

Mplus⁺

SUSTAINABILITY REPORT 2022

June 2023

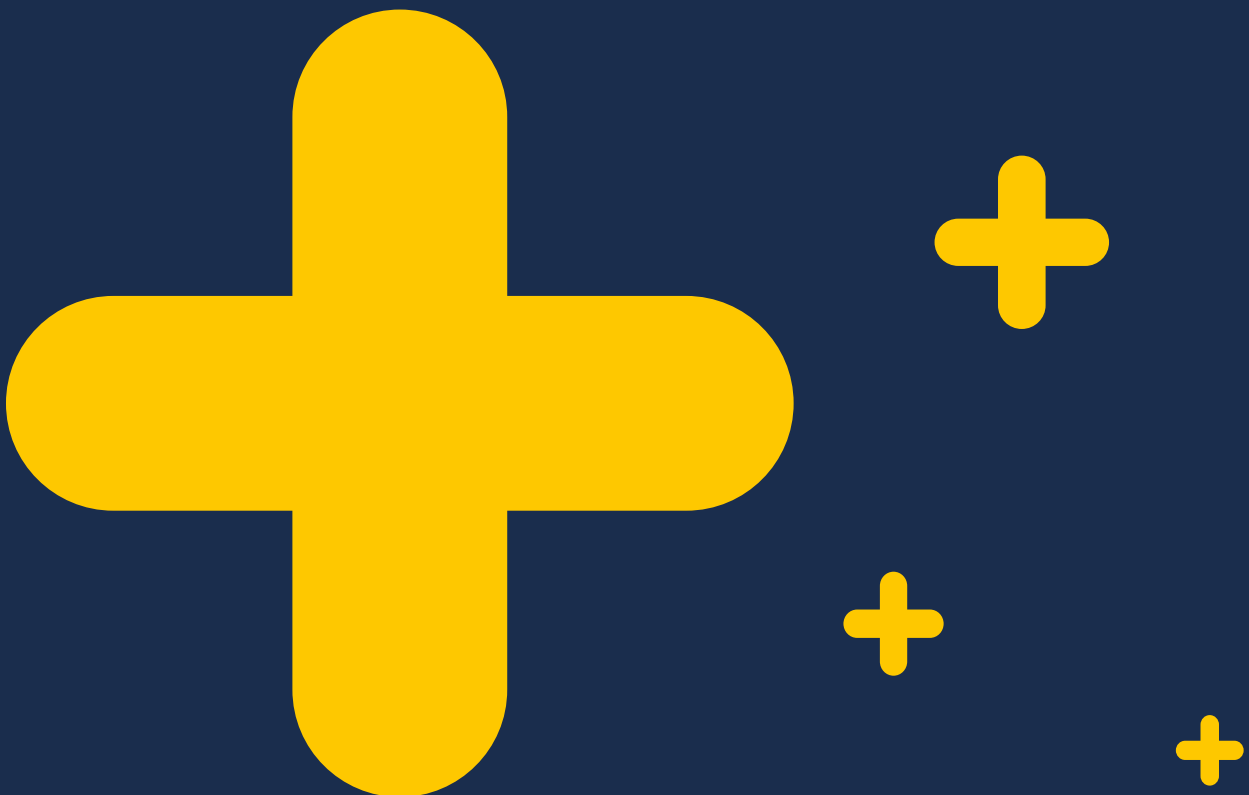


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Introduction

At Meritus ulaganja we are dedicated towards making sustainability a top priority in our business operations and growth. For this reason, we worked to put together this sustainability report for Meritus ulaganja and its subsidiaries (hereinafter: “Mplus Group”, “Group”, “Mplus”), reporting yearly on our sustainability goals and achievements covering topics of economic, environmental, and social performance since 2020, making this the third and most thorough Sustainability Report (henceforth Report), marking an improvement in our methods and approach towards the process.

About the Report

The report covers the period from 1 January 2022 to 31 December 2022 and offers a wholistic overview of M Plus's sustainability progress for its stakeholders.

The Report was prepared with reference to the Consolidated Set of the GRI standards 2022 and covers the Group's operations throughout 2022.

The report presents a collective summary of our sustainability efforts throughout 2022 including a clear disclosure of Group-wide ESG (Environmental, Social and Governance) initiatives.

Reporting Scope and measures

Within the scope of sustainability reporting, Mplus Group transparently communicates activities and performance of all its subsidiaries that make-up Mplus across the 49 locations where we operate. We will continue this practice by preparing and publishing annual sustainability reports to continue prioritising our material issues.

Since the previous reporting period, we have worked further towards reaching the United Nations Sustainable Development Goals (UN SDGs). By officially joining the UNGC, adopting and incorporating its Ten Principles within our daily business operations in 2022 we have further committed to achieving those goals in our daily operations.

Feedback

A survey was conducted as part of our Materiality Assessment to capture the opinion of internal and external stakeholders regarding most pressing ESG topics and their importance for our organisation. Based on this feedback, we put together a comprehensive report that will serve as the basis for an inclusive sustainability strategy (ESG strategy). This strategy will impact our overarching sustainable development including the reach and impact of our business activities.

Metrics and goals

Mplus is dedicated to its growing sustainability efforts on the level of the group and is strongly committed towards creating enhanced working conditions for our employees all the while protecting the environment and playing our part in reducing our carbon footprint. Our desire to take part in building a cleaner environment and a better world is the reason why we plan to join major global initiatives in the field to gain further momentum and apply best industry practices, as demonstrated by peers in varying companies across the globe.

The way forward is clear. It starts with the adopted ESG strategy and continuous work required to achieve said targets. Our devotion to contributing positively to our people and the world around us in a direct and indirect manner through our business will be a showcase of sustainability in our sector for the region and beyond.

Letter from the Chief Sustainability Officer

The year 2022 marked a significant year for the Mplus Group with continued growth and sustainable development despite the many global challenges that continue to impact global businesses. As climate change continues to pose its challenges in the world of business it is important to remain on top of developments and trends to stay ahead of future risks and opportunities.

Our successful acquisition of two more companies highlights our continued expansion despite global and local challenges. Our inclusive business model and principles-based approach towards our business is proving to be a successful model for growth.

When looking back on 2022, besides our significant acquisitions we will remember this year as a major turning point for being the first company in Croatia to issue a Sustainability-Linked Bond (SLB). With this we took a vital step forward in sustainable development and structured sustainable financing. Integrating ESG into our business model and our financing will allow us to realise our ESG goals. The proceeds from the issue will finance further business expansion while committing the Group to reducing Greenhouse gas emissions (GHG emissions) by 25.2 percent by 2027 and by 58.8 percent by 2035 compared to the 2021 baseline and increasing the number of women in management positions to 51 percent by 2030. These very ambitious goals were set mindfully and in recognition of the priorities of our clients, investors, employees, and other stakeholders. We are increasingly aware of the threat climate change poses to the world and our way of life, for this reason we are committed towards minimising our negative environmental and social impact. While envisioning growth and economic development, our business plan takes into consideration our impact and will work increasingly to remain positive and since we place people at the centre of our business, we are acutely aware that in order to get the best out of our people

we must provide the best environment for prosperity. Equality of opportunity is at the heart of this ambition. Our progress towards achieving our ambitious goals will prove our commitment towards ESG providing true value to our business and our stakeholders.

Integrating our sustainability goals in our business strategy will continue to impact our day-to-day operations in a positive manner. Our data collection is improving and with it our understanding of the areas we can still improve on. As a company stretching across continents, it is essential we gain a clear understanding of all the parts to plan within our Group. While some of our companies have made extraordinary progress towards our goals, others will work to catch up and as a Group we will pull our resources to raise the standard together. This is something only a large group such as Mplus has the power to do and have a significant impact on the business operation and all our stakeholders across the globe.

Our integrated approach will add value to our business and serve the needs and priorities of our stakeholders supporting our sustainable growth and contributing to setting worthy future trends. Issuing the first SLB is a major milestone for the Group, but also Croatian capital market. Our ambitious targets can serve as an example to the rest of the Croatian market in its path to sustainability.

As we continue to break barriers and set higher standards, we hope to inspire others to do the same. We thank everyone for playing their part in this extraordinary year of growth and development and we look forward to all the opportunities that lie ahead.

Domagoj Karadjole
Group CSO

Mplus

About Mplus Group
Milestones for 2022



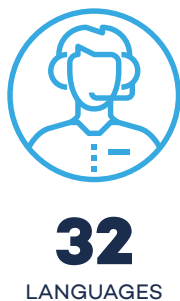
About Mplus Group

Mplus Group has grown into the largest independent business process and technology outsourcing (BPTO) company in southeast Europe, stretching across 49 locations to provide service to more than 25 industry verticals.

Our primary focus is on scalability and flexibility. We provide a wide range of services which include BPTO and CRM solutions, IT services and HR management services. We aim to provide our clients with great service with attention paid to the efficiency and high level of quality at a competitive cost and with a secure IT infrastructure with the latest technology available.

Mplus Group in Croatia has been in this business successfully for 15 years and has grown since. In this period, we have grown to amass an impressive workforce spread across a number of industries and providing a number of services. Below you can see the key figures that make up the basis for the Mplus Group.

Our impressive workforce of over 12,500 employees is at the centre of our business success. The Group is comprised of 55 companies. Mplus provides top-of-the-line service to over 300 clients across more than 25 industries. Providing our services in 32 languages, using the unique skills of our employees, and operating at the top of industry standards with the newest technology and best practice.



Vision, Values & Guiding Principles

Since our establishment, we have prioritised providing our customers with innovative services and quality experiences. Mplus Group provides services of outsourcing business processes, including contact centre services through all known communication channels and predictive analytics, which together make the operating ecosystem of Mplus Group, as well as our service portfolio.

Our vision is to support and inspire our clients with the effectively designed solutions and the best possible service provided using the latest technology and practices available. We envisage a world that is better connected globally, where people play the central role in inspiring a better-connected world. Mplus group sees itself as a key player in the realisation of this vision.

Our values as a group that stretches across the globe, is that our people are at the centre of our success. For this reason, we invest in our staff with the goal to provide the best services and most up-to-date practices. This is only possible with continued investment in training, education, and sustainable development of our business.

We believe that our success is founded on two very different, but complimentary principles, namely, organic and inorganic growth. The former, organic growth is owed to two key success factors.

The first key factor is our customer-centric approach to resolving our clients' needs. Our focus on obtaining the perspective of our clients to provide them with customised services that add value to their business.

The second is based on agility and simplicity. We approach every client differently to uniquely address their needs. Given our wide scope of services, in a multitude of languages across several departments, we can adjust to the very need of our client. Our clients also depend on our ability to rapidly adapt, grow, and operate on multiple locations delivering on high margins. Diversified service portfolio, advanced technology and competent employees constitute Mplus Group's value.

The second principle is inorganic growth through the so-called "buy and build" strategy of mergers and acquisition as is reflected in the 18 successful acquisitions in the past 6 years. Acquiring successful and promising companies and restructuring them to coherently compliment the services and activities of Mplus Group.

Going forward we are committed to integrating sustainability aspects into our overall business strategy and establishing a comprehensive approach towards implementing industry best practices across all locations. Structural transformations are a necessary part of the process that enables us to adapt to an ever-changing environment and improve our services to match the needs of tomorrow. This is also one of the reasons why we issued a Sustainability-Linked Bond in 2022 with which we committed to reaching ambitious goals when it comes to reducing GHG emissions and gender balance. We see an integrated approach to doing business in a sustainable way by applying ESG goals and targets as the only way forward in today's climate.



What do we do?

The Group's business strategy is based on organic growth accompanied by strategic acquisitions that guide the expanding scale, diversity of services delivered, increase our capabilities, and expand our various services. As a BPTO company we provide a range of BPO, IT and HR solutions for our clients. We provide customer relationship management (CRM) solutions, structured around a multi-channel (telephone, email, chat, and social networks) and multilingual (32 languages) customer experience platform, primarily through the contact centres. As part of our IT services, we provide software solutions including customer engagement platforms (CEP), customer relationship management (CRM), the Buzzeasy Customer experience (CX) Platform, video identification via Software as a Service (SaaS) and the development of specific software solutions to meet the needs of our customers. We also provide robotic process automation (RPA) and human resource management services (selection and identification of potential staff and temporary

employment), developed as complementary services to our core business activities. By merging all three business lines, Mplus Group offers a multidisciplinary approach to improving the business of our clients.

A change from last year includes the complete integration of Invitel, which was acquired in the previous reporting period. Also it is important to note that two groups changed their names in 2022, Mplus BH d.o.o. became M+ BH d.o.o. and Trizma d.o.o. is now M Plus Serbia d.o.o.

In December 2022 the Group signed a contract acquiring a controlling stake in Integrator Holding, which owns companies in six countries. These companies have a Manpower license in the human resources (HR) segment. We are working to fully integrate this acquisition into our Group during 2023 and will for this reason include it in our 2023 Sustainability Report.



Where do we operate?

Mplus is a global Group spread across 49 locations on three continents. The parent company, Meritus ulaganja d.d. is based in Croatia and has 54 subsidiaries in Croatia, Bosnia and Herzegovina, Georgia, Germany, Hungary, Latvia, the Netherlands, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Türkiye, United Kingdom, and the United States of America.

The map below depicts clearly the reach of Mplus. The implications of such a reach on communities and the environment is thus difficult to ignore. In this report we will elaborate on our efforts and activities within the communities where we operate and our desire to have the least impact on the environment possible.



Governance structure

Mplus Group operates with a keen awareness of the importance of responsible and ethical business conduct which are the building blocks for an effectively run business operation. We develop and operate in accordance with good corporate governance practices and strive for our business strategy, policies and practices to be a leading example to the business environment in which we operate.

The **management board** of the Group parent company, Meritus ulaganja d.d. (public limited company), is composed of the President of the management board, Mr Darko Horvat and the second is the member of the management board Mr Tomislav Glavaš who are appointed for a period of five years.



