investment Promotion Act and the Investment Promotion Regulation, we were granted the incentive measure Support for Eligible Costs of Job Creation related to the investment project.

Responsible supply chain management

We look at our role in the global value chains holistically: Span is a supplier of solutions and services, but we also procure products and services on which we base our solutions, which ensure our smooth daily business operations. Since our business affects many customers and partners worldwide, we are aware of the need to better manage the relationships within these value chains to ensure clear, transparent and fair frameworks for cooperation.

Span procures licenses, software and, to a lesser extent, hardware, mainly for project purposes. The solutions we procure from vendors such as Microsoft are the foundation of the products and services we develop for our customers, and therefore our dependence on such products is high. We also procure office equipment, furniture, IT infrastructure and a range of products and services related to our daily work. There are about three hundred suppliers in our value chain.

Since the big companies from which we obtain licenses and products have their policies and business principles, and because we want to work honestly, ethically and transparently, we insist on their compliance with the highest ethical business principles. In addition to compliance with our Code of Business Conduct, we manage our influences in the value chain using ISO 9001, an ISO 14001 from 2021. Therefore, we plan to supplement the supplier management system by a transparent assessment of strategic and financial risks, including ESG criteria.

We plan to expand our responsible practices in this area by informing suppliers about our efforts in environmental and energy management and introducing sustainability criteria in selecting suppliers. For this reason, we have not previously conducted an overview of possible negative environmental or social impacts within the supply chain, but this is our goal for the coming period.

Since our business affects many customers and partners worldwide, we are aware of the need to better manage the relationships within these value chains to ensure clear, transparent and fair frameworks for cooperation

Our guiding vision is to give more to the community than we have taken from it. We need to utilize natural resources responsibly, not risk our future by overusing them to be successful.

Therefore, environmental protection is one of the essential elements of Span's corporate social responsibility. With our knowledge and access to the latest technologies, we want to support efforts to give back to the planet what we took from it to achieve our society's current level of development.

Whether it is software optimization or rational use of materials, we at Span approach challenges with curiosity and in search of the best available solutions. The first step towards successfully solving each problem is to understand its scope, and that is why we decided to introduce systems for monitoring and managing the impact of our products, services and activities on the environment.

By setting up an environmental and energy management system certified according to ISO standards 14001 and 50001 in 2021, we are committed to adopting leading global practices in energy efficiency and environmental protection. The use of resources is the primary impact we currently recognize, but we are open to learning and considering what other actions we can pursue to protect the environment and climate.

Following the standardization of management systems, one of the key measures we introduced in 2021 is a register of environmental aspects for our offices in Zagreb. It is being used to assess the frequency of individual impacts, their consequences on the environment and their health hazards. Through this approach, we have increased our awareness of the impacts of our business operations and, based on the collected information, set goals to improve environmental practices.

Environmental targets we set in the first year of monitoring and management (April 2021):

- Increasing employee awareness of environmental protection and energy efficiency
- Monitoring of heat and water consumption
- Reducing toner consumption by 10 percent

These three targets are the initial step in creating an environmental responsibility strategy that we plan to supplement, upgrade our systems, and set more ambitious goals. Feedback from our stakeholders is also welcome for all our activities, so we provide them with an opportunity to share their opinions or file complaints on the way we manage our environmental impacts. Given our ambition to be environmentally responsible, in 2021 and before, there were no complaints or cases of violations of laws and regulations in the environmental segment.

Environmental protection is one of the essential elements of Span's corporate social responsibility. With our knowledge and access to the latest technologies, we want to support efforts to give back to the planet what we took from it to achieve our society's current level of development

Environmental impact management

Energy efficiency

One of the benefits of advanced and innovative technology solutions and IT tools is energy savings by transferring most of our business to cloud platforms. Although we achieve significant energy savings needed to maintain databases, we know that we cannot assess our impact and make the desired contribution to environmental protection without monitoring our consumption.

Therefore, in May 2021, we adopted the ISO 50001 standard, began systematically monitoring energy consumption in our office buildings in Zagreb and started analyzing the collected data that represents the base on which we will, in 2023, develop our energy efficiency goals. Within the environmental management system, we also monitor the consumption of water, heating energy and various types of fuel, and, as for electricity, we collect data and analyze opportunities for more efficient management of these resources. In procuring new servers, we also consider their energy efficiency and select those high-energy devices.

Energy consumption (Koturaška, Zagreb)	2020	2021
Electricity (kWh)	337,990	329,772
Thermal energy (kWh)	135,620	144,869

Energy consumption (HOTO Tower, Zagreb)	2021
Electricity (kWh)	80,119
Thermal energy (kWh)	80,722 (Sep-Dec)

Energy intensity (Koturaška, Zagreb)	2020	2021	2021/2020
Electricity (kWh/m²)	195,06	190,32	- 2.43%
Thermal energy (kWh/m²)	78,27	83,61	+6.82%

Fuel consumption, motor vehicles (Zagreb)	2020	2021
Petrol and Diesel (l)	61,204	67,806
Total km	874,339	968,664
Consumption (l/100km)	7	7
Energy (kWh)	612,037	678,065

Water consumption (Koturaška, Zagreb)	2020	2021
Water (m³)	993	924

The data show that water and energy consumption is at the same level from year to year, except for electricity consumption in Koturaška. There is an increase in energy consumption due to electric cooling devices. Consumption of thermal energy in the summer months is flat; since September 2021, we have been monitoring the kWh consumption in the HOTO Tower. However, we still do not consider the data from these first two years of monitoring to be representative, given the significant increase in the number of employees and the effects of the Covid-19 pandemic on office stay and resource consumption. Among the first activities to ensure more energy efficiency will be the replacement of neon lighting with LED lighting. Fuel consumption for motor vehicles also remained stable, and the difference in annual consumption was due to the reduced consumption during the Covid-19 lockdown in April 2020.

Increasing our employees' awareness of resource efficiency is key to achieving it, so our main goal in 2021 was to inform employees about energy efficiency, adopt responsible habits towards energy use, and proper use of electronic devices. Furthermore, we plan to develop an Energy Management Policy to make energy efficiency an integral part of the development of our new products and services.

Climate change mitigation

Climate change is one of the greatest threats to our way of life, and joint action is needed to prevent its consequences. The current production, procurement, and energy consumption methods contribute to increasing greenhouse gas emissions and the risk of reversing all the positive effects arising from the digitalization and the optimization of business processes. Although we are not currently measuring our carbon footprint, we see our contribution to combatting climate change in developing energy-efficient products and services, reducing greenhouse gas emissions through green energy procurement and changing our habits.

We recognize our indirect impact in using external data centers and therefore work with global partners who apply the most advanced measures for mitigating the negative impacts of their own operations. Microsoft, our largest cloud service provider, is committed to achieving carbon neutrality by 2030. This company is implementing targeted measures to increase the energy efficiency of its cloud. In 2021, Microsoft reduced its scope 1 and 2 greenhouse gas emissions by 16.9 percent and was committed to reducing them to zero by 2025 by increasing energy efficiency and using only renewable energy. All Microsoft data centers are certified by the LEED energy efficiency standard, and all new buildings must be LEED Gold certified.