Darko Horvat
President of Management Board



Tomislav Glavaš
Member of Management Board

In 2022, the **supervisory board** was comprised of six members

- › **Sandi Češko**
President of the Supervisory Board
- › **Igor Varivoda**
Deputy President of the Supervisory Board
- › **Tamara Sardelić**
Member of the Supervisory Board
- › **Hrvoje Prpić**
Member of the Supervisory Board
- › **Joško Miliša**
Member of the Supervisory Board
- › **Ulf Gartzke**
Member of the Supervisory Board

The supervisory board has its members appointed for a period of four years.

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

They achieve this by securing appropriate systems that enable effective cooperation in the best interest of the parent company. Additionally, they ensure regular dialogue with key stakeholders.

The boards ensure the strategy of the Group considers the potential impacts on the environment and the community. They also safeguard that the company's policies, culture, and values encourage ethical practices, respect for human rights and a safe and stimulating work environment throughout the Group. The management board is responsible for reviewing and approving the reported information in this report and including the organisation's material topics, processes and reviewing and approving the information.

In addition to the main two boards there are three committees that support the successful functioning of the company.

The **Audit Committee** which oversees problems relating to the preparation and control of financial and accounting information, including the credibility of reports before submission to the supervisory board.

In 2022, the members were:

- › **Igor Varivoda**, President
- › **Ante Vrančić**, Member
- › **Joško Miliša**, Member
- › **Boris Borzić**, Member

The **Nomination Committee** which oversees candidates for members of the management board and the supervisory board.

In 2022, the members were:

- › **Tamara Sardelić**, President
- › **Igor Varivoda**, Member
- › **Vanja Vlak**, Member

The **Remuneration Committee**, whose purpose is to propose the contents of the contracts with the management board.

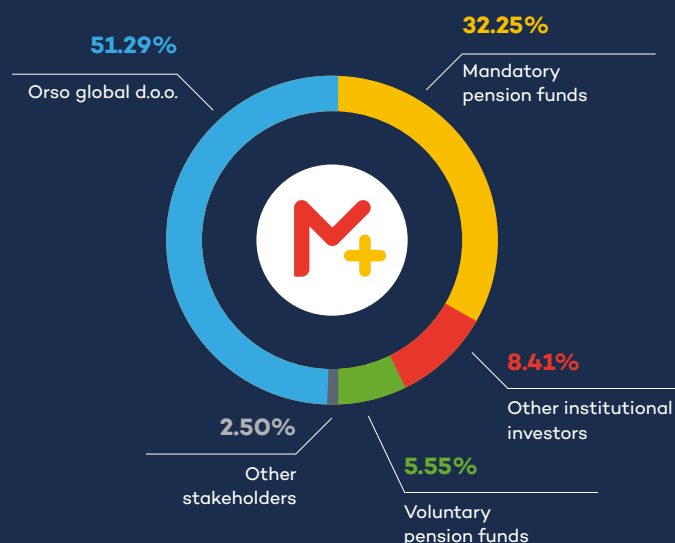
In 2022, the members were:

- › **Tamara Sardelić**, President
- › **Igor Varivoda**, Member
- › **Vanja Vlak**, Member

During 2022, sessions of all committees were held regularly. More details on the work of all committees and performed reviews are available in [Meritus ulaganja d.d. consolidated Annual financial report for 2022](#).

The final body that plays a vital function is the **General Assembly**. It consists of all shareholders (as listed in table on the right) and is competent to decide on issues determined by law and the Articles of Association of the Company.

SHAREHOLDER BREAKDOWN ON 31 DECEMBER 2022



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

Milestones for 2022

This reporting period was marked by progress and expansion. In the first half of the year the Group expanded when we acquired one new company in the e-commerce segment in April 2022 and consolidated Invitel Group's data from January 2022. In December 2022, the Group signed a contract acquiring the controlling stake in Integrator Holding which own Manpower licence and an operating company in Switzerland. Control over Integrator Holding was achieved in 2023 after obtaining all necessary regulatory approvals.

The new additions bring talented staff and two new business streams (HR and e-commerce) to our global team and in the coming years will add immense value to

the Group. Mplus Group maintains strong ties with the business community through a range of memberships and affiliations. We take pride in our ongoing efforts to improve the quality and overall standard of our services, as seen by the range of certificates we received this year. Members of the business community recognized all our efforts with a number of awards. A summary of new memberships, awards, and certificates is provided below, while memberships and certifications that have not changed can be found in our 2021 Sustainability report.

The achievements of this year are a significant testament to the quality of our work and will serve as incentive to continue enhancing our services.

MEMBERSHIP

Türkiye Education and Development Association (TEGEP)

Istanbul Minerals and Metals Exporter Association (IMMIB)

Croatian Employers' Association

Foreign Trade Chamber of Bosnia and Herzegovina

Call Centres Association

Serbian Chamber of Commerce

Amcham Serbia

Business for Social Responsibility Management Centre Belgrade

NEW AWARDS AND CERTIFICATES

Mplus	Frost & Sullivan's 2022 European Entrepreneurial Company of the Year Award for 2022
	Zagreb Stock Exchange's Award for Contribution to the Development of the Capital Market
	ISO 37001 - Anti-bribery management system
CMC	TEGEP's Best internal trainer development program award
	Ekonomist 50 Powerful Women CEOs in Türkiye selected CMC CEO Banu Hızlı in the ranking
	Krea's Golden Leader Awards 2022 awarded CMC's CHRO, CMO and CEO among the top 50 leaders
	BT Haber's Top 500 ICT Company Research in Türkiye
M Plus Serbia	Platinum Creditworthiness Certificate
	ISO 27701; ISO37001
CDE & Linea Directa	ISO 37001 - Anti-bribery management system
Invitel	ISO 9001:2015
	ISO/IEC 27001

Sustainable Business Model

What is our model for success?

Strategy

Risks and opportunities

Stakeholder engagement plan

Material Topics

Moving forward



What is our model for success?

Our business model seeks to achieve long-term financial and non-financial value. To realise this goal, we recognise the need to place people at the centre of our strategy because only humans can create true value and forge connection with our customers. While AI and innovative technologies are necessary tools in our line of business that increase efficiency, the key to our success lies in the people operating these tools and their ability to unlock true potential and ensure sustainable progress.

Mplus is aware of the global challenges that we face because of climate change and the potential risks it will pose on our business. For this reason, we seek to coherently integrate sustainable practices into our processes and operations.

Our approach to sustainability comes from our passion in strengthening connections and developing relationships by bringing people together. Over the years we have become increasingly aware of our reach and impact. For this reason, we pay more attention to each component of the ESG processes by adapting our strategy accordingly.

Strategy

The Group's growth largely depends on strategic acquisition of companies, including the most recent acquisition of Integrator Holding. This move further emphasizes the Group's passionate commitment towards growth, positioning it as the largest and fastest growing BPTO company in Europe. Our efficiency is in large due to our approach and our investment in our people and technology. All-in-all our strategy empowered by the unprecedented level of connectivity and information driving the market has positioned us at the top of our sector. The Group is committed to leading the way and to positively influence others without robust business structure and ambitious sustainability goals.

In contrast to the previous reporting periods, the Group appointed a Chief Sustainability Officer (CSO). Previously in the position of the Chief Financial Officer (CFO), the CSO is now responsible to compile data and oversee and ensure the sustainability of all business operations and activities. Working on developing the ESG framework and monitoring actively Key performance indicators (KPIs) to enhance the Group's performance, the CSO is also

required to transparently communicate to the management board and ensure sustainability-related efforts are applied consistently throughout the Group's business approach.

A positive development over the years has been the decreasing number of physical businesses in the sector and a move towards flexible and remote working conditions.

A significant part of the physical interactions will be digital and automated, a large share will go to the remote contact via email chat and voice call. The advances in technology and cloud infrastructure will advance solutions needed to enable remote work and improved digital interaction. These trends and development will allow the Group and the sector to reduce its GHG footprint, its environmental impact and move ever so closer towards sustainable practices which will reduce risks and set a positive example that transformations through the sector are possible with the right investments, technological improvements, and strategic decision-making.

Risks and opportunities

Mplus Group assesses its risks and opportunities at a regular basis through a well-designed methodology that supports the identification, assessment, monitoring and management of risks that could have a significant impact on the business development of the Group.

Global trends	Risks & opportunities	M+ Group Response
<p>DATA AND TECHNOLOGY</p> <p>Increased presence of AI, greater connectivity and informed customers, increased valuation of personal data.¹</p>	<p>Gap between existing and new skills needed for future jobs; cyber-crime & protection of personal data; increased risks of data privacy risks automation and AI transforming the business landscape; more connectivity leading to more customer experience interactions; roll-out of more autonomous system requiring reactive technologies (5G) to manage bandwidth demand.</p>	<p>Upskilling and targeted training of employees; comprehensive cybersecurity and legal framework aimed at prevention of cyber-crimes and data breaches; incorporation of sophisticated IT solutions and services using the most advanced technology on the market; and focusing on augmented customer experiences where human interaction is enhanced by technology.</p>
<p>SOCIAL AND POLITICAL CHANGES</p> <p>Loss of workforce; cost of living crisis; large-scale migration; erosion of social cohesion and societal polarisation; increased remote or flexible working conditions.</p>	<p>Negative trends in the outflow of labour rise in demand for customer experience services (generational gap in digital literacy); increased dependence on virtual working environments.</p>	<p>Employing diverse workforce around the world and expanding businesses to large countries such as Türkiye; the Group is well-positioned to deal with rise in demand due to its organic growth strategy; Work from home model</p>
<p>BUSINESS ENVIRONMENT</p> <p>Increased demand for nearshoring, reputational damage from corruption and bribery cases.</p>	<p>Clients relocate from traditional offshore sites to an expanded range of nearshore sites, corruption, and bribery.²</p>	<p>Proven track-record as a trusted nearshoring partner, robust anti-corruption and anti-bribery monitoring framework within Mplus.</p>
<p>ENVIRONMENTAL AND CLIMATE CHANGE</p> <p>Natural disasters and extreme weather events; economic and societal effects of climate change; sped-up energy sector transition to renewable resources.</p>	<p>Higher rate of occurrence of natural disasters; resource scarcity may impact business operation; energy crisis driving cost up.</p>	<p>The Group has business continuity and disaster recovery plans in place to mitigate and counteract negative effects. With our ESG strategy, further analysis will be made to elevate Mplus state of preparedness for the climate risks and opportunities which lie ahead.</p>

¹The Slovenian subsidiaries additionally identified the following risks: unauthorised access to any application or system, non-compliance with security and information handling, physical intrusion, unauthorised access/theft, and damage to equipment/information. ²Corruption was recognised as a risk by CMC in their assessment in this reporting period.



As environmental aspects are especially important to us and our stakeholders, we are committed to reducing our ecological footprint and driving our efficiency throughout our business strategy. Natural disasters are also quite likely in the countries where Mplus operates. Increased earthquake and flooding risks can cause considerable disruptions to business operations, resulting in financial losses and reputational harm.

Risks related to climate change have created opportunity for us to develop and adapt our strategy to become more environmentally conscious. Our Policy on environmental and community impact risks helps the Group understand, manage, and mitigate risks that could have a negative impact on the environment and the communities around us. Our top objective for the future is to identify vulnerable locations, implement disaster preparedness strategies, and establish effective communication channels to reduce the impact of such disasters and expedite the process of recovery.

While some of our companies are doing better to address the risk and seize the opportunities, we are working to implement a minimum standard throughout the Group. Our operations in Slovenia conducted a closer

assessment of risks identifying their business specific risks in information handling. Other companies within the Group need to do the same in order for the entire Mplus Group can better work towards our global goals of reducing our GHG emissions and optimising our resources to achieve further growth in a sustainable fashion.

The war in Ukraine, as well as any other potential geopolitical crises that may occur in the countries where we operate, is another major occurrence that poses a significant danger to Mplus' activities. This has demonstrated the importance of keeping a close eye on the geopolitical landscape, diversifying our supply chains and markets, and developing contingency plans to reduce any risks. We must ensure the resilience of our supply chain in order to handle unpredictable geopolitical circumstances and minimise their impact on our operations.

The Group's risk management and control framework is designed to identify, monitor, and manage risk in a way that would support the organic growth strategy and the sustainable business goals of the Groups without compromising on its overall objectives.

Stakeholder engagement plan

Since the fundamental principle of Mplus is people inspiring people, we place great importance on the communication between the Group and our stakeholders. Our stakeholders include employees, clients, management, ZSE (Zagreb Stock Exchange), shareholders and suppliers.

The Group uses a number of tools to engage with stakeholders on a meaningful level, these include:



With the above communication methods, we aim to maintain and enhance our relationship with our most important stakeholders. This is an important practice to remain informed and find ways to incorporate a wide range of stakeholder views and align them to our business strategy. This aids a better resource allocation strategy and may generate new business opportunities and unlock further business potential within the Group. In this way the channels of communication feed a circular system of strategy development and implementation in line with top-tier sustainability principles and practices.

We invited the Group's stakeholders to fill out an ESG questionnaire in 2022 as part of the impact analysis process to evaluate the Group's most significant impacts. The analysis helped stakeholders identify where they saw Mplus Group's significant operational impact, which might help drive and lead sustainability strategy creation and SDG alignment, as mentioned in this chapter.

The table below depicts the different communication tools and frequency of engagement with our stakeholders:



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

Material Topics

The successful integration of sustainability at the level of the Mplus Group is among the most important priorities of our business strategy. In the previous section we disclosed which risks and opportunities Mplus is faced also having considered climate change and other factors of a changing environment.

In this section we illustrate our materiality assessment that we identified alongside our stakeholders to ensure we prioritise the most critical ESG topics where we can mitigate our impact and provide positive influence in the environment and among the communities, we operate in.

As part of our efforts in producing 2021 Sustainability report, we conducted stakeholder engagement activities, resulting in a list of material topics. Our activities went on in 2022 and, based on conclusions reached within our sustainability strategy, we amended and further improved the list of our key sustainability topics to fully reflect the applicable double materiality aspects. In these areas our operations leave the most significant impact. The ESG topics identified are subject to an evolving development, where we are learning to identify our impacts and implement mitigation in the most sustainable manner.