To ensure its business is climate-positive, Microsoft will reduce its scope 3 emissions by 50 percent along the value chain by 2030, which currently accounts for as much as 97 percent of its total emissions. By removing carbon dioxide from the atmosphere, Microsoft plans to completely neutralize all its historical emissions by 2050.

Circular economy – value creation

At Span, we are aware of the value of limited natural resources. Waste generation cannot be avoided entirely, and as Span grows, so does the amount of waste we produce. Working on digitalizing our customers' business processes, we have seen firsthand the many opportunities for more efficient use of materials provided by modern technology. That is why we are constantly looking for new ways to reduce the use of materials and ensure that the collected waste can be reused as a resource.

Waste generated by our business activities includes non-hazardous waste, such as paper, plastic and glass, as well as waste that is considered hazardous such as toner, batteries, electronic waste and oil from our company vehicles.

In addition to introducing the ISO 14001 standard for environmental management in 2021, we also drafted the Waste Management policy, which will enter into force after the audit due to compliance with legal obligations. The collection and monitoring of data on hazardous waste disposal are managed by accounting, while back-office teams oversee non-hazardous waste. Span uses only the services of specialized authorized companies certified to dispose of certain types of waste to remove all kinds of waste. The significant increase in electronic waste in 2021 results from the disposal of previously stored equipment.

Waste (kg)	2020	2021
Hazardous waste (total) (electronic waste)	210	810
Non-hazardous waste (total) (paper, cardboard)	870	700

We remind our employees daily that everyone's contribution to reducing waste is essential. Digitalization of business activities significantly reduces the need for paper printing, but regardless of that, all our employees undergo online training and testing of knowledge on efficient waste separation. In 2020, we created a short video explaining how and where to dispose of different types of waste in our buildings.

Span Corners are an indispensable part of each of our business buildings in Croatia. We have set up waste sorting boxes across all business locations where our employees can dispose of items such as toners, empty batteries, small electronic waste, and various types of plastic, including styrofoam, paper and cardboard, thus providing all the infrastructure needed for personally responsible behavior.
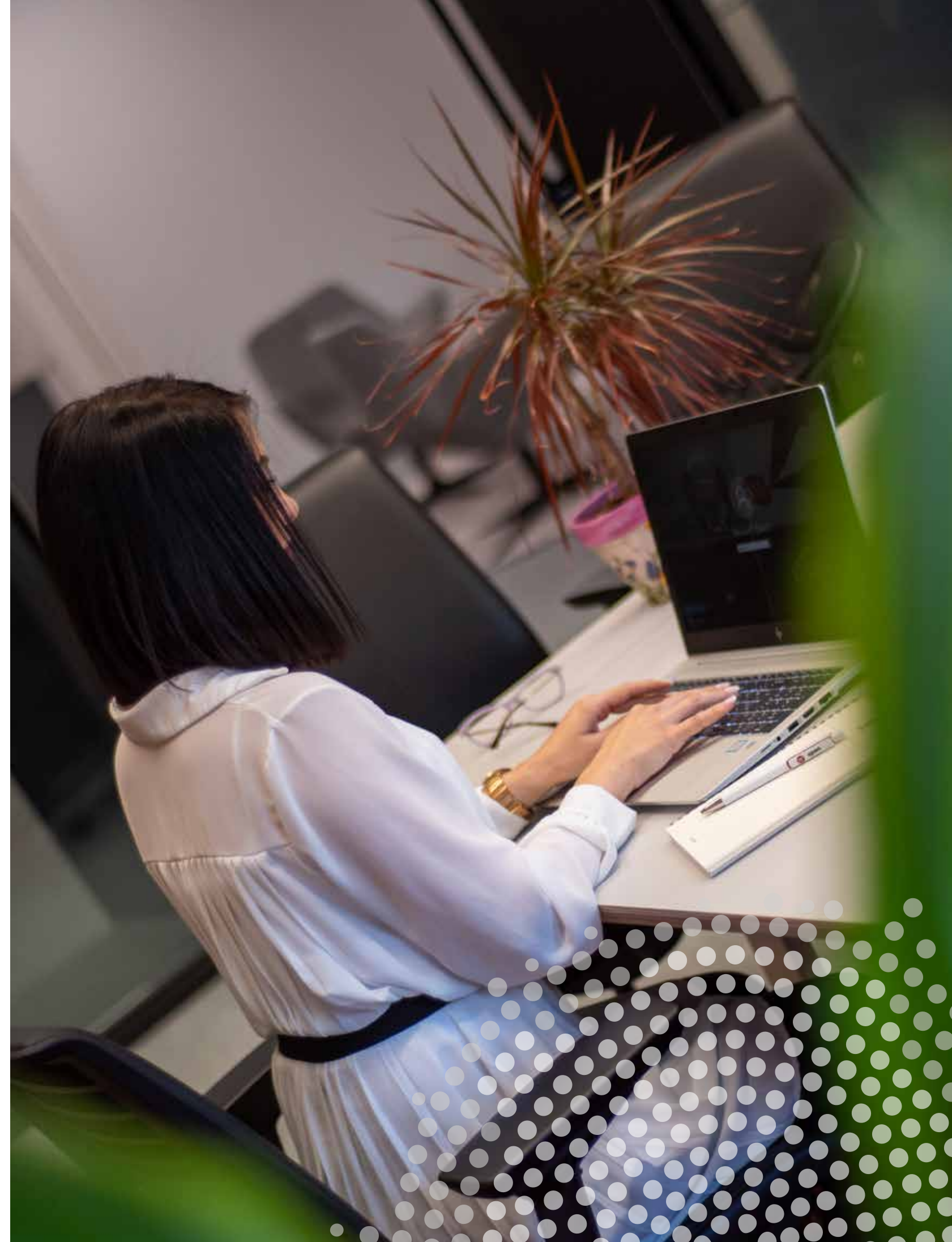
Taxonomy-eligible activities under Regulation 2020/852

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, also known as the Taxonomy Regulation, is a crucial element of the European Commission's action plan to redirect capital flow toward a more sustainable economy. As a classification system for environmentally sustainable economic activities, it represents an important step towards achieving carbon neutrality by 2050 in line with the objectives of the European Union. Following the obligation to report on critical indicators, Span Group presents the share of taxonomy-eligible economic activities in its group revenues, capital expenditures (Capex), and operating costs (Opex) related to the first two taxonomic objectives: climate change mitigation and adaptation, according to the Taxonomy Regulation 2020/852 and Comission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (Commission Delegated Regulation (EU) 2021/2139).

We used the following interpretations to calculate the key indicators: taxonomy-eligible economic activities are described in delegated acts supplementing the Taxonomy Regulation, regardless of whether the technical verification criteria set out in the delegated acts are met. Taxonomy-aligned economic activities contribute to one or more environmental objectives; do no significant harm to any environmental goal; comply with minimum safeguards and with the technical verification criteria in the delegated acts supplementing the Taxonomy. A taxonomy non-eligible economic activity is any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.

Key indicators (KPIs) include revenues, capital expenditures and operating expenses. For the 2021 reporting period, KPIs must be published concerning taxonomy-eligible and taxonomy-non-eligible economic activities (Article 10, paragraph 2 of the Delegated Regulation). The KPIs are determined by Annex I, Article 8 of the Delegated Regulation.