MPLUS GROUP DEFINED SIX ESG BUILDING BLOCKS AS BASE OF THE SUSTAINABILITY STRATEGY:



The table below lists the material topics we identified and prioritised with the support of our stakeholders at the level of the Group that correlate to mentioned building blocks. The table describes the topics and lists our targets which will be further developed into ESG KPIs.

OUR ESG MATERIAL TOPICS AND KEY PERFORMANCE INDICATORS:

Environmental Topics	Topic Description	Target and Ambitions
Climate change and Decreasing greenhouse gas emissions towards net zero	Our primary goal is to reduce the impact our business operations have on climate change, and we primarily aim to do this through the reduction of our GHG Emissions	In concrete terms we will work to reduce our absolute Scope 1 and Scope 2 emissions by 58.8% until 2035 compared to our 2021 baseline.
Energy Efficiency	Increasing our energy efficiency will feed towards our primary environmental goal. We aim to rely on more energy from renewable sources.	To be able to set targets for GHG emissions reduction, initially we set targets for energy efficiency. We will aim to increase the percentage of RE tariff models in major consumer countries, annually increase the percentage of renewable energy (RE) sources, increase the percentage of locations with full LED lighting, of rented spaces in energy efficient buildings and procure more EE with high energy efficiency rating. In addition, we will increase the percentage of hybrid vehicles, reduce business travel and increase energy consumption from RE.
Waste Management & Circular Economy	As a low-impact industry we still produce some waste. We are learning to recognise the impact of our waste products and working to minimise waste in our operations. In line with our waste management ambitions, we aim to improve our circular economy by closing our supply chain in a circular manner and extend the life of our electronic (EE) waste by repurposing it.	Our efforts will be aimed at defining appropriate waste management policies, increase the percentage of recycled waste and increase the percentage of digitally signed documents in order to reduce office waste, especially paper waste.

Social Topics	Topic Description	Target and Ambitions
Diversity, Equality, and Inclusion	Creating work environment which will support our ambition to have diverse and equal opportunity environment.	Reaching gender equality within operating companies, especially within management teams, as described under governance topic: gender balance representation in management teams but also implementing enhanced Group-wide Diversity policy.
Employee career development, work environment and engagement	Encouraging and enabling career development of our employees by providing education and training. Attracting, engaging and retaining talent while also boosting employee engagement.	People are the centre of our business, and we want our employees to further progress in their careers. Therefore, in the future period we will work on enhancing employee engagement, making sure employee career development is every manager's priority and ensuring productive, inclusive and supportive work environment.
Respect for human rights	Ensuring our policies and practices are in line with human rights.	Aware that we operate in over 40 countries on different continents, we want to ensure human rights are respected throughout the Group. Within ESG policy frameworks we will implement control mechanisms to make sure all human rights are respected.
Client satisfaction and retention	Monitoring client satisfaction and the relationships of the Group with our customers, their experience and satisfaction to ensure our business does not have security breaches or other concerns faced by our clients.	With our goal being to provide exceptional customer experience, we will monitor client satisfaction and any complaints reported so we could address potential breaches imminently and ensure client retention.

Governance	Topic Description	Target and Ambitions
Gender balance and representation in management teams	Reaching gender balance and diversity in the management teams.	By the end of 2030 reach 51% representation of women in management and governance teams.
Regulatory compliance	Ensuring we are compliant with regulation and tracking any amendments or developments in the regulatory framework.	Complying with Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy requirements will be our focus in future periods to ensure we can prepare future Sustainability reports using new European Sustainability Reporting Standards (ESRS).
Sustainability governance and management	Embedding ESG as an integral part of the business operations throughout the Group is a step in a process of formalizing ESG governance at the Group level. We will strive to improve ESG data collection, implement policy framework which will regulate ESG areas within the Group.	Our primary focus is on aligning ESG strategy with all internal stakeholders and embedding ESG strategic initiatives into Group budget. To be able to have transparent and realistic data, we will improve ESG data collection throughout operating companies and develop and implement several ESG policy frameworks such as: environmental policy, procurement policy, grievance mechanism, Group HR policy, Diversity, Equality and Inclusion policy and Anti-corruption policy.

Moving forward

Over the years we have made astounding progress and achieved significant growth. Mplus annual revenue was **1.369 million HRK or 181 million EUR³**. This marks a comfortable organic growth of more than 20 percent since the previous reporting period of 2021.

By 2025, customers will no longer accept suboptimal service and expectations and reach of services are on the rise. This is influenced by changing technologies, new trends, impact of social media sharing and developments in supply. Increasing customer demands will play an important role in BPTO companies, Mplus included by enabling us to retain existing higher quality of the Group's work force in comparison to our competitors. Moreover, Mplus Group plans to expand its business to HR services in order to find innovative ways to develop the workforce and strengthen approach to customer experience on all operating markets.

For this reason, through our strategy we remain committed towards sustainable growth through the development of our workforce. A key component to this is the application of innovation and new knowledge acquisition, which is not possible without the continued investment in our people and their development.

Mplus invests in the continued development and education of our workforce to keep them up-to-speed with the most relevant skills and necessary knowledge required for their daily work processes and career development. It is identified as one of our material topics, but also feeds into higher priorities such as employee wellbeing and favourable working conditions.

We strive to increase our capabilities to educate and provide relevant training for our staff to remain competitive in our sector. As technology continues to develop at increasing rates in the sector and our clients demands grow, our skilled staff is essential to unlocking our potentials. To remain agile and relevant in a competitive environment, we value the power of our impressive workforce that stretches across the globe.

Since 2020, Mplus has made strides towards facilitating a sustainable business strategy and following through with its high ambitions. As another step in this direction, Mplus issues a Sustainability-Linked Bond to bring itself closer in the correct direction. The next section will take a closer look into what this Bond means in terms of our strategy and how it impacts the Groups quotidian operations.

In addition, we have stepped up our efforts by **joining the United Nations Global Compact**, which will allow us to maintain our commitment to integrating SDGs in our operations and aligning our business with key United Nations Global Compact principles.



³According to the fixed conversion rate of 7.53450HRK

Sustainability- Linked Bond

Introduction
Sustainability-Linked KPIs and SPTs
Timeline



Introduction

Focus of Group's business activities is, and has always been, on providing superior quality in customer experience and comprehensive outsourcing activities. Given the nature of Group's business which depends mostly on people, biggest emphasis is on social elements of ESG criteria. However, we are well aware that even though we are a low impact business in terms of carbon-intensity, our business activities still have impact on climate and environment.

To show our commitment to sustainable business practices, ensure business resilience to climate change and secure sustainable financing, in July 2022 Meritus ulaganja d.d. issued the very first Sustainability-Linked Bond (henceforth, Bond or SLB) in Croatia. The Bond was approved by the Croatian Financial Services Supervisory Agency.

Under the Sustainability-Linked Bond Framework within which the Bond was issued, the Group can issue further sustainability-linked instruments aimed at financing and/or refinancing projects that would enable Mplus Group to meet its environmental and social objectives, as set in the sustainability strategy. The Framework was developed in accordance with the International Capital Market Association's (ICMA) Sustainability-Linked Bond Principles 2020 (SLBP) and it outlines the process Mplus Group followed when issuing this Bond and which would be applied to other potential sustainability-linked finance instruments.

To ensure complete alignment with SLBP, the Group requested a Second party opinion from Sustainalytics, a leading independent ESG rating provider. Sustainalytics confirmed that the Mplus Group Sustainability-Linked Bond Framework is aligned with the five core components of the Sustainability-Linked Bond Principles 2020.

For the SLB purpose the Group set two KPIs and accompanying Sustainability performance targets (SPTs) which outline the manner in which we plan to achieve KPIs.

KPI 1	KPI 2
Decreasing Scope 1 and Scope 2 GHG emissions	Reach a more balanced gender diversity in management teams
SPT 1	SPT 2
Reduce absolute Scope 1 and Scope 2 emissions by 25.2% to 2,148 scope 1 and Scope 2 tCO ₂ -equivalent emissions in 2027 from the 2021 baseline	Achieve 51% representation of woman in management teams (including governance bodies) by the end of 2030

Sustainalytics also verified our KPIs and SPTs and considers both KPIs to be strong, based on their materiality, relevance, scope of applicability and adequacy to external benchmarking. Additionally, Sustainalytics also considers our reporting and verification commitments to be aligned with market expectations and the prospective achievement of the SPTs to be impactful.

The Bond tied the cost of borrowing to achieving the above stated KPIs. In case the KPIs are not achieved, the result will be coupon adjustment i.e., interest rate increase.

To provide our internal and external stakeholders with timely and adequate information, the progress made on the KPIs and achievement (or not) of the SPTs will be published annually as part of our Sustainability report.

Sustainability-Linked KPIs and SPTs

As a Group, we operate in many countries which have different levels of sustainability development, and our goal is to ensure that all our operating companies recognize and manage impacts their business operations have on environment while working towards minimizing the negative ones. Withing our sustainability strategy, we defined four pillars: environment, human capital, corporate governance and communities. Through the environmental pillar we are committed to reducing and managing risks related to negative environmental impacts.

Even though the BPTO sector in which we predominately operate is not a very carbon intensive sector, aware of everyone's role in reducing the carbon footprint and in the midst of growing global climate changes, we have decided to actively contribute to the goals set forth in the Paris Agreement.

Therefore, as our first KPI we defined **decreasing Scope 1 and Scope 2 GHG emissions**. We are committed to reducing our impact and as such we have set very ambitious goals defined through our SPT which is **reduction of absolute Scope 1 and Scope 2 emissions by 25.2% to 2,148 Scope 1 and Scope 2 tCO₂-equivalent emissions in 2027 from the 2021 baseline**. It is important to note here that when calculating emissions for 2022 we included our new subsidiaries (most notably Intel group) and some of the companies which were not able to collect data at the time of the Bond issue. More information can be found under the Environmental Dimension. Consequently, our baseline values have changed and our SPT is now set to reduce absolute Scope 1 and Scope 2 emissions by 25.2% to 1,820.8 Scope 1 and Scope 2 tCO₂e in 2027. **Our overall strategic GHG emissions reduction goal is to reduce absolute Scope 1 and Scope 2 emissions by 58.8% by 2035 compared to the 2021 baseline**.

First KPI is directly contributing to UN SDG 13 (Take urgent action to combat climate change and its impacts) which is part of the "Spotlight SDGs" group which are in our primary focus.

Our SPT is based on a linear reduction from baseline year to target year, as defined by the Absolute Contraction Approach criteria of the Science Based Target Initiative ("SBTi") on alignment with the Paris agreement 1.5°C scenario. You can find more information on our overall energy consumption and GHG emissions, including the Scope 1 and Scope 2 emissions reduction progress relevant for KPI 1 in the chapter *Environmental Dimension* of this Report.

Since our business revolves around people, we are committing to creating an inclusive organisation where human rights are respected, gender balance is achieved, and ethics guide our practices. For this reason, the second KPI is **to reach a more balanced gender diversity in our management teams**.

In order to achieve this KPI, **our second SPT is aimed at achieving 51% representation of women in management teams, including governance bodies, by the end of 2030**.

The second KPI and SPT are directly in line with UN SDG 5 and target 5.5 which aims to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

Goals we set for diversifying management teams are also in line with UN SDG 10 which aims to reduce inequality within and among countries, resonating with our business operations scattered around the globe.

Our business significantly expanded during 2020 and 2021 when we acquired over 6,500 new employees in Türkiye and Germany. However, Intel Group (Germany) was consolidated at the Mplus Group level only in 2022. Therefore, when collecting gender equality related data for the Bond issue (in the first half of 2022), we concluded that we should not use data for 2020 or 2021 as neither of those years would provide relevant representation. That is the reason why for defining second KPI data as at 28 February 2022 was used to set the baseline value.

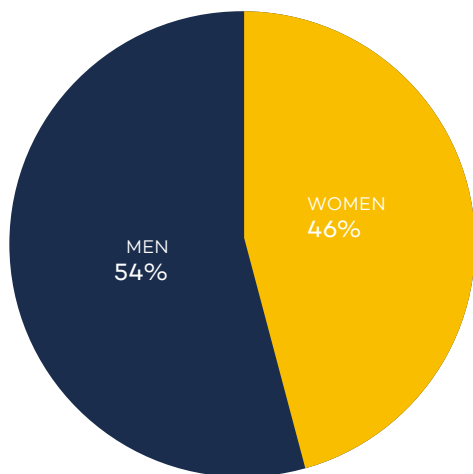
When collecting data to report on gender balance in our management teams, we used our human resources (HR) database. After receiving data from each HR team, we identified management categories which were to be included into calculation.

Records we collected and aggregated were used for calculation of percentage of women in our management teams, management and supervisory board and all other governing bodies. We included all management levels into calculation (from line management to supervisory board) to paint a precise picture for our stakeholders, since women are holding most of our line management positions.

Shown in the graph below is 46% of women vs. 54% of men in management positions as at 31 December 2022.



GENDER BALANCE RATIO IN MANAGEMENT TEAMS



We believe diversity is relevant and core to Group's overall business growth and of significant importance to future operations. As an indication of our devotion to creating diverse and inclusive organization, within our sustainability strategy we set out an action plan aimed at reaching gender balance in our management teams.

We developed Group Diversity policy whose objective is to set necessary standards for ensuring diversity of gender, age, educational background, skills and other differences that may help improve the process and quality of decision-making within the Group. This policy will act as a crown policy for any and all other diversity and inclusion policies that would be adopted by operating companies.