Key performance indicators	Taxonomy-eligible economic activities (%)	Taxonomy-non-eligible economic activities (%)
Revenues	28.99	71.01
Capital expenditures (Capex)	75.53	24.47
Operating expenditures (Opex)	14.77	85.23

Assessment of taxonomy-eligible activities

Our assessment of taxonomic eligibility focuses on economic activities defined as the provision of goods or services in a market, thereby generating revenue. Span Group recognizes the provision of professional services of designing, developing and maintaining information systems for medium and large users as a taxonomy-eligible activity from which it generates income. The services provided by the Group can be divided into two significant groups: services related to contracted projects with customers and consulting services related to customer support. Advisory services related to contracted projects (e.g., installation and/or development of various software products for specialized business operations) are reported as an act fulfilled over time. Revenue is recognized in the financial statements based on the stage of completion of the contract by IFRS 15.

The share of taxonomy-eligible economic activities in our total revenue is calculated as the fraction of net income arising from products and services related to taxonomy-eligible economic activities (numerator) divided by net income (denominator) for the financial year from January 1, 2021, until December 31, 2021. The revenue KPI is the net revenue arising from products and services related to the economic activity eligible for the taxonomy under point 8.1. "Data Processing, Operating Services and Related Activities."

The Capital Expenditure KPI (Capex) is the taxonomy-eligible share of Capex (numerator) divided by total capital expenditure for 2021. In this segment, we compared activities with economic activities involved in the taxonomy and singled out internal software development, property ownership, and its use, as described in points 8.1. "Data processing, server services, and related activities" and 7.7. "Purchase and ownership of buildings."

The Operating Expenditure KPI (Opex) is defined as the total taxonomy-eligible operating expenses (numerator) divided by our total operational expenses (denominator) for the financial year 2021. According to the taxonomy definition, total operating expenses consist of direct non-capitalized costs related to research and development, building renovation measures, short-term lease, maintenance and repair and all other direct expenditures associated with the day-to-day servicing of property and equipment. In our case, this includes the cost of salaries of employees who provide professional services of design, development and maintenance of information systems for customers, maintenance costs of the Group's business premise, amortization of intangible assets generated by internal development, as well as amortization of real estate and their use under 8.1. "Data processing, server services and related activities" and 7.7. "Purchase and ownership of buildings".

People of Span

No man is an island, and therefore, in Span, we believe that we can achieve success only by working together.

Thus, all our initiatives within the work environment are focused on making our people feel motivated to pursue personal development, supported in realizing their professional and private goals, and safe and satisfied in their workplace. On the other hand, we attract those whose values coincide with ours and who have a particular drive to work on ambitious projects for the world's largest companies. We ask for a lot, but we also give a lot in return while creating an atmosphere that encourages excellence, development, progress, ambition, respect, trust, and friendship.

Our people in 2021

Span Group	574 employees
Span d.d.	469 employees
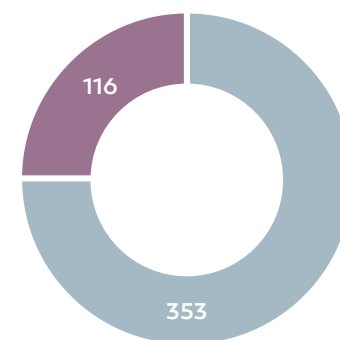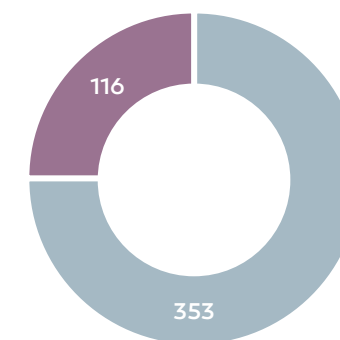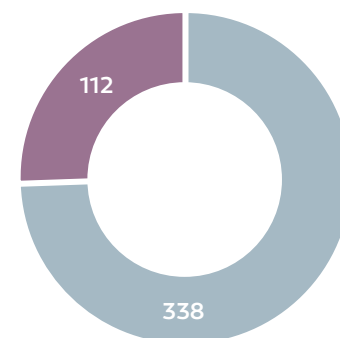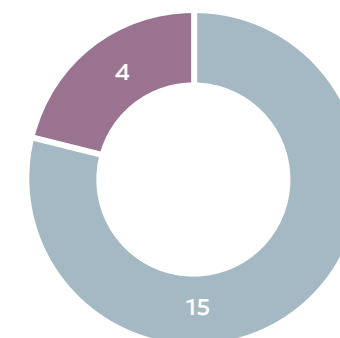
Span d.d. in figures

men
women

TOTAL NUMBER OF EMPLOYEES
116
353

FULL TIME
116
353

PERMANENT CONTRACT
112
338

FIXED-TERM CONTRACT
4
15

6,57%
STUDENT CONTRACTS

In 2021, the Span Group had 574 employees (affiliated companies employed 105 people, and Span d.d. 469 employees). The analyzed numerical data refer to Span d.d. due to the harmonization of data required for reporting for all subsidiaries whose human resources were managed centrally. We expect to be able to present quantitative data for Group members with more than 20 employees in the following reports.

Span Heroes

The annual Span Heroes Award is dedicated to recognizing and rewarding ambassadors of our values. Our heroes are nominated by their directors in four categories that correspond to our values of competence, excellence, responsibility and trust. We present them with their awards at a special ceremony attended by all their colleagues.

We want to be a learning organization, and that entails constantly learning how to make Span a great place to work

It is important for us to emphasize these principles in all our processes, especially in employee relations. What we ask of them, we also give in return: we develop methods and apply them systematically, question strategies and activities' success, and frequently adopt them. We want to be a learning organization, and that entails constantly learning how to make Span a great place to work. These are some of our most critical topics, trends, projects and initiatives.

We ask for a lot, but we also give a lot in return, while creating an atmosphere that encourages excellence, development, progress, ambition, respect, trust and friendship

|	2019		2020		2021	
	M	F	M	F	M	F
Total number of employees	288	85	326	91	353	116
Fixed-term contract	10	4	14	2	15	4
Permanent contract	278	81	312	89	338	112
Full time	288	85	325	91	353	116
Part time	0	0	1	0	0	0
Student contracts (%)	6.28		4.79		6.57	

Tech community: Culture and values

Since 2020, when we have redefined our values through a comprehensive internal process, we have been feeling very comfortable in our shoes. After more than two decades of operations, it was essential for us to check that our company values are the values we live by and stand for. In a process that involved everyone from management to employees, we have shaped, along with our mission and vision, the values that define our business: competence, excellence, responsibility and trust.

Mission, vision and values are an integral part of many of Span's documents, such as user presentation templates, promotional materials, ISO documents and our Code of Business Conduct. They are also part of new employees' onboarding, as well as reward programs and work performance reviews. We regularly use Span TV to highlight our values. We embody our values in all business aspects while attracting people who perceive them as their own.

Diversity, inclusion and equal opportunities

We recognize the benefits diversity brings to any organization; varied perspectives, experiences, and competences enhance all work environments and create preconditions for advancement, development, and innovation. Documents such as Rules of Procedure, Code of Business Conduct and the mandatory compliance training shape how we approach diversity and inclusion issues within our work environment.

Employee diversity	2019		2020		2021	
	M	F	M	F	M	F
< 30 years	76	24	94	21	112	34
30-50 years	199	56	217	67	226	79
> 50 years	13	5	15	3	15	3

In Span, we create an environment of equal opportunities by focusing on the five pillars, not neglecting, or excluding others. These are gender, age, socioeconomic status, disability, and well-being.

- **Gender:** 26 percent of women in Span hold various positions, which is more than the average of the IT sector in Croatia (18 percent) and Europe (18.5 percent). In addition to setting zero-tolerance policies for any form of discrimination, including gender in, for example, employment practices, we actively participate in initiatives that encourage women and girls to study STEM sciences and increase women's engagement within the IT industry.

- **Generational diversity:** Although our employee's average age is relatively low (34 years), our environment includes all generations, from baby boomers to generation Z. In our professional objectives, we are putting special attention to developing a future retirement plan and thus offer third pillar insurance.

- **Socioeconomic status:** We want to hear and respect all opinions and perspectives. Our people come from various social and cultural backgrounds, with diverse political, religious and worldview beliefs and sexual orientations. It is important to us that everyone feels equally accepted and respected. Therefore, this is what we mean when expressing how our initiatives in different communities, such as support for the Mali Lošinj Educational Home (read more on page 72), portray our values.

- **Disability:** We are also open to hiring diverse profiles of professionals with distinct physical disabilities. We also support the approach of inclusion of people with disabilities in the life of communities by cooperating with a company that employs 100% of workers with disabilities, which supplies most of the office supplies and marketing materials for Span.

- **Welfare:** We organize internal and external initiatives aimed at the well-being of all our people and other stakeholders, emphasizing mental health care and ensuring equal opportunities.

The income ratio of women and men	2019	2020	2021
	F/M	F/M	F/M
Zagreb	0.87	0.90	0.91
Osijek	0.90	0.86	0.89
Rijeka	2.15	2.30	1.31

Considering Gross I wages, it is evident that Span is approaching, achieving, and in some places exceeding a 1:1 ratio when it comes to women's and men's incomes. In our Rijeka office, the salary ratio stems from a specific situation. During 2019 and 2020, only one woman was employed in the organization at the mentioned location but in a highly expert position. In 2021, two more female colleagues joined the Rijeka office.

Ratio of standard entry-level wage and minimum wage	2019		2020		2021	
	M	F	M	F	M	F
Zagreb	2.16	2.07	1.99	2.04	1.96	2.18
Osijek	2.48	2.25	2.56	X	2.07	X
Rijeka	X	X	X	X	2.94	3.06

Comparing the data on standard entry-level salaries in Span with the national minimum wage, data pointed out that they are significantly higher than the national standards across all business areas of Span d.d.

An X indicates that we did not have people employed in the starting positions for that location and gender in that year. But in general, these are locations with a smaller number of employees and lower employment intensity. It is interesting to point out again the data for Rijeka that arise from a specific situation: there were only a few employees in the starting positions and the development positions, for which the average salary is slightly higher.

When we talk about women in managerial positions, we can see a growing trend in their representation:

2019	2020	2021
20% / 18,2%	16,7% / 20%	20% / 26,4%

■ Management   ■ Managerial positions
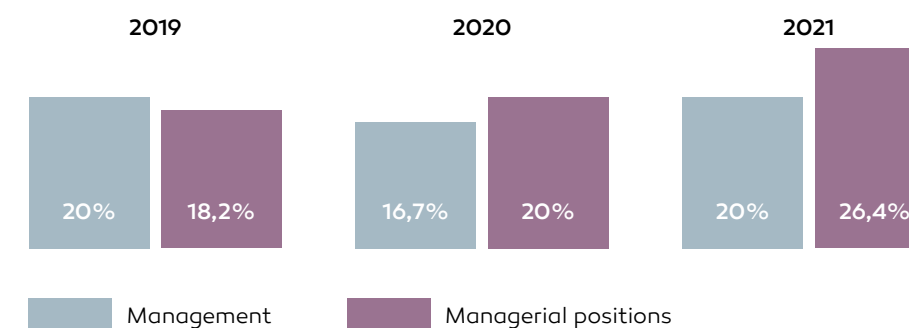
Opportunities for Women in Technology

We are collaborating with the University of Algebra in the project "Work in Tech," which aims to strengthen the involvement of women in the IT industry and offers professional development for the position of IT Support Specialist. Within this partnership, Span enables internships with mentoring and provides employment opportunities after the training.

A similar idea is behind the Span Academy project, a summer internship program for students in which the most successful interns are offered employment in the company. Span Academy is intended for students interested in IT infrastructure and development who want to learn by doing. To encourage girls to apply, we spread the word about the Academy by collaborating with numerous student associations with whom we promote equal opportunities for professional development within STEM.

Our Code of Business Conduct provides information on human rights procedures as one of our fundamental ethical principles, while we also provide human rights education on our internal LMS system

Any employee that suspects illegal or unethical conduct, or any acts or actions that violate Span's rules, procedures, the Code of Business Conduct, or the law is obliged to report any suspicion of misconduct immediately. As a first step in reporting such an action, we encourage our employees to contact their supervisor. If that is not possible, the employee should contact the Human Resources Department, the Legal Department, the Compliance Officer and/or the Workers' Dignity Officer. The misconduct reporting process and investigation procedures are contained within our internal acts - the Rules of Procedure and the Procedure for the Protection of Whistleblowers. There were no reported discrimination cases during this or any of the previous years. Furthermore, our Code of Business Conduct provides information on human rights procedures as one of our fundamental ethical principles, while we also provide human rights education on our internal LMS system as part of onboarding, available to all the employees.

Span is continuously working to raise awareness of diversity among management and employees. One of the examples is the introduction of training for employment managers to provide information on preventing discriminatory behavior and avoiding errors of assessment and bias in decision-making. Our experienced HR specialists conduct the training. Also, all Span employees must undergo compliance training and pass an exam, part of which is aimed at respecting diversity and preventing discrimination.

Openness and feedback

Communication is the foundation, this is true to almost everyone who has ever tried to run a business, put together a team, or even organize a barbecue. The channels we developed speak volumes about how seriously we at Span take communication and feedback - neither too much nor too little. As all business decisions directly or indirectly affect our employees, their voice and opinion are paramount to us. Within each department, departmental meetings are held in which team members are introduced to business decisions, including opportunities for open discussion. All organizational and other changes that affect employees' jobs are communicated in advance in accordance with regulatory provisions.

In addition to the usual one-on-one interactions and team meetings, at Span, we dedicated ourselves to communication on the social network Yammer, in Teams, and especially using our Span TV. This channel includes a variety of formats, and on average once a quarter, sometimes more often, we organize interviews or panel discussions in which employees can participate by asking questions.

The Span TV feedback survey measures satisfaction with internal communication and within the organizational climate survey, conducted once every two years. Every year, the feedback survey shows that people of Span are increasingly satisfied with the content they can follow on this channel. Satisfaction with the information obtained on Span TV was graded in 2021 with 4.78, representing an improvement compared to the previous year and a grade of 4.41. In addition to Span TV, all employees have access to the intranet, and they participate in meetings with different teams and management, depending on the topic.

workplace, selection of work equipment, appropriate training, and information of employees, based on basic safety rules, as well as special and recognized safety rules. Employees also elect a commissioner for occupational safety, whose task is to act in the interest of workers in occupational safety and to monitor the application of regulations and measures of occupational safety. Data review from the past three years demonstrated no records of injuries within Span's work environment.