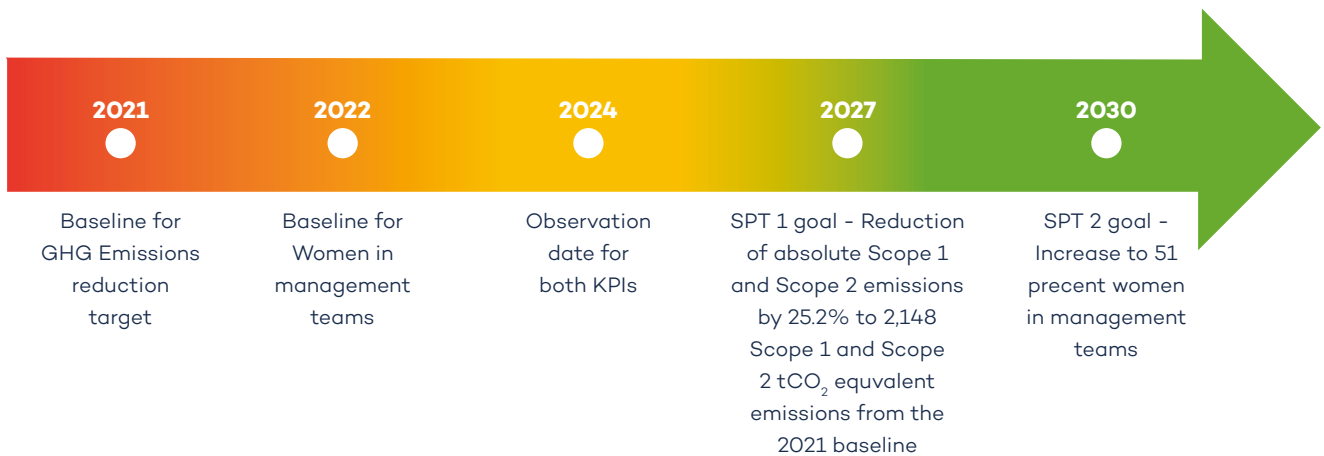
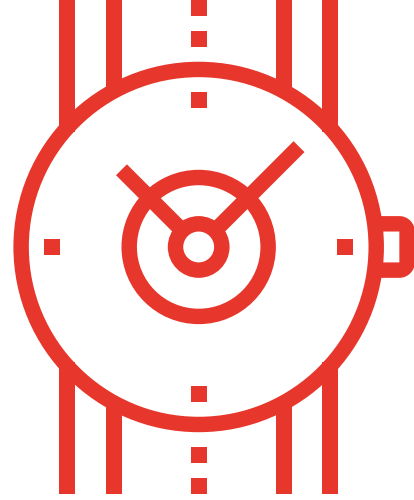
One of our action points within the sustainability strategy concerns the recruitment process. We will aim to fulfil commitments from our Diversity policy and ensure implementation of other gender balance policies and programmes when recruiting for new Mplus members. However, we will avoid positive discrimination because we do not want to create and stimulate an environment where women are rewarded only because of their gender.

Finally, we are committed to empowering women within our organization. We will encourage women to apply to management positions and work on approaches and initiatives such as improving work-life balance to reassure and enable them in achieving their professional goals. We want our employees who are mothers to be able to balance between their private and personal life and therefore will aim to improve work-life balance to especially encourage them to apply to management positions. Additionally, the Group will raise awareness among employees to be able to truly lead diverse and gender balance organization and improve the process of decision making within the Group.

Timeline

Below is a visual representation of timeline for fulfilment of the KPIs and SPTs. The observation date for the SPTs fulfilment is set to 31 December 2024, as indicated in the timeline.

Observation date is set with the purpose of providing information to our stakeholders whether we are on the right track to fulfil our SPTs, i.e., sustainability performance targets. In 2022, the Group made some progress towards achieving set goals, but there is more work to be done. Our efforts are explained in more detail under environmental section in this Report. As the Group grows and acquires new subsidiaries it is important to align all companies and unite them under our sustainable business model, which, when uniformly applied, will bring us closer to the realisation of our sustainability goals. In the following five years we aim to bring down our emissions and to match the 2027 goal and enable the achievement of our 2030 goal. By the end of 2030 we aim to ensure that 51% of management teams positions in our Group are held by women.



Governance, Ethics & Integrity

Our approach
Ethics and integrity
Responsible supply chain
Information security
Commitment to equality



Our approach

Ethical principles as well as compliance play an essential role in creating a solid foundation for Mplus operations and reputation. Mplus does business with integrity, openness, and respect for all stakeholders, including employees, consumers, and the community, by adhering to ethical values. It fosters a culture of trust, fairness, and responsibility, which deepens relationships and enhances Mplus' overall reputation. Compliance with legal and regulatory standards is equally vital since it protects the company from any liabilities and maintains its reputation for integrity.

A solid compliance system is required to uphold ethical standards and assure compliance with applicable laws and regulations. It establishes a structure for monitoring and enforcing compliance, reducing the possibility of unethical behaviour and unlawful conduct.

Our compliance system proves our dedication to maintaining high ethical standards and mitigating risks.

Furthermore, the presence of unchanged compliance policies, as seen in our [Sustainability report 2021](#), reflects our commitment to ethical conduct. It demonstrates that we recognize established policies and processes that have proven valuable in influencing employee behaviour and decision-making.

These policies serve as a reference point for employees, ensuring that standards are clear and reducing ambiguity. We believe our commitment to ethical principles and compliance not only ensures sustainable business practices, but also contributes to the organization's overall success and resilience.



Ethics and integrity

The Ordinance on the Procedure for Reporting Irregularities (approved at the parent company level but applicable to all Mplus Group subsidiaries) was adopted along with the Corporate governance code, Rules of conduct and Policy on the prevention and sanctioning bribery and corruption, and it establishes the internal Mplus Group mechanism for reporting irregularities, upholding ethical behaviour, and ensuring whistle-blower protection. Irregularities discovered through internal audits and business continuity controls are noted and detailed in the recommendations for adjustments in the future.

Each individual department of the Group entity that receives improvement recommendations is responsible of enforcing and amending processes and procedures in line with these recommendations. When it comes to anti-corruption policies and procedures, they are disseminated to the majority of employees across various groups, which, combined with frequent trainings, strengthens our employees' ability to recognise and address any irregularities.

Implementing a grievance process was critical for Mplus because it encourages transparency and fairness while lowering the possibility of conflicts and dissatisfaction escalation. A grievance mechanism is a formal process that allows employees to express concerns, complaints, or grievances about workplace issues. It provides a formal and discreet mechanism for employees to voice their concerns, ensuring that grievances are promptly resolved.

While methods vary across Group subsidiaries, with most of them implemented some form of a grievance mechanism.

To ensure that we fulfil our responsibilities, we have implemented a Group Policy on the preservation of human rights and workers' rights. It not only emphasises the importance of human rights to us, but it also prevents incidents of disregarding and abusing such rights, as well as the consequences of such actions. Employees can report these kinds of events to our Ethics Line or the Human Resources Department, and the cases are subsequently followed up on through internal audits and controls. To avoid such situations, we introduce our employees to our Group policies throughout the recruitment process and at the start of their employment.

The presence of a strong anti-corruption and anti-bribery structure within Mplus has proven essential. These frameworks are preventative measures that assist us in maintaining an ethical corporate environment and safeguard our reputation. They have helped us establish a culture of integrity in Mplus by promoting transparency, responsibility, and adherence to legal and ethical norms.

Our commitment to anti-corruption and anti-bribery measures can be shown not only in the adoption of anti-bribery ISO 37001:2016 standards in one of our subsidiaries.

There were no recorded corruption cases for the second year in a row in Mplus Group. We believe this data increases stakeholder trust, attracts investors, and fosters long-term corporate success ensuring Mplus operates fairly and responsibly.

Responsible supply chain

The Mplus Group's Policy on environmental and community impact risks indicates our intention to operate responsibly when it comes to procurement activities and their potential environmental impact, whilst the Policy on Supply Chain offers guidance on supply chain operations. The transparent and traceable supply chain of Mplus ensures ethical and sustainable standards are followed throughout. As a result, subsidiaries can detect and resolve potential hazards such as human rights breaches and environmental damage.

In terms of supplier management, we believe that a strong supplier management system, in addition to an emphasis on local procurement, may significantly improve operational efficiency, promote sustainability, and support local economies. Local procurement refers to the country in which the Group member operates (i.e., Türkiye is local to CMC), whereas "significant locations of operation" refer to all operational locations and are defined as business groups where business operations are carried out. This year, the percentage of local procurement is 51%, which is lower than last year for a variety of reasons, the majority of which are related to supply chain disruptions caused by the geopolitical situation in Eastern Europe, cost considerations as rising inflation has affected overall prices, and market dynamics.

Despite the aforementioned obstacles and constraints, a commendable number of subsidiaries, namely M+ BH, Smart Flex, and Invitel, successfully achieved a 100% local procurement rate, demonstrating their dedication to supporting local economies and optimising supply chain efficiencies.



Information security

Information security is critical for a company engaged in the BPTO industry, especially given the frequency with which sensitive data and confidential information is transmitted. Even if there are no breaches or complaints, building a strong information security system is critical to safeguard important assets, preserve customer trust, and ensure business continuity.

Furthermore, information security in the BPTO sector is inextricably linked to compliance with regulatory frameworks and industry standards. Compliance with legislation such as the GDPR not only reduces legal risks but also builds trust among business partners and clients. By demonstrating our dedication to data protection and privacy, we have distinguished ourselves as a dependable and trustworthy BPTO service provider. To ensure compliance with widely recognised data security standards, most of the Group's firms have the ISO 27001 information security standard.

While the absence of reported data breaches or complaints suggests a strong track record, we must continue to prioritise information security. Continuing to integrate extensive security measures will not only secure sensitive data, but will also reinforce our reputation, strengthen trust with stakeholders, and enable the smooth running of our business in an increasingly digital and linked world.

Commitment to equality

One of the core concepts that Mplus preserves is equality, which involves a variety of elements such as reducing the pay gap, eliminating discrimination, and offering equal opportunities for women in management roles. Gender equality in the workplace is not only an issue of fairness; it also has various benefits for the firm as a whole.

Important part of equality is eliminating income disparities between men and women. It has been essential for Mplus that such inequalities do not exist and that all employees receive equal pay for equal labour. As a result, regardless of gender, all of our subsidiaries have set minimum pay. We develop a culture of fairness, boost employee morale, and increase overall productivity by closing the wage gap. This also assists us in attracting and retaining outstanding individuals, as prospective employees are more likely to join companies that emphasise equality and equitable treatment. Furthermore, discrimination in any form, including gender-based discrimination, should be prohibited in the workplace. Employees should be evaluated exclusively on the basis of their abilities, qualifications, and performance in a supportive and inclusive environment. By strongly combatting discrimination and bias, Mplus can develop a diverse and inclusive workforce that maximises its employees' full potential. That is why we are very pleased that there have been no reports of discrimination across all Mplus subsidiaries.

Another critical part of achieving gender equality is creating equal opportunities for women in managerial positions. We have committed to a Sustainability-linked Bond KPI focussing on raising the percentage of women in management teams, which you can learn more about here, since we believe it will improve organisational performance, reduce barriers and biases, and promote innovation.

Finally, aiming for equality produces actual results and benefits for Mplus as we continue to create an equitable, diverse, and thriving work environment.



Human Dimension

Introduction

Talent acquisition

Employee Benefits

Developing employee potential

Performance and Career Development Reviews

DEI - Diversity, Equity, Inclusion

Health and safety – occupational



Introduction

As mentioned before, Mplus is committed to its people standing behind our moto “people inspired by people”. Our business depends on our people and for this reason we put great emphasis on ensuring we provide a positive environment where everyone is respected and safe. Our goal is to continue evolving our Group’s culture, further diversify our workforce, ensure all workers feel comfortable bringing their authentic self to the workplace and allow everyone to contribute their best selves to their position in our growing large and continuously expanding Group.

Due to the continued demand for nearshore call centres, the Group remains committed to attracting and employing a significant number of agents in our numerous call centre locations.

Mplus Group offers its employees decent salaries across the board with compensation packages, health care benefits and respect all minimum wage standards in each country we operate.

Table below depicts very clearly the growth of the Group by number of employees. The organic growth strategy has been successful in expanding the size of the Group at a manageable pace where the growth is significant in size and impact on business, yet able to maintain its culture and welcoming environment.

NUMBER OF EMPLOYEES AT MPLUS IN 2022⁴

12,459

Professionals in 2022

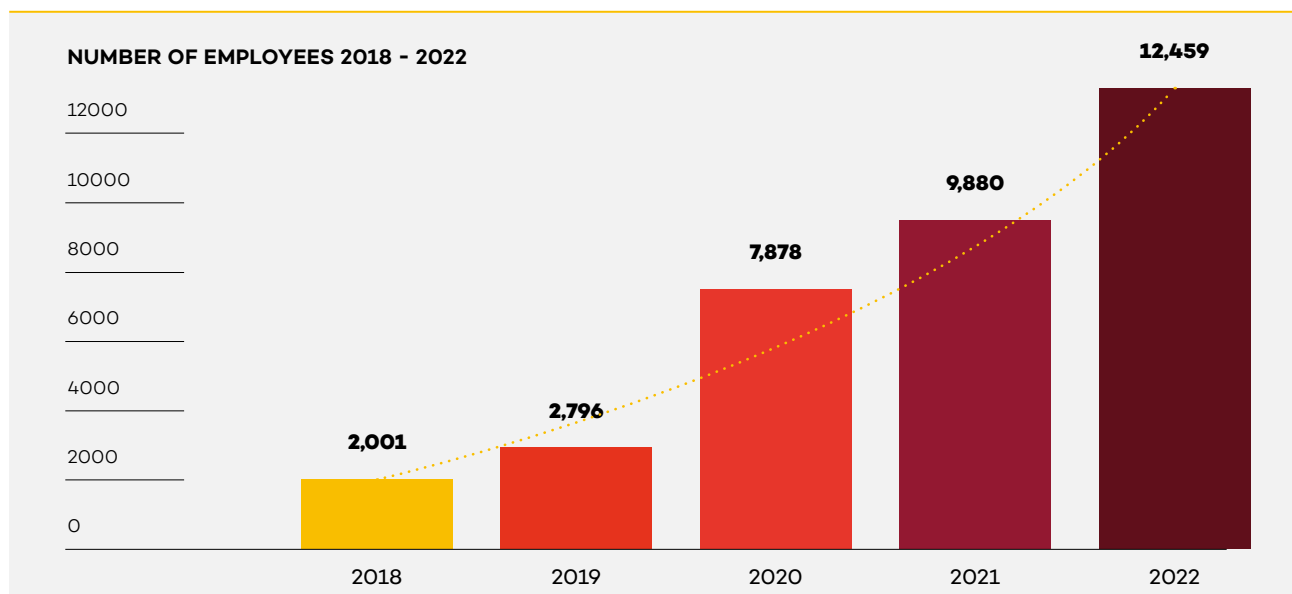


36%
4482 Men



64%
7977 Women

Across our companies we emphasise the importance on the various labour law requirements which are respected and applied on the local levels. In parallel with the local we apply our internal acts such as the [Policy on the protection on human rights and the rights of workers](#) and [Ordinance on the procedure for reporting irregularities](#). We aspire to uphold international standards and apply all applicable laws on salaries, working hours, overtime and other employee benefits and rights.



⁴The number expressed in this visual represents the number of employees on 31 Dec 2022.

Talent acquisition

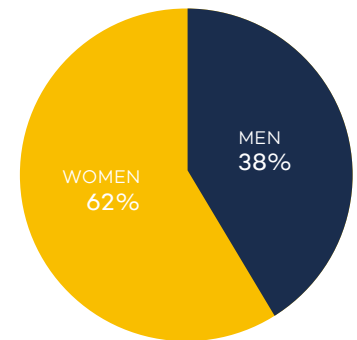
Due to the high turnover of operational staff in the BPTO sector, the Group prioritises job creation. Nonetheless, we also recognise the importance of retaining values staff and the fact that the ration of turnover against hiring indicates a positive impact on the employability of the communities where we operate. A high turnover rate correlates with the core business of Mplus Group since a significant number of employees (agents) are hired for a short period of time as needed by the nature of the services provided. This can be seen in the data below.

Mplus has seen a large and successful expansion in personnel count over the years, with a noteworthy emphasis on female representation. This encouraging trend demonstrates our dedication to diversity and inclusion, as well as our efforts to provide equitable opportunities for women in the workplace. Our proactive commitment to diversity and inclusion has resulted in a more balanced and diversified staff, as well as valuable viewpoints, skills, and experiences that contribute to the success of the Group as a whole.

NEW EMPLOYEE HIRES BY GENDER AND AGE GROUP

Men	Women	Under 30	30 - 50	Over 50	Total
4229	6823	8183	2554	313	11052
38,2 6%	61,7 4%	74,0 4%	23,1 1%	2,8 3%	100,0 0%

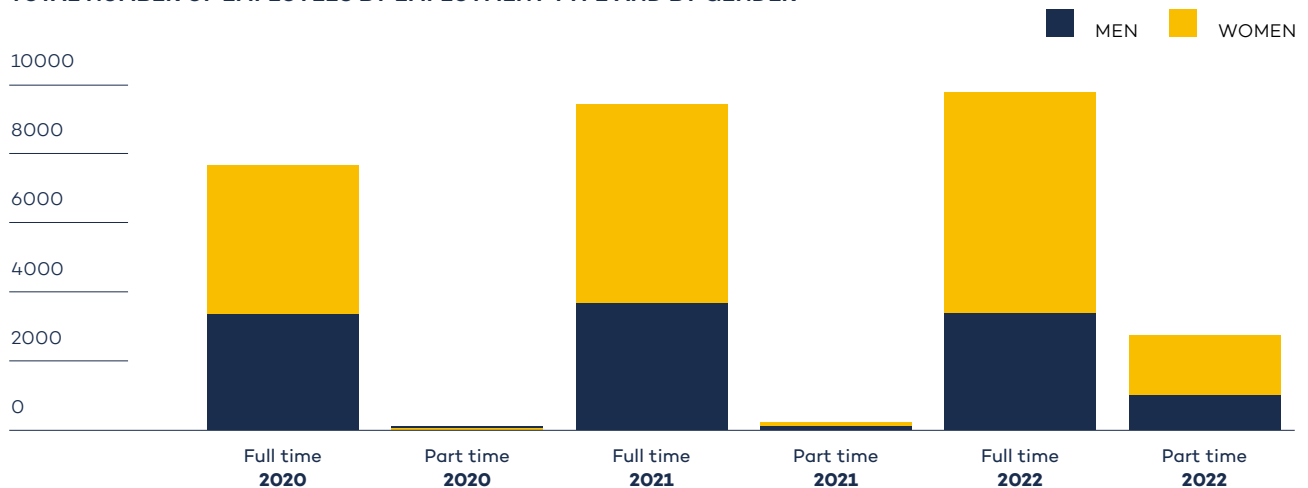
NEW HIRES BY GENDER



NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE AND BY GENDER IN 2022

Employment contract	Man	Woman	Total
Permanent	3352	6237	9589
Temporary	1130	1740	2870
Non-guaranteed hours employee	144	244	388
Total	4482	7977	12459

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE AND BY GENDER

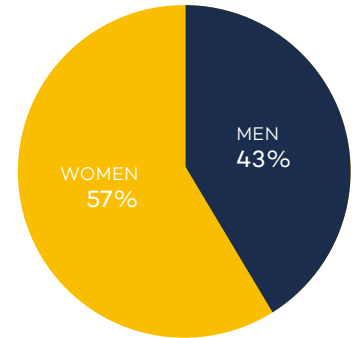


NUMBER AND RATE OF EMPLOYEE TURNOVER BY GENDER AND AGE GROUP IN 2022

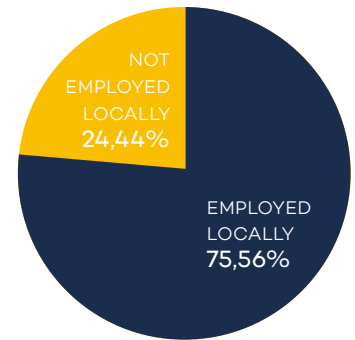
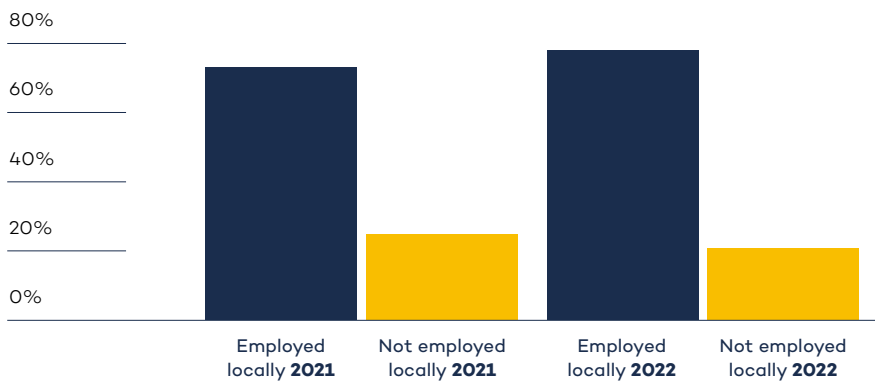
Men	Women	Under 30	30 - 50	Over 50	Total
4283	5649	6889	2716	327	9932
43,12%	56,88%	69,36%	27,35%	3,29%	100,00%

In line with our nearshoring policy, we continue to prioritize hiring locally, especially when it comes to our management. We have slightly increased our overall number of locally hired senior management compared to last year's across all our subsidiaries.

TURNOVER BY GENDER



LOCALLY HIRED SENIOR MANAGEMENT



Employee Benefits

Our employees enjoy numerous benefits across the different companies and locations of operation. Within the Group most companies offer a form of health insurance coverage as mandated by governments or additional and voluntary plans. At the level of the Group as a whole, all companies enable employees to use their right to parental leave, both paternal and maternal.

Because none of the M+ Group companies have collective agreements only local labour laws govern workers' employment rights and obligations. Regarding operational changes that may have a significant impact on our employees' working circumstances, although most are not mandated by law, practices vary according to M+ Group regions, i.e. operating companies. M Plus Croatia, CDE, and M+ BH, f, for example, give their employees at least one week's notice; CMC Group gives 4 to 6 weeks' notice (differentiates based on the length of employment); and Linea Directa Group distinguishes between notifications regarding employment contracts for definite (no later than one week before the internal rule) and indefinite periods (at least one week before)

and publication of internal acts. Geomant Group, on the other hand, provides an 8-week notice in Hungary as required by local legislation.

Mplus recognizes that, among other benefits, providing comprehensive health care and parental leave benefits is critical for both our business and our employees, as it fosters a healthy and supportive work environment, increases employee satisfaction and well-being, and promotes work-life balance, all of which lead to increased productivity and retention. In Table below, you can observe in detail the various benefits.

We understand the importance of employee benefits as it has truly made a difference in attracting and retaining talent. With the intention of creating an enjoyable working environment we understand that apart from the benefits that are offered in compliance with local laws, offering additional benefits such as financial aid for childbirth, fully paid sick leaves or business performance bonus will be what sets Mplus apart from its competitors in the market.

Benefits	CMC Group	Geomant Global	Meritus Georgia LLC	M+ BH d.o.o.	M Plus Serbia d.o.o.	M Plus Croatia d.o.o.	Trizma GS d.o.o.	Smart Flex d.o.o.	Bulb d.o.o.	Invitel GmbH	Linea Directa d.o.o.	CDE nove tehnologije d.o.o.
Life insurance	Only executives	✓										
Health care	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Disability and invalidity coverage	✓	✓		✓	✓	✓	✓			✓	✓	✓
Parental leave	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Retirement provision	✓	✓	✓	✓				✓	✓	✓	✓	✓
Stock ownership												
Transportation costs	✓	✓	✓	✓	✓	✓	✓	For some	✓	✓	✓	✓
Gift for the best employees according to the results at the end of the year	✓	✓		✓		✓		For some	✓		✓	✓
Financial aid in a certain amount in case of an accident, illness or death of a close family member		✓		✓	✓	✓	✓	For some	✓	✓	✓	✓
Other benefits							Multisport card subsidised		Financial aid for childbirth; Additional vacation and free days; Fully paid sick leaves; Meal allowance; Christmas bonus; Christmas bonus for kids; Voluntary pension fund payment		Food costs; Jubilee award; Regress; Business performance	Food costs; Jubilee award; Regress; Business performance

Developing employee potential

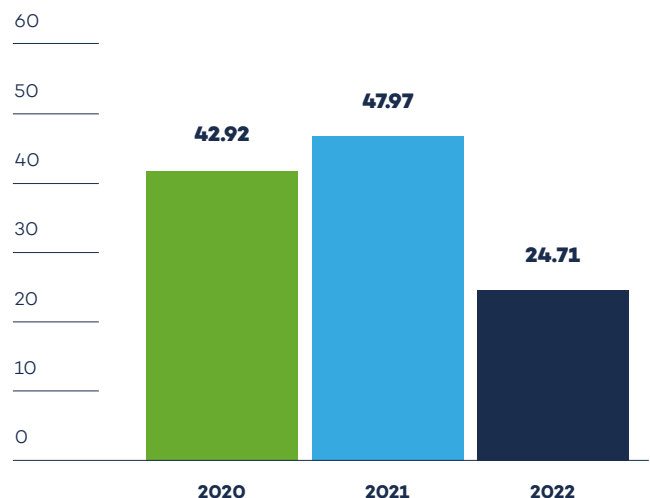
Employee training is essential to ensuring the development of a high-quality workforce. These initiatives offer several advantages that contribute to the overall growth and profitability of the company. Employee capacities are enhanced so that they become more proficient and efficient in their tasks, resulting in improved output and higher quality results. Training programmes also promote a workplace culture of ongoing learning and professional development. Organisations invest in employee training to ensure the long-term success of their employees, ultimately providing great quality in their services and remaining competitive in a constantly evolving business climate.

Mplus provides a wide range of in-person and online trainings aimed at boosting our employees' competencies, especially focusing on agents and support staff. Furthermore, we have maintained a balanced gender ratio to ensure all our employees receive the same high-quality training. By providing training programmes designed to address specific employee needs we were able to optimise the efficiency and efficacy of the programme which significantly decreased the number of hours our employees spent in training overall.



The tables below show the average amount of employee training per gender in hours and the comparison with the previous years.

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE



**AVERAGE TRAINING HOURS OF EMPLOYEES BY GENDER
AND BY EMPLOYEE CATEGORY (NUMBER)**

Entity	Average hours of training per year per employee	Average hours of training per year per employee by gender		Average training hours per year per employee category			
		Male	Female	Governance	Executive staff	Agents	Support staff
CMC İletişim ve Çağrı Merkezi Hizmetleri A.Ş.	33,43	32,69	33,76	8,13	20,36	34,51	29,27
Inova Solutions	0	0	0	N/A	0	N/A	0
Geomant UK Limited	0	0	0	0	0	0	0
Geomant Algotech Zrt.	10	10	10	10	10	10	10
Geomant SRL	0	0	0	0	0	0	0
Meritus Georgia LLC	0	0	0	0	0	0	0
M+ BH d.o.o.	36,39	16,30	35,1	-	40	-	40
M Plus Serbia d.o.o.	0,6	0,43	0,79	0	19,27	0,04	16,60
M Plus Croatia d.o.o.	74	74	74	20	40	80	42
Trizma GS d.o.o.	0	0	0	0	0	0	0
Smart Flex d.o.o.	0	0	0	0	0	0	0
Bulb d.o.o.	36	1	2	18	7,2	1	9
Invitel GmbH	47,49	51,93	44,05	0	48	0	20
Linea Directa d.o.o.	67,50	20,25	47,25	34,60	0	32,90	0
CDE nove tehnologije d.o.o.	90	21	31	0	40	50	0

Performance and Career Development Reviews

Regular performance reviews are very important to Mplus as they provide a formal framework for evaluating and assessing employee performance and give space for feedback, goal setting and professional development conversations. We consider regular performance reviews to be a practical solution to address any problems or challenges faced by employees thus promoting a supportive and stimulating working environment.

Overall, we've seen that regular performance assessments help us boost productivity, raise employee morale, and promote continual development which is why our data across the Group continues to be at a very high level for all employee categories.

The table below shows percentages of employees who have gotten their performance reviews by gender and employee category.