The health and safety management system applies to everyone: to persons employed under an employment contract, persons at work who are not employed but perform certain activities or jobs, as well as students, volunteer and other persons who are performing any type of work in our workspaces. If any of them consider that they did not acquire conditions for working safely, they are guaranteed the right to request the application of appropriate safety measures at work.

Healthy body, healthy mind

Stress and burnout are ailments of the modern age and the contemporary workplace. Acknowledging our responsibility in safeguarding the well-being of our people, we always strive to ensure a balance between private and professional life. To support this statement, we enriched the existing range of initiatives with several more that go in that direction during 2021.

Fit happens: A well-being initiative that encourages employees to engage in physical activity - walking - to improve their quality of life and positively impact health. Walking was not aimless: the goal was to gather as many steps as possible individually and as a team during May 2021 while winning valuable prizes using the inKin application, used to count the number of steps taken. This project combined the different positive stimulations and connected employees from different sectors and departments who socialized more outside the business environment, got to know each other better, and had a common goal. Employees spent more time in nature with family and friends, and some even lost extra pounds. A month of this initiative showed that employees were 60 percent more active than usual, and as many as 90 percent of participants said it had a positive impact on creating healthy habits.

Psychological Counseling Program: Back in 2020, with the onset of the Covid-19 pandemic, we provided paid psychological counselling to employees who showed interest. We continued with this practice in 2021.

Increased number of vacation days: In 2021, we decided to expand our employees' number of vacation days. For example, the minimum annual leave is increased from 20 to 25 days while the maximum was raised from 25 to 30. In addition, our employees can use two days off without using sick leave and work from home with prior notice to a superior. We try to avoid working overtime, but in case there is a need for overtime, our employees are compensated regularly, while overtime can be exchanged for days off.

We have further systemized the care for employees' work experience by hiring specialists for employee experience, whose role is to design, implement, and support various activities and programs that we want to increase the satisfaction of our people. Such programs include socializing and teambuilding activities, volunteering and implementation of wellbeing initiatives, but also monitoring employee satisfaction with various questionnaires and surveys (organizational climate, 360, onboarding and offboarding).

Acknowledging our responsibility in safeguarding the well-being of our people, we always strive to ensure a balance between private and professional life

Well-being, health and work-life balance

One of our fundamental ethical principles prescribed by the Code of Business Conduct relates to ensuring a safe and healthy work environment

To create a workplace where our people feel satisfied, we understand that we need to take particular care of their physical and mental health, safety and general well-being, which also depends on a good balance of private and professional life. We regulate this area with our labor regulation and safety issues with the Regulation on Occupational Safety, Regulation on Protection from Fire, and instructions for dealing with work-related injuries, first aid, fire and traffic accidents, which are additions to the Regulation on Occupational Safety, with which all our employees are acquainted. Furthermore, one of our fundamental ethical principles prescribed by the Code of Business Conduct relates to ensuring a safe and healthy work environment. Thus, Span is continuously aligning with national and international legislation in this area relating to creating and maintaining a safe and healthy work environment, and regularly adopts measures to reduce and eliminate potential risks to health and accidents.

Regarding training in occupational safety and fire protection, we also receive support from a specialized company that organizes activities for us in this area and conduct all mandatory health examinations in an authorized institution of occupational medicine. As part of onboarding, all Span employees undergo training and testing in occupational safety and fire protection, and simulations are conducted if necessary.

The Regulation on Occupational Safety also regulates handling cases of injuries at work. In addition to carrying out the procedure of caring for the injured, the employer is obliged to convene a committee for safety at work within two days of the competent inspector's injury, occupational disease, or findings. Hazard and risk identification are carried out based on general principles of prevention, adjustment of work related to the design of the

In all our existing activities, we recognize opportunities for improvement, and by examining the organizational climate, we gain valuable information that helps us create a safer and healthier work environment. We take surveys on the satisfaction with the working environment every two years, and the fact that from 2022 we plan to hold surveys on an annual basis (read more on pages 66-69) shows how important this information is to us.

Also, to further ensure a work environment that motivates employees to adopt healthy work habits and promote health in the workplace, we plan to join the initiative and go through the process of obtaining the Health Friendly Company certificate awarded by the Croatian Institute of Public Health.

Young employees, young parents

All our employees are entitled to parental and maternity leave. When we look at the data over the years, it is important to note that the number of women and men exercising this right is slowly equalizing.

Parental leave	2019		2020		2021	
	M	F	M	F	M	F
Total number of employees who exercised the right to parental leave	3	12	1	9	5	6
Total number of employees who returned to work after the end of parental leave	3	11	1	9	5	2
Rate of return to work of employees who have used the right to parental leave	100%	91.6%	100%	100%	100%	33.3%
Total number of employees who returned to work after the end of parental leave, and who remained employed for 12 months after returning to work	2	10	1	7	1	0
Retaining rate of employees who have exercised their right to parental leave	66.6%	90.9%	100%	77.7%	20%	0%

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

*Since the parental leave of individual employees was extended during two calendar years, such employees were included in the report for both years.

*For individual employees who used parental leave during 2020 and 2021, it is not possible to determine whether they remained employed for 12 months after returning to work, as this period has not yet ended. Therefore, this report included these employees as if they had not remained employed for 12 months after returning to work.

Security in times of pandemic

Agile and constant adjustment of goals and organization of work, transparent communication with employees, and care for their health are prerequisites for dealing with crises and unpredictable situations.

Wanting all employees to stay healthy and feel safe during the Covid-19 pandemic, the Crisis Team and a special Crisis HR channel on the Yammer social network, to which all employees have access, operate in Span. In addition to overseeing the implementation of epidemiological measures, together with the Human Resources team, this team organized webinars and support groups for all employees, as well as the possibility of free psychological counselling. Our HR team was engaged in organizing virtual gatherings and maintaining virtual social contacts among employees.

All the employees were provided timely for work from home with all the necessary equipment. Through the weekly Span TV live events, where employees had the opportunity to ask the Management Board questions, we ensured transparency, timely and two-way communication. At the same time, employee salaries and benefits have not changed, and some additional benefits have been provided. Two days off were guaranteed for all those vaccinated against Covid-19, raising the safety in interaction with all our stakeholders.

Wanting all employees to stay healthy and feel safe during the Covid-19 pandemic, the Crisis Team and a special Crisis HR channel on the Yammer social network, to which all employees have access, operate in Span

Great place to work

We want to create a great place to work for our people, no matter what position they are in and what work they do - we are all critical to achieving company goals and creating added value to our society. We approach each employee individually and try to listen to everyone's wishes and needs. The company does not offer a collective agreement to its employees, but whether it is salary, working hours, benefits or education, we can always talk about everything openly and find the best model for each employee.

In addition to competitive salaries, we ensure the satisfaction of our employees with numerous benefits. We have health check-ups every two years, various bonuses such as those for candidate recommendations or business opportunities, the birth of a child, annual gift for children, Multisport card or paid days off for various purposes. Moreover, we provide paid psychological help, more favorable loan conditions in some banks, payments to a voluntary pension fund, and not to mention the opportunities for training (we will talk about it a bit later - read more on pages 62-65).