PERCENTAGE OF PERFORMANCE REVIEWS BY GENDER AND EMPLOYEE CATEGORY

Entity		Governance	Executive staff	Agents	Staff
CMC	M	100,0%	78,2%	50,8%	95,5%
	F	100,0%	71,2%	51,7%	91,0%
Geomant UK Limited	M	100,0%	100,0%	N/A	100,0%
	F	N/A	100,0%	N/A	400,0%
Geomant Algotech Zrt.	M	100,0%	100,0%	100,0%	100,0%
	F	100,0%	100,0%	100,0%	100,0%
Geomant SRL	M	100,0%	100,0%	100,0%	100,0%
	F	100,0%	100,0%	100,0%	100,0%
Meritus Georgia LLC	M	N/A	N/A	N/A	N/A
	F	N/A	N/A	N/A	N/A
M+ BH d.o.o.	M		50,0%	100,0%	42,9%
	F		57,9%	100,0%	46,2%
M Plus Serbia d.o.o.	M	N/A	N/A	N/A	N/A
	F	N/A	N/A	N/A	N/A
M Plus Croatia d.o.o.	M	80,0%	100,0%	100,0%	100,0%
	F	80,0%	100,0%	100,0%	100,0%
Trizma GS d.o.o.	M				
	F				
Smart Flex d.o.o.	M				
	F				
Bulb d.o.o.	M	100,0%	100,0%	N/A	100,0%
	F		100,0%		100,0%
Invitel GmbH	M		12,0%	100,0%	100,0%
	F		17,0%	100,0%	100,0%
Linea Directa d.o.o.	M				
	F				
CDE nove tehnologije d.o.o.	M		20,0%	3,0%	
	F		100,0%	1,9%	

DEI - Diversity, Equity, Inclusion

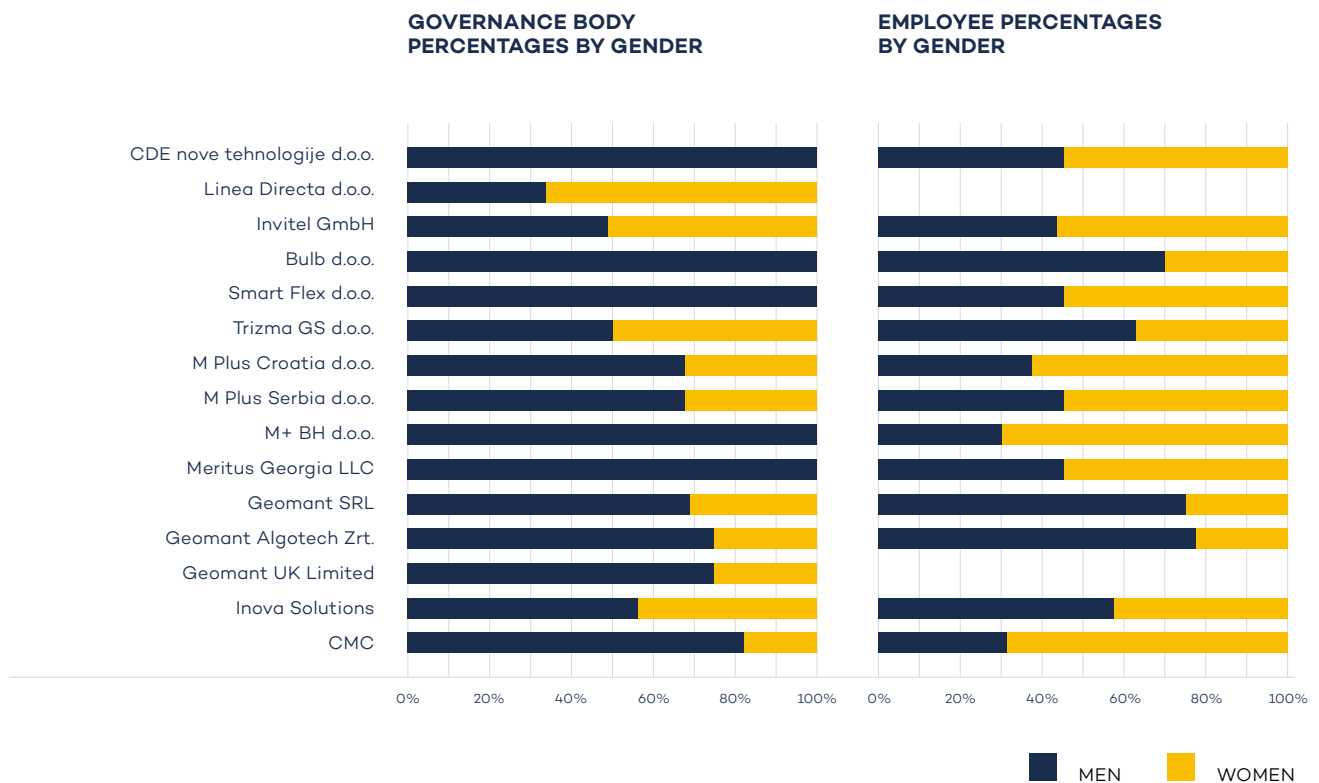
Building a workforce that is diverse and inclusive has been one of the most prominent objectives for Mplus. We want to create a culture in which everyone feels included and appreciated. Diversity is one of our core values, and we believe that a varied and inclusive workforce contributes to more creative concepts, better solutions, and better outcomes. Our diversity and inclusion goals are to foster an inclusive work environment and to leverage on the diverse perspectives and contributions that each employee brings to the workplace.

Last year, as part of the Sustainability-Linked Bond Framework, we committed to a specific target through which we aim to achieve 51% representation of women in management teams by 2030 against a 2022 baseline. In practice, M+ BH, M Plus Croatia, M Plus Serbia and Linea Directa have a relatively favourable ratio within their management while other subsidiaries are still male dominated. Among lower management levels, gender balance ratio is in favour of women, however, overall

balance within all management levels remains male dominated. In operating companies' governance bodies is largely male dominated and our focus in the future period will be to improve gender balance ratio within the governance bodies. However, the percentage of women in management teams (including board and all management levels) increased when compared to last year.

Gender balance ratio in management teams is 46% of women compared to 54% of men. More information on our KPI fulfilment progress is explained in more detail under Sustainability-Linked Bond chapter.

Overall, our efforts to build a diverse and inclusive workplace have led to positive outcomes thus far, but there is definitely space for growth and improvements. We strive to create lasting benefits for our people and business by guiding our employees, management, and governance bodies through the process of reaching more balanced gender diversity in our management teams.



Health and safety – occupational

Occupational health and safety are critical in providing employee well-being and protection. Creating a safe and healthy workplace for our employees has been at the forefront of our efforts for a few years which, among other things, includes making sure that the working conditions are in line with national laws and regulations. M+ Group firms have developed several practices to identify work-related hazards and assess risks on a normal and non-routine basis, as well as to apply the hierarchy of controls to mitigate hazards and reduce risks.

Implementing a robust health and safety management system has been critical for Mplus Group as it helped in identifying and minimizing work-related hazards, preventing accidents, and fostering a risk-free workplace. Minimizing any hazards in the workplace and promoting a safe and enjoyable working culture is the driving force behind all our initiatives and activities in this regard. Last year, one of our colleagues employed by CMC passed away as a result of previously diagnosed cardiac problems; but, because the event occurred at work, we classified it as an occupational accident.

We have also obtained ISO certifications such as ISO 45001 in CMC and ISO/IEC 27001:2013 in most operating companies, indicating our dedication to maintaining high safety standards.

Another benefit Mplus offers is health insurance, which gives employees access to medical care and support in the event of work-related injuries or illnesses, protecting their physical and financial well-being. As seen in this table, Mplus provides health care to its employees throughout the majority of its subsidiaries.

Furthermore, we provide occupational health and safety training to ensure that our employees are equipped with the knowledge to identify potential hazards, maintain safety standards, understand the components that fall under regulatory compliance, and address any safety deficiencies as soon as possible. Prioritizing occupational health and safety facilitates a culture of care and responsibility, protecting our employees' health and well-being while minimizing risks and liabilities.

Our goal for the coming year is to continue active efforts to implement the health and safety management system across all newly acquired subsidiaries, as well as to maintain high occupational health and safety standards through ISO certifications, health and safety trainings, among other means.



Environmental Dimension

Introduction
Data collection
Energy efficiency
Greenhouse gas emissions
Waste Management



Introduction

As a responsible low-carbon industry player, we understand the urgency of addressing climate change, and we recognize the need to align our operations with the goals of the Paris Agreement. As per our stakeholder survey which was conducted for the purpose of defining our material topics, climate change was defined as a medium relevancy material topic. However, our top management recognized the importance of combating climate change and defined it as one of our top three material topics. Given the fact that our business growth is usually revolving around M&A activities, we recognize that our carbon footprint will grow in the future mainly due to the fact that more companies and their energy consumption were included in the GHG emissions calculation. During the past year because of increased energy uncertainties, we have become very aware of the challenges all businesses face and will increasingly have to cope with because of a changing climate. To show our true commitment to combating climate change and reducing our environmental impact, we appointed a CSO, whose role is to ensure all our operating companies are contributing to reducing our carbon footprint.

When issuing a Sustainability-Linked Bond, we wanted to show our commitment to achieving the goals of Paris agreement and have therefore chosen Decreasing of Scope 1 and Scope 2 emissions as our first KPI. More details on the said KPIs are further explained under the Greenhouse Gas Emissions chapter.

Alongside our impact on GHG emissions, we also recognized other negative impacts our business has on environment, and impacts the climate and envi-

ronment have on our business and financial performance. During 2022, we reviewed environmental impacts, mostly due to the energy crisis that took over Europe. Our business' negative environmental impacts can arise mostly from our supply chain with respect to child labour and human rights abuses, together with increased Scope 3 emissions and adverse environmental effects in terms of waste management. On the other hand, Europe's energy crisis during 2022 effected our business, mainly in terms of inadequate energy availability in our Turkish operating company which caused us to use more generators to be able to keep our business continuity. To minimize such impacts, during 2022 we performed supplier audits, discussed new sources of renewable energy and placed waste management as one of our priorities.

During 2022, we adopted a Sustainability strategy to formalize our commitment to sustainable business practices, and to set up an action plan for sustainability integration into our overall business strategy. Within the Sustainability strategy, we assessed energy consumption, GHG emissions and waste management as our material topics which directly contribute to SDG 13 whose focus is on taking urgent action to combat climate change and its impacts. We believe we can have the biggest positive impact on climate by contributing to consuming more energy from renewable sources, thus reducing GHG emissions and implementing strong waste management, especially dealing with EE waste. Since our business growth is mainly based on M&A, we will continue to review our material topics, and adjust them accordingly to manage all our current and future environmental impacts.

Data collection

While preparing this Sustainability report, we were focused on collecting data related to energy consumption (both within and outside of our organizations) which was also used for GHG emissions calculation and waste management.

As we forecasted last year, our business grew in 2022 and consequently our energy consumption grew also, mainly due to Intel group integration. In 2021 Sustainability report we described the process of determining our baseline year. Having in mind the changes in our Group structure and updated data collection processes, the baseline value we set for 2021 GHG emissions needed to be recalculated to include more relevant data and Intel.

When calculating data for GHG emissions, we were guided by Greenhouse Gas Protocol⁵. To convert energy consumption to CO₂ equivalent we used the most recent available emission factors for countries we operate in which are elaborated in more detail under Emissions chapter. When converting electricity and fuel consumption data into megajoules we followed the methodology from Cambridge regional college⁶, Washington Edu⁷ and

UN Statistics conversion factors. Although we placed great efforts in data collection, nevertheless we stumbled upon several obstacles related to data availability. In particular, Linea Directa, changed office premises in 2022, and moved to a new location, hence they did not have access to data on actual energy consumption. The company only receives invoices at the end of each month with the price for consumed energy but without the relevant figures on consumption data. Unfortunately, we were not able to receive the actual data, therefore, Linea Directa was excluded from the Group's energy consumption calculation.

Calyx, Mplus Georgia, Inova Solutions Inc. Stendal and Simon & Focken S.L. (part of the Intel Group based in Gran Canaria) could not collect energy consumption data due to same reasons. Since these companies operate in small offices and have small number of employees we flagged them as not material for the Group's overall energy consumption, and therefore did not include their data into calculation.

Further details regarding energy consumption and GHG emissions calculation are provided under Energy and Emissions chapter.



⁵Available at: [Homepage | GHG Protocol](#); ⁶[What is Energy and How Much do You Use?](#); ⁷[Energy in natural processes and human consumption](#)

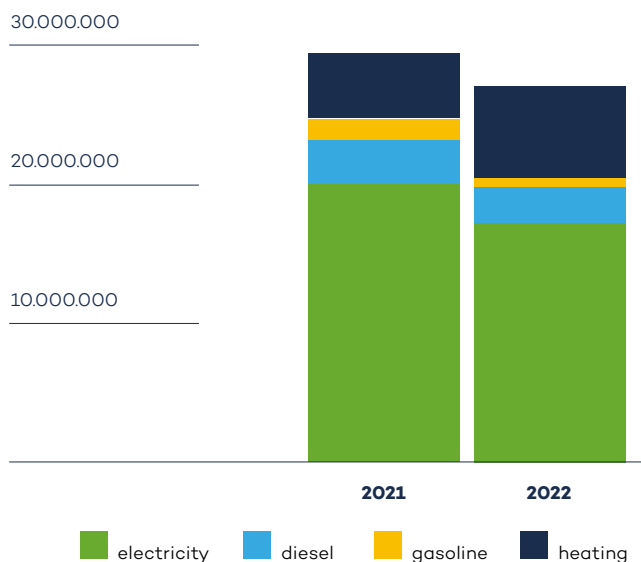
Energy efficiency

As is the case throughout the sector and beyond, energy consumption is on the rise in an increasingly digitalised world. With the EU further pushing digitalisation, the continent is facing a growing demand for electricity and over the past reporting period Europe has entered an energy crisis due to the war in Ukraine.

Since we operate in a BPTO sector which also relies on the ICT sector, we recognize the negative impact ICT has on energy consumption and how it consequently affects us. The Group is aware that we all play a role in the fight against climate change and wants to introduce more sustainable business practices and depend on more energy from renewable sources. That is why, as described under chapter Material topics (on page 20), we have set various targets related to energy efficiency across the Group.

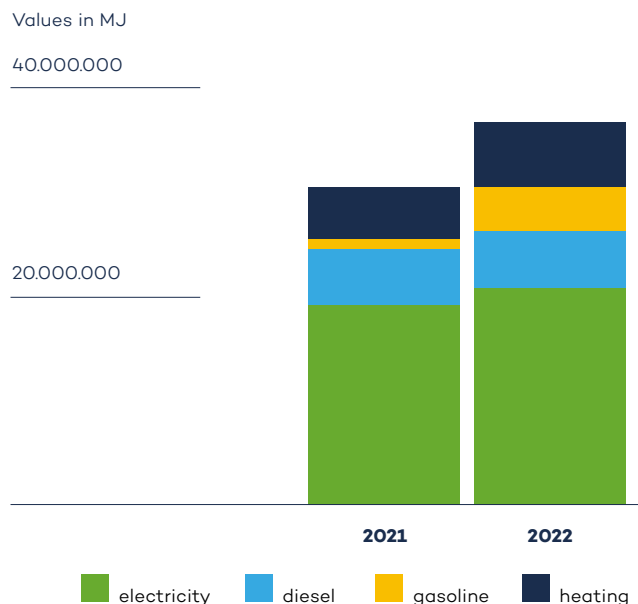
To improve data completeness, Group operating companies provided reviewed and more precise data for energy consumption for 2021. Additionally, we added Invitel Group's energy consumption data to our 2021 calculation. Therefore, recalculated energy consumption for 2021 reported on as part of the Sustainability report for 2022 is 19,787,961 MJ. The recalculated value for 2021 is 2,769,048 MJ higher than energy consumption reported on in Sustainability report 2021 which was 17,018,913 MJ.

RECALCULATED VALUE FOR ENERGY CONSUMPTION IN 2021

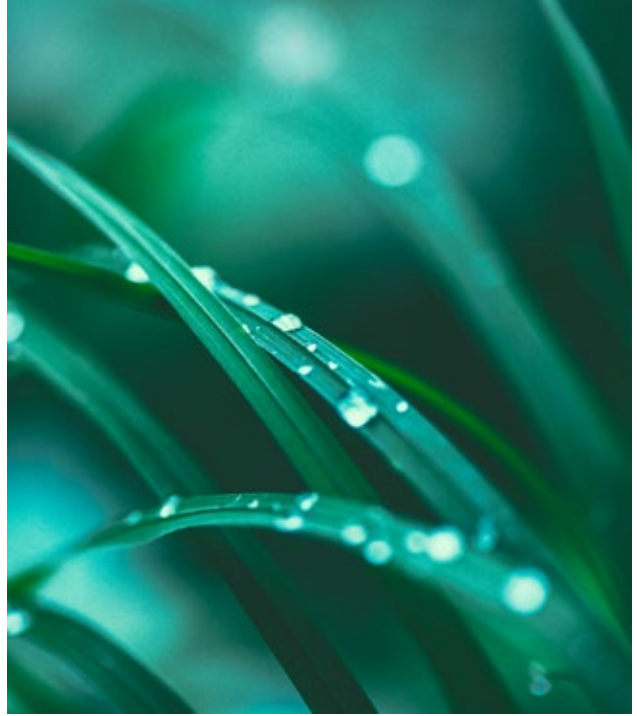


Total energy consumption within the organization in 2022 was 33,079,872.84 MJ which is an 14,5% increase when compared to 2021 data.

TOTAL ENERGY CONSUMPTION WITHIN THE ORGANIZATION



During 2022, CMC was highly affected by the energy crisis caused by the war in Ukraine and was pushed to use diesel generators to be able to keep the business running. Additionally, more employees returned to work from offices during 2022. These were the main reasons for energy consumption increase within the Group during 2022 when compared to 2021.



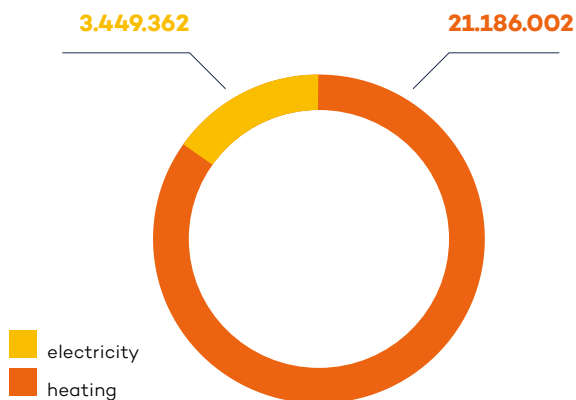
In most companies that operate in Croatia employees which were working from home returned to offices. It is important to stress that data for M Plus Serbia is actually an estimate – when collecting data for 2022, we realized that the company does not receive actual energy consumption data from the landlord. Therefore, the total amount of consumed energy at the level of the building in which M Plus Serbia has offices was divided by m2 occupied by M Plus Serbia. We are aware that such approximation is not recommended, however, there was no alternative in obtaining the correct data. Having in mind that M Plus Serbia is our third largest energy consumer at Group level we assessed that not including it would lead to significantly lower GHG emissions. In view of transparency, we therefore included such data.

Moreover, inclusion of Invitel Group in this year's calculation raised energy consumption within the organization. As mentioned before, because of Invitel's integration we recalculated energy consumption data for 2021 to have a realistic baseline value for GHG emission reduction goals. Chart below shows total electricity, and heating consumption for 2022. As far as cooling goes, our companies used electricity as a source of energy for cooling and heating the office premises. There was no steam consumed and no electricity, heating, cooling or steam sold so none is to be reported.

Electricity and heating consumption in 2022 was 24,635,364.22 MJ which is a 7,193.80 MJ increase compared to data from 2021.

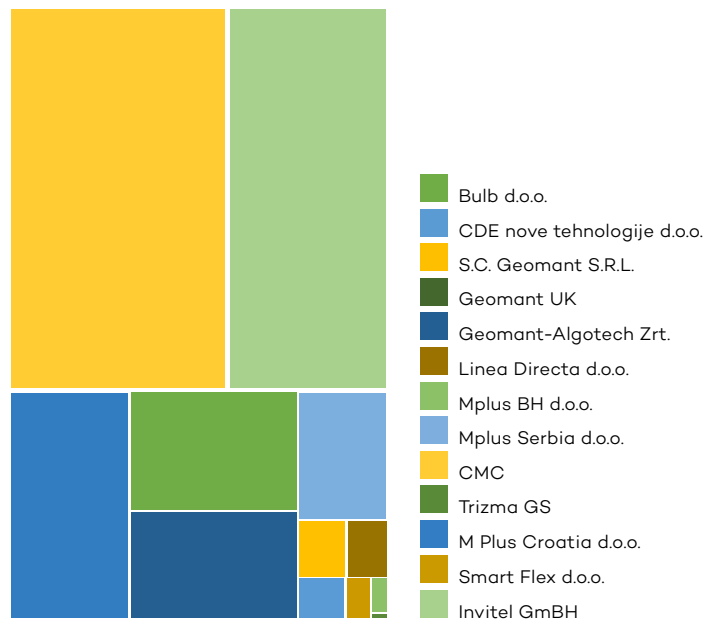
Only three operating companies used gas as an energy source for heating (M Plus Croatia, CMC and Geomant Romania). Significant decrease was recorded in CMC due to energy crisis.

ELECTRIC AND HEATING ENERGY CONSUMPTION (MJ)



Note that the chart below shows total fuel consumption from non-renewable sources compared to consumption from renewable sources. There was no fuel consumed from renewable sources.

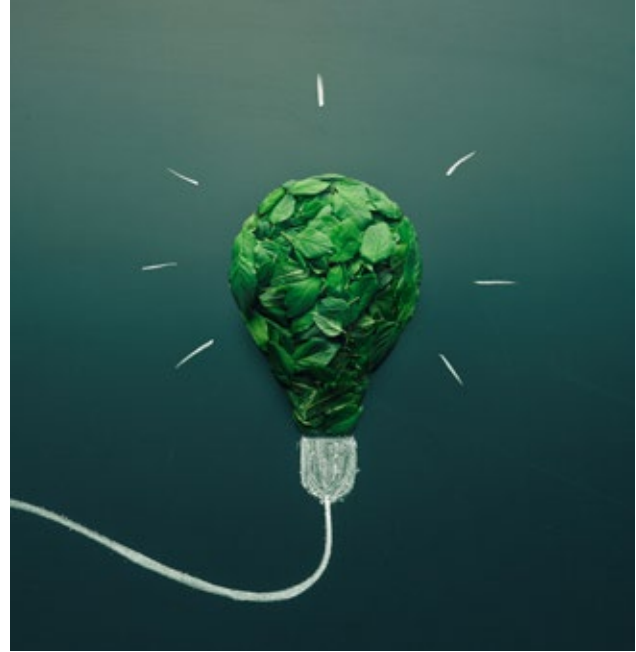
NON-RENEWABLE FUEL SOURCES PER COMPANY



Results show 8,444,509 MJ fuel consumption in 2022 which is a 98% increase when compared to 2021. Overall, we had significant increase in gasoline fuel consumption especially at the level of Croatian, Serbian and Turkish companies. Our focus in the upcoming . Our focus in the upcoming period will be to decrease fuel consumption, primarily by electrifying the car fleet.

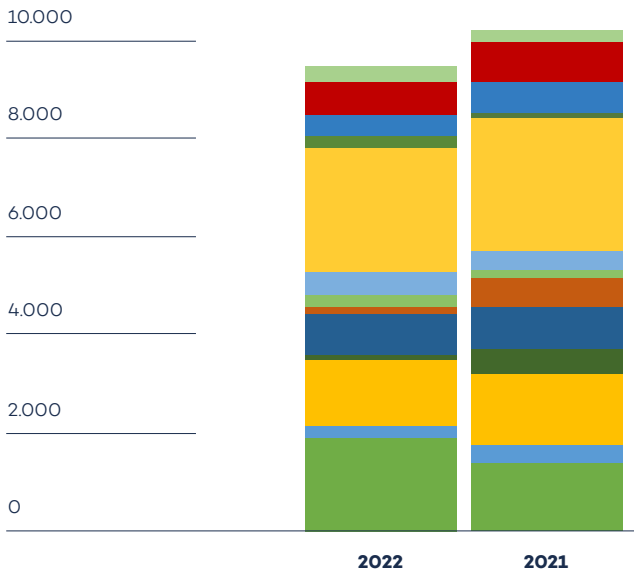
As per our business model, number of employees vary greatly on an annual basis, therefore we wanted to make sure that energy intensity ratio is consistent and have chosen to calculate energy intensity ratio by using total surface of premises expressed in m² as a denominator. Group's energy intensity ratio dropped from 10.050 MJ in 2021 to 9.241 MJ in 2022. Energy intensity ratio includes only energy from within the organization i.e., electricity, gas, diesel and gasoline fuel consumption.

Chart below shows energy intensity per premises' m² in MJ.



ENERGY INTENSITY RATION BREAKDOWN PER COMPANY

Energy intensity per premises's m² in MJ



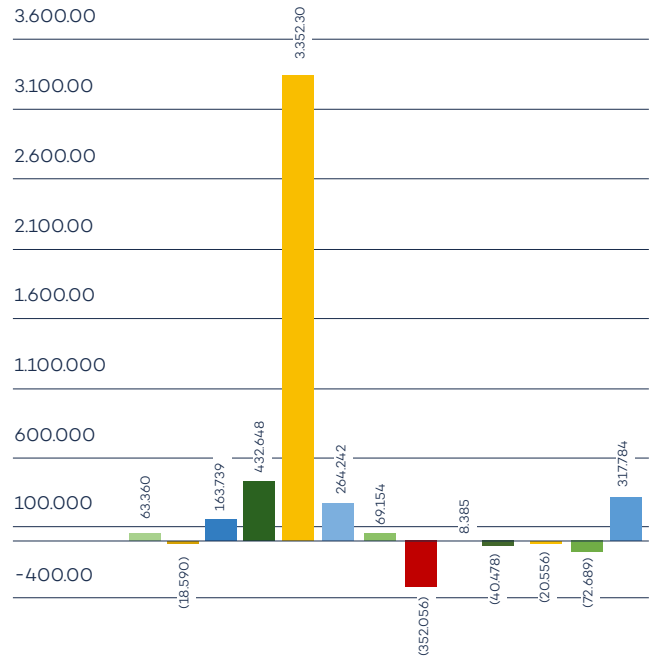
- Bulb d.o.o.
- CDE nove tehnologije d.o.o.
- S.C. Geomant S.R.L.
- Geomant UK
- Geomant-Algotech Zrt.
- Linea Directa d.o.o.
- Mplus BH d.o.o.
- Mplus Serbia d.o.o.
- CMC
- Trizma GS
- M Plus Croatia d.o.o.
- Smart Flex d.o.o.
- Invitel GmBH

⁸Available at: [Offset your flight - atmosfair](#)

Even though one of our KPIs is to reduce overall energy consumption, during 2022 we have seen an increase of 4,194,247.02 MJ in energy consumption when compared to 2021. Results are shown in the chart below and they include electricity, gas and fuel consumption which was divided by the number of companies.

REDUCTION OF ENERGY CONSUMPTION

Values in MJ



- Invitel GmBH
- Smart Flex d.o.o.
- M Plus Croatia d.o.o.
- Trizma GS
- CMC
- Mplus Serbia d.o.o.
- Mplus BH d.o.o.
- Linea Directa d.o.o.
- Geomant-Algotech Zrt.
- Geomant UK
- S.C. Geomant S.R.L.
- CDE nove tehnologije d.o.o.
- Bulb d.o.o.

Greenhouse gas emissions

As explained under the chapter Sustainability-Linked Bond, we aim to contribute to Paris agreement goals, and accordingly chose GHG emissions as one of our material topics.