Span offers its employees a range of short-term and long-term reward models emphasizing rewarding achievement, commitment, and contribution. In addition to monetary rewards, we also invest in intangible rewards, primarily in recognition and award programs for key employees. All benefits we provide are available equally in all business locations in Croatia (Zagreb, Osijek, Rijeka). There is no difference in the benefits offered for full-time employees compared to those employed temporarily or part-time.

We are constantly updating our value offer, so in 2021 we introduced two new benefits. One is related to the part of employees who have the right to an official vehicle, while the other includes all Span employees. A new option has been introduced for employees who use company cars, renting a car for business purposes, which increases the flexibility of using this benefit and, consequently, satisfaction with it. In the first six months of implementing the new option, more than 50 percent of employees that could choose between company vehicles and car rental opted for this.

Another benefit provided to all Span employees is participation in the ESOP (Employee Stock Ownership Plan), following Span's listing on the Zagreb Stock Exchange. More than 50 percent of employees in Croatia bought Span shares, entering a three-year ESOP program that enables them to acquire 25 percent of additional shares over three years (five percent after the first year, ten percent after the second, and ten percent after the third year).

In addition to monetary rewards, we invest in intangible rewards, primarily in recognition and award programs for key employees

More than 50 percent of employees in Croatia bought Span shares, entering a three-year ESOP program that enables them to acquire 25 percent of additional shares over three years (five percent after the first year, ten percent after the second, and ten percent after the third year)

Opportunities for professional development

Investing in education, training and creating opportunities for professional advancement is the basis for shaping the work experience for the people of Span. The company thus applies a comprehensive performance appraisal system based on the development of skills, knowledge and interests in the career path. We approach each employee individually and monitor their desires for growth and the result they achieve. We work on this together, giving employees open feedback on opportunities and expectations. The performance review covers all our employees, regardless of the type of contract.

Employee performance review is a program that Span has systematically implemented for many decades. It lasts throughout the year in several processes, and the development plan and performance appraisal are adopted as their conclusion. The main elements of employee performance monitoring are the People Review, Performance Evaluation, 360-degree review, organizational environment examination and regular individual meetings that employees have with their managers.

- **People Review (PR)** is a structured annual process used to assess people, teams, work organization and planning activities for improvement. The PR process involves the head and director of the organizational unit and an HR business partner dedicated to the organizational unit. The process is documented by identifying and recording the strengths, distinctions, areas for improvement, goals and expectations for the following period and evaluation for the period for which the performance is assessed. The position and salary are revised, and the manager proposes possible changes in salary, position, incentives, bonuses or other benefits. The Talent Grid for each employee is then assessed, providing information on how the employee stands compared to the rest of the team. Moreover, the employee's succession and action plan to achieve the set goals are also discussed. This process is preparation for the Performance Evaluation interview. HR business partners and managers define what kind of feedback the manager will give to employees. HR business partner assists managers in structuring a productive dialogue with employees - the emphasis is always on comprehensive preparation and content, not form.

- **Performance Evaluation (PE)** is a structured dialogue between the employee, his immediate (and, if necessary, other) superior, and HR business partner, which takes place once or twice a year for everyone. Its purpose is to get feedback on work performance, gain a shared understanding of mutual expectations and plan one's professional development. The HR business partner is the moderator of PE interviews between employees and managers since the HR function monitors the careers of all employees in the organization.

- **360-degree review** is performed according to the established procedure every year ending with an even number. The correct interpretation of the results concerning the job description and the necessary competencies is ensured once an individual interview is done with each employee as part of the PE interview and is conjoined to the development plan.

- **The organizational climate survey** is carried out every year ending with an odd number, and all employees participate. Employee satisfaction is monitored through various segments, results are analyzed, compared with previous years, decisions are made, or action plans are created based on the conclusions reached.

- **1 on 1 meeting with superiors** is held once a month. The purpose of these conversations is regular monitoring of employees, regular communication and feedback, creating better connections and trust in the employee-manager relationship, monitoring individual motivation, and timely response. Meetings of this type are usually informal, such as going for coffee or lunch.

All these elements are related to the system of competencies, job description, and responsibilities of employees. Active monitoring throughout the year dramatically helps make decisions about promotions and internal transfers and the possibilities or needs of job transformation to achieve higher productivity within the same department.

Security in every challenge

In 2021, we developed a succession plan to identify potential successors to key management positions. This plan aims to ensure business sustainability and prepare the organization for long-term objectives and crises.

> We approach each employee individually and monitor their desires for growth and the result they achieve. We work on this together, giving employees open feedback on opportunities and expectations.

Consistent development

In 2021, Span recorded 185 promotions; depending on the affinities and skills of employees, we encourage and nurture vertical and horizontal promotions.

Education and certification

All our employees have opportunities for many types of education, both external and internal. We nurture a culture of learning, especially knowledge transfer. In 2021, approximately 56,171 hours of learning were recorded, which is 120 hours of training per employee. Internal resources include:

- **Test center** where all employees can take the exams required to obtain technology certificates free of charge, which they use regularly. As many as 70 percent of Span's employees have at least one technology certificate, and some have over 30.

- **The LMS (Learning Management System) portal** contains a series of technical and non-technical training available to employees. LMS is used when it is necessary to ensure that employees thoroughly master certain content. After listening to a video lecture or reading material, they must pass a test to complete the education.

- **Knowledge sharing:** Every other Monday, engineers and/or designers hold training on new technologies and solutions they are working on. The activities are conducted through the collaborative platform Microsoft Teams, recorded and published on the internal social network Yammer for those who may not be able to participate in a certain period. It is often about technical education, but sometimes the topics are advanced use of various tools. Employees themselves propose and prepare topics that they want to present to other departments, and those who attend conferences or external training prepare presentations to transfer knowledge to other colleagues who need or use the topic. Also, once a week, colleagues from the Sales Department prepare short presentations about new products, services, and solutions that Span offers on the market.

- **Mentoring program** that helps employees adjust and develop. Mentors undergo a mentoring program at Span Academy, but with a focus on transferring technical knowledge. In terms of their mentoring skills, mentors are assessed through a 360-degree review (once every two years). All managers are involved in transferring knowledge to employees through mentoring, coaching and education.

- **The Education and Development Specialist and the Knowledge Management Coordinator** take care of more efficient knowledge base management and intensively develop competencies needed to achieve strategic goals and leadership skills throughout the organization. To develop "soft" skills, Span uses internal trainers and external suppliers as required.

- New **onboarding program for employees** coming to the Service Desk department. From the beginning of 2021, a program has been implemented that includes strengthening communication skills and teamwork and a series of professional lectures to make it easier for them to get started.

- A three-hour **security exercise** for team leaders and managers is regularly organized, during which participants learn about the importance of security within the company through intensive activities led by a member of the security board.

Talent management

Since 2021, we have additionally emphasized talent management by implementing the Span Management Academy program to develop employees with the potential to take on positions of higher responsibility. Talents are identified by gathering information on excellent results from the evaluation process, opinions of directors, superiors and HR business partners, as well as selection following the company's strategic goals and critical positions. In 2021, Span identified 28 talented employees who will take functions that include managing projects, processes, people and customers. An internal management academy is being organized for them, which lasted for nine months and started in October 2021.

For HR to receive additional confirmation of the talent assessment, the most comprehensive development center for employees assessed as talent was conducted at the beginning of the program. The basis for designing the development center was Span's values and behaviors that the company wants to maintain and promote among employees. It was held in July 2021 and included an interview based on Span's competencies and values, a group problem-solving exercise within the team, role-playing, a presentation on a defined topic, and a case study. Based on the obtained individual and group results, a program was developed that branches in three directions and follows the theoretical basis for developing business and "soft" and mentoring skills.

Talents are identified by gathering information on excellent results from the evaluation process, opinions of directors, superiors and HR business partners, as well as selection following the company's strategic goals and critical positions

We want to be even better

Performance evaluations are set for all Span development programs. We observe the success of employee development management through several criteria:

- number of certified employees: 341 employees have a total of 2,349 certificates
- number of employees included in the talent development program: 28 employees, while 50 percent were promoted to management positions
- employee satisfaction with internal training monitored through the LMS and HR Cloud system: 80 percent
- employee satisfaction with development monitoring: 76 percent
- employee satisfaction with training opportunities: 82 percent

As an additional measure of success in 2021, we introduced internal education in the LMS system, which offers even more opportunities to monitor and evaluate various parameters of the success of individual training and collect feedback from students.

We see an opportunity for development in the evaluation of development programs through the expansion of critical competencies and values of employees. We plan to monitor employees by key competencies (as part of performance monitoring), compare results before and after training, and adjust programs accordingly.

Satisfaction with the organizational climate, conditions and opportunities

At the beginning of 2021, a new survey of the organizational climate in the entire organization was conducted and what is particularly pleasing is the even greater response and an even higher level of employee satisfaction than in the previous period

In Span, employee attitudes are regularly surveyed. Every other year, we conduct an organizational climate survey in which all employees participate. It includes examining employee attitudes in 13 dimensions: image of the organization, primary working conditions, work organization, content of work, personal influence, monitoring and evaluation, reward system, salary, management, leadership, climate within the team and organization and job satisfaction.

At the beginning of 2021, a new survey of the organizational climate in the entire organization was conducted and what is particularly pleasing is the even greater response and an even higher level of employee satisfaction than in the previous period; the response rate was 99 percent, and the overall score was up by two percent to 74 percent. As in previous years, detailed results across all aspects were presented to the heads of each organizational unit to monitor the results of their teams in all categories compared to the previous period and with the rest of the organization. Also, each unit manager was presented with his leadership profile based on the assessments of his subordinates; these results were obtained anonymously. All other assessed categories are not anonymous because it is imperative to detect problems and challenges in individual employees or groups of employees, their level of satisfaction, as well as comments and suggestions. In this way, it is easier to direct activities whenever necessary, whether it is an interview or the individual needs of each employee. Employees appreciate a transparent approach, they openly communicate praise and criticism, as well as suggestions for improvement.

The results are presented on the internal television Span TV and are also available on the internal social network Yammer. Upon completing the examination, the human resources department develops an action plan based on the results in cooperation with the directors. This process often involves focus groups with individual teams and the introduction of new benefits and ways of working.
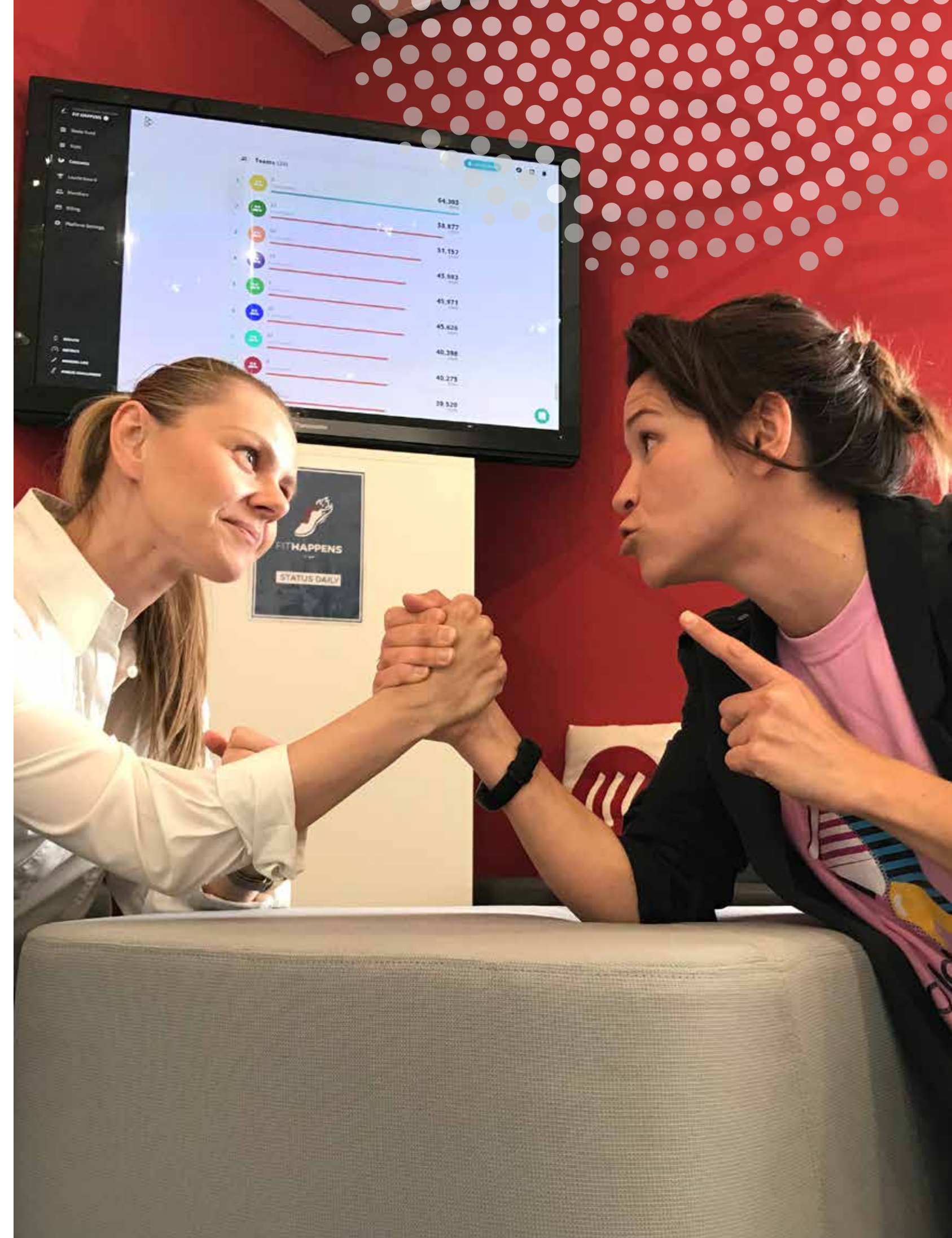
Once a year, employees' attitudes about Span TV are examined, aiming to improve the content and formats in this communication channel

In addition to examining the organizational climate, we occasionally seek the views and opinions of employees on several other topics. For example, once a year, employees' attitudes about Span TV are examined, aiming to improve the content and formats in this communication channel. Employee attitudes are also discussed in changed working circumstances, such as after the lockdown in spring 2020. The results were valuable in regulating measures and recommendations related to working from home based on specific experiences of employees, considering all specifics of personal and professional life. We examine attitudes even after introducing new benefits; the last survey was on satisfaction with coffee and fruit introduced as a new benefit.