Group's impact on GHG emission results from electricity, gas and fuel consumption, which is why KPIs set in our Sustainability strategy focus on switching to RE sources, changing our behaviour to make energy-efficient decisions, reducing business travel and improving data collection throughout the Group to have realistic measures of the impact we have on environment.

Following our strategic decision to reduce our carbon footprint, when issuing SLB we chose Decreasing Scope 1 and Scope 2 GHG emissions as our KPI, to build on KPIs set for energy efficiency. When defining the SLB targets, we also developed Group's strategic GHG emissions reduction plans using SBTi methodology and tools (Absolute Contraction Approach, linear reduction from baseline year to target year). Our overall strategic GHG emissions reduction goal is to reduce absolute Scope 1 and Scope 2 emissions by 58.8% by 2035 compared to the 2021 baseline.

As previously mentioned, 2021 is our baseline year. Our business operations were severely affected by COVID-19 pandemic in 2020 due to which operating companies did not have relevant data on energy consumption for 2020. When preparing Sustainability report for 2021 we collected a more refined and precise energy consumption data, however Invitel Group's data was not included since Invitel was consolidated at Group level starting from January 2022. Therefore, 2021 data required recalculation which was also made taking into consideration updated data from other companies, as mentioned under Energy efficiency chapter.

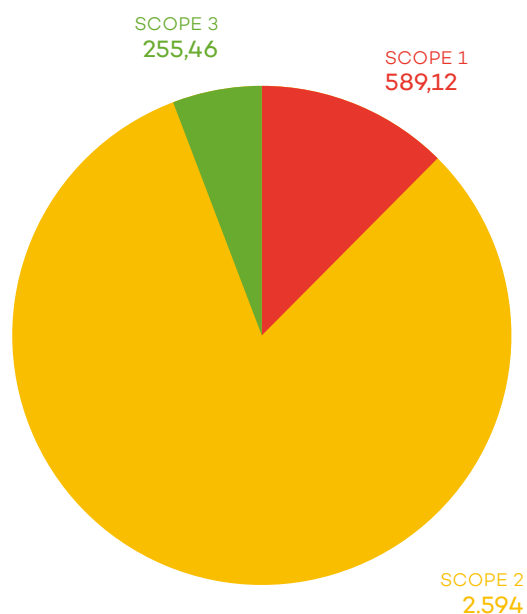
For the purpose of calculating Scope 1, Scope 2 and Scope 3 GHG emissions we followed methodologies and definitions stipulated in the GHG Protocol Corporate Accounting and Reporting Standard and GHG Protocol Scope 2 Guidance i.e. location based approach and market based approach as well as flight tracker tool Atmosfair⁸ for Scope 3 emissions. GHG emissions were consolidated by using operational control approach.

⁸Available at: [Offset your flight - atmosfair](#)

Chart below shows overall GHG emission at the Group level for 2021 and for 2022. To emphasize – as already explained, Calyx, Mplus Georgia, Inova Solutions Inc, Linea Directa, Stendal and Simon & Focken S.L. (part of the Invitel Group based in Gran Canaria) were not included in the GHG calculation. Additionally, within Invitel Group, we did not collect energy data for site Stendal, since it was categorized as non-material (“microsite”) for the Group and did not have allocated energy data consumption.

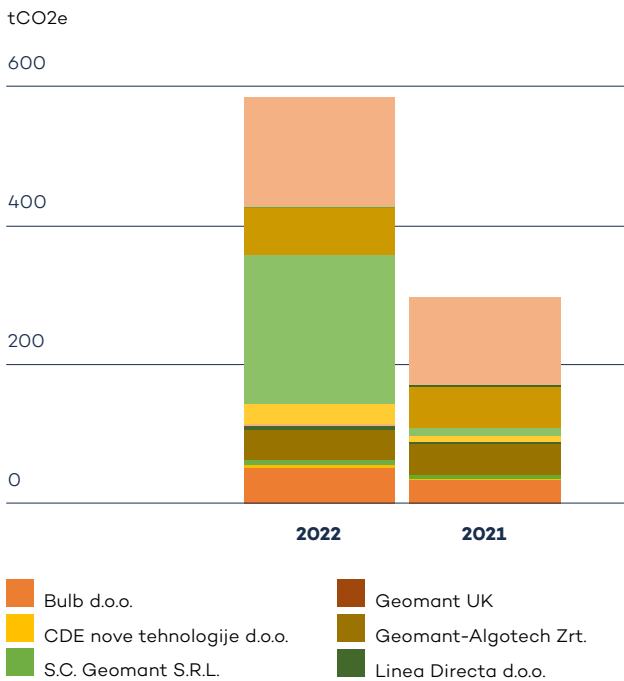
TOTAL GHG EMISSIONS

3438.3 tCO₂e

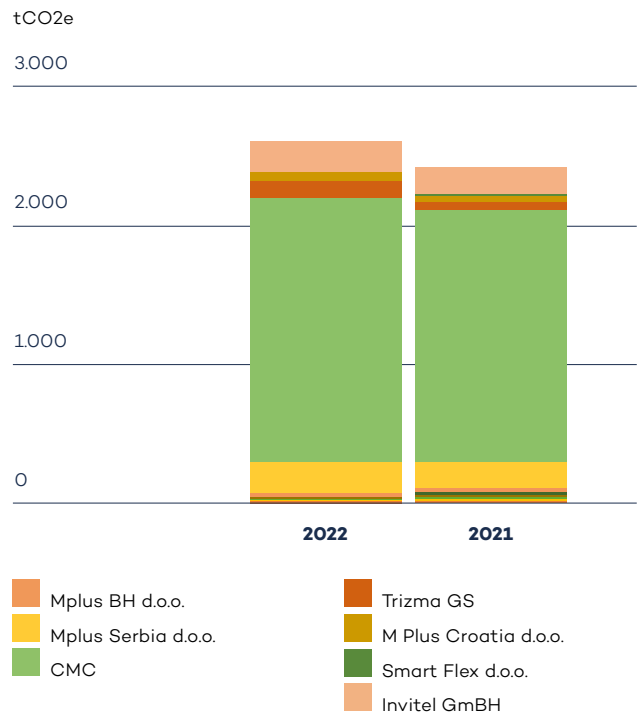


All GHG emissions (Scope 1, Scope 2 and Scope 3) increased in 2022, when compared to 2021 baseline value. More details on each GHG emissions Scope are described in the following text and charts.

SCOPE 1 EMISSIONS



SCOPE 2 EMISSIONS



As shown in the chart, our recalculated Scope 1 emissions were 2999 tCO₂e and Scope 1 emissions for 2022 were 5891 tCO₂e. Scope 1 emissions increased due to already mentioned overall increased gasoline fuel consumption.

Additionally, we had to use assumptions and estimates for Scope 1 emissions calculation. All hybrid vehicles, other than several in M Plus Croatia, were analyzed as gasoline vehicles. CDE, Geomant Romania, M Plus Serbia, Smart Flex provided estimations for vehicles' fuel consumption while M Plus Croatia provided estimation for vehicles' mileage due to the fact they do not track such data. Estimations were made based on the vehicle model and average consumption when compared to the mileage.

For operating companies based in the EU we used Tier 1 emissions factors from EMEP/EEA air pollutant emission inventory guidebook 2019 and for UK based operating company UK government; Greenhouse gas reporting: conversion factors 2022.^{9,10} Data for fuel density were gathered from European environmental agency and GWP rate of 265 for N₂O was used based on IPCC AR5 report since the IPCC AR6 report was not yet fully available when calculating Scope 1 emissions. Gases included into calculation were CO₂ and N₂O. Going forward, focus will be placed on introducing measures such as procuring electrical and hybrid vehicles in order to fulfill KPIs set as part of our Sustainability strategy.

Total recalculated Scope 2 emissions for 2021 were 2,396 tCO₂e and Scope 2 emissions for 2022 were 2,594 tCO₂e.

As shown in the chart Total GHG emissions within the Group, Scope 2 emissions make most of the Group's emissions. Even though Scope 2 emissions dropped when comparing 2020 and recalculated 2021, in 2022 there was an increase which concerns CMC, M Plus Serbia, Trizma GS energy consumption. Given the energy crisis, CMC was forced to switch from electricity to gas consumption, while in Trizma GS there was an increase in electricity consumption due to maximum utilization of their office premises i.e. their employees returned to work from office and worked in three shifts.

Scope 2 emissions included CO₂, CH₄ and N₂O. We used GWP values from IPCC AR5 report and emission factors as follows:

- for Croatian based operating companies, we used data for 2022 from National energy distributor,
- for companies that operate in Bosnia-Herzegovina we used data for 2021 from their National energy distributor since data for 2022 were not yet available;
- for operating companies in Slovenia, Romania, UK, Germany and Hungary we used 2022 data from Nowtricity¹¹;
- and finally for operating companies in Georgia and Türkiye, we used 2022 emission factor from Carbon Footprint¹².

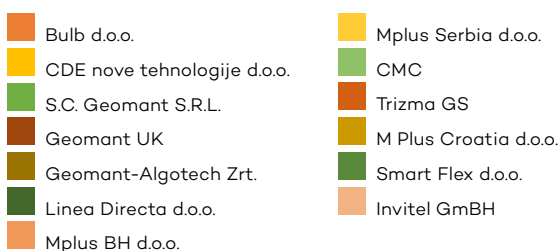
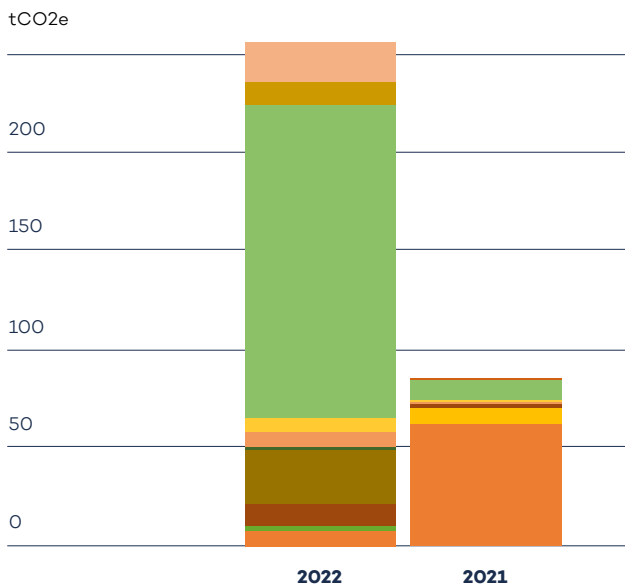
⁹Available at: [EMEP/EEA air pollutant emission inventory \(europa.eu\)](https://www.eea.europa.eu/en/air-pollutant-emission-inventory); ¹⁰Available at [GHG conversion factors](#); ¹¹Available at: [Nowtricity](#); ¹²Available at: [carbonfootprint.com - Home of Carbon Footprinting](#)

As we learned from energy crisis in 2022, our business was relying on non-renewable energy sources which caused increase in overall energy consumption and consequently increased Scope 2 emissions, while contributing to uncertainty. In the future period, our aim is to introduce sources of RE across the Group to both contribute to our independency from fossil fuels and reduce our GHG impact.

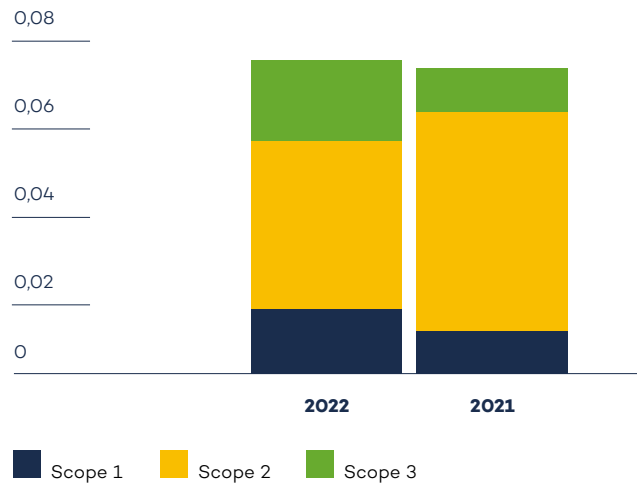
In 2022 our Scope 3 emissions increased heavily - to 255 tCO2e when compared to 85 tCO2e for 2021.

Scope 3 emissions were again calculated only for category 6: Business travel from GHG Protocol and we did so by using flight tracker tool Atmosfair. Only gas used for this calculation was CO2 and we used IPCC AP5 report for GWP. In Geomant UK, M+ BH, CMC, M Plus Croatia there was an increase in number of flights and passengers traveling. However, in Bulb, CDE and Mplus Georgia number of flights decreased. Overall result was an increase compared to the previous year. Going forward, we will strive to reduce the number of flights and find alternative solutions when traveling.

SCOPE 3 EMISSIONS

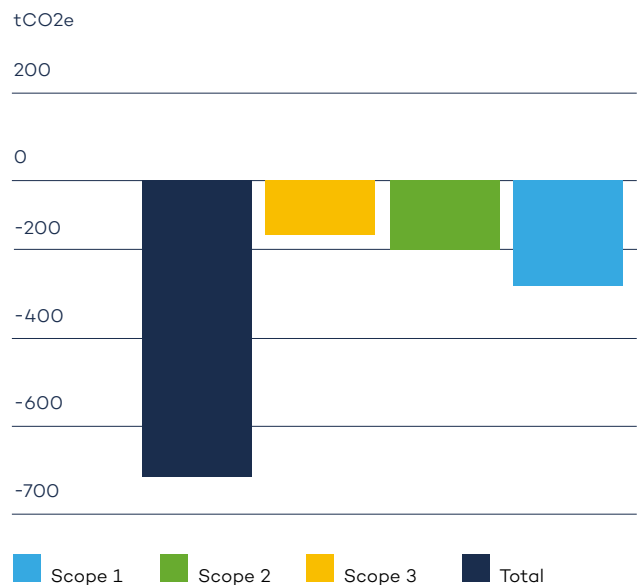