Another example of examining employees' attitudes is after participation in workshops/training organized by Span. All those involved in such an activity receive a satisfaction questionnaire upon completion, and based on the results obtained, future training/education plans are created.

In addition to the regular two-year survey of the organizational climate, in 2021 a study of satisfaction with internal support was conducted in the segments: of technical (IT) support, back-office, accounting and HR support. On a scale of 1 to 5, all internal support services scored above 4.5. Also, the possibility of open comments brought added value to this survey to further raise the quality of internal support.

Overall, high employee satisfaction with the work environment and development opportunities is supported by data on employee turnover, which is relatively low, especially for the labor market in the IT segment.

Arrivals	2019		2020		2021	
	M	F	M	F	M	F
< 30 years	36	15	43	11	46	19
30-50 years	35	9	28	8	29	17
> 50 years	1	0	2	0	0	0

Departures	2019		2020		2021	
	M	F	M	F	M	F
< 30 years	14	5	11	5	14	3
30-50 years	30	4	22	7	31	8
> 50 years	2	1	1	2	3	0

All our employees can make suggestions for business improvement and do so constantly during their annual PE interviews, organizational climate tests, or directly to their managers. In 2021, a Virtual Inbox was implemented that allows employees to give suggestions, proposals, or business ideas directly to the Management Board, and it is possible to provide comments anonymously or publicly.

New beginnings, second chances, opportunities for everyone

A better life for all, encouragement for those without perspective and help for the most vulnerable ones is what drives us, and we strive to achieve these objectives. We believe that this is the best way to empower the whole community. We help wherever we can, but above all those with the worst starting positions, without much support and often on the margins of society.

Whether it is children who need support in all segments of life, STEM associations that are not in the public spotlight, or sports without institutional and organized funding, we strive to give a chance for success to those who do not have a lot. In addition, we are investing our efforts in environmental initiatives, aware that only a green, energy-efficient Span that protects the environment can be a Span of the present - and the future. The Regulation on Sponsorships and Donations regulates the areas of our socially responsible projects and the manner and criteria for allocating funds. Span does not sponsor or donate funds to political parties or individuals running for seats in representative bodies, nor to individuals and organizations that support any form of discrimination.

Within our focus areas, we monitor the needs of essential stakeholders, design projects, and participate in existing ones in partnership to multiply our positive social impact. We are open to all potential partnerships, especially those that can enable us to put our creative passion and purpose at the service of those who need it most.

These are just some of our outstanding projects.

Whether it is children who need support in all segments of life, STEM associations that are not in the public spotlight, or sports without institutional and organized funding, we strive to give a chance for success to those who do not have a lot

Better conditions for those who need a boost for the better

Of all the homes in Croatia that provide resocialization and socialization of young people with behavioral disorders, the Mali Lošinj Educational Home is unique in that educational groups are divided into smaller units in the city itself. Like Span, this friendly and enthusiastic organization wants to encourage change in society, so we embraced the opportunity to achieve long-term cooperation with them, from educating wards to corporate volunteering. The beginning of our partnership was marked by a donation that equipped five houses characterized by inadequate living conditions on the island of Lošinj, followed by the contribution for the institution's other location on Cres. We have provided them with a more comfortable space for socializing, bicycles to get around the island, sporting and exercise equipment, as well as other facilities that will make it easier for them to stay, learn and develop.

For equal opportunities in STEM

We recognize changes in new generations and their entry into the labor market, where we are witnessing less resistance to change and the desire to acquire new and improve existing skills. That is why we regularly cooperate with leading regional higher education institutions. Since 2015 we have been implementing the Span Academy project through which we provide students with summer IT internships on real projects and project simulations, with professional support from mentors and other colleagues in Zagreb, Osijek and Rijeka. To date, more than 200 students have finished the Academy.

Artificial intelligence for the rehabilitation of children with brain injuries

One of the projects that perfectly illustrates the main directions of our socially responsible efforts is the cooperation with the association "RTL helps children." In 2021, we jointly launched a project to equip the Special Hospital for Medical Rehabilitation Krapinske Toplice. This institution cares for the neurorehabilitation of children with traumatic brain injuries, cerebral palsy and other neurological disorders. Technology is a crucial aid to such specific rehabilitation, so we have equipped the hospital with modern devices for robotic neurorehabilitation. Hundreds of children from all over Croatia come to Krapinske Toplice for treatment, rehabilitation, while a new robotic device significantly increase their chances for successful recovery. The new cabinet has enabled children with neurological disabilities to participate in such rehabilitation for the first time within the services provided by compulsory health insurance, which has given all children the opportunity to receive the most advanced medical care regardless of their financial background.

A little motivation for big ideas

Together for knowledge and fun - because, as we know, science is the cornerstone of a progressive future. And it can be fun, especially its basics! Innovative heads think similarly, so Span and Science Park have joined forces to pass this on to the youngest. We will support this exciting project in long term partnership, helping them create a mobile version, showing their interactive exhibits at various STEM events and primary schools throughout Croatia, and generally supporting great ideas that come from Oroslavje. Science Park is undoubtedly one of them - this unique project is full of fun exhibits that you can move, play, measure, listen to and interact with in various ways, and each of their exhibits proves multiple phenomena in the natural sciences.

Eco Corner: Solution is less pollution

At Span, we have been aware of the value of limited natural resources and try to act accordingly. Therefore, we have designed Eco Corners, where our employees can dispose of the most common types of waste generated by everyday business activities.

Eco Corners are located at all Span locations in Croatia. Structurally, we separate various types of waste such as plastic (bottles, boxes, plastic accessories), paper and cardboard (e.g., bags), and styrofoam (e.g., delivery bins that often end up in the trash). There are also boxes marked with stickers that show what is stored in them, toners, batteries, and small electronic equipment (e.g., mice, keyboards, cables, headphones), but also cardboard boxes and pizza boxes. We must not forget the recycling boxes in offices, hallways, and near the printers, as well as the new star of Span's environmental awareness, our "canary" for disposing of paper and cardboard.

By systematically separating waste and raising the awareness of our people that it is a valuable resource, we are working to preserve the environment and create good social habits.

Sport *underground?* Yes!

Span Softball Club exists since 2015. This version of baseball is played on a slightly smaller court and with a slightly larger ball. It is faster, more dynamic and with more pitches on the field. Span Club has had good results since its founding, is an active member of the Zagreb and Croatian Softball Federation and is consistently at the top of the domestic and European softball scene - this is best illustrated by the fact that in 2018, 2019 and 2020 our softball players were Croatian Cup winners. In 2021, they were runners-up, focused on participating in the Croatian national team at the European Championship, where they won bronze. In 2022, they are preparing to repeat these top results, and they are actively training for the European Championship, which is held every other year - in 2023, they will travel to Denmark.

This Sustainability Report covers business operations and activities of Span Group for the period between January 1 and December 31, 2021, and it is our first report of this kind. It has been prepared in accordance with the GRI Standards: Core option. The content of the report has not been submitted to external assurance.

To become even more successful in recognizing and managing our most significant impacts, we value your opinion. You can direct all your questions and suggestions related to this report to our e-mail address ESG@span.eu or send them by post to Span d.d., Koturaška cesta 47, 10 000 Zagreb, Croatia.

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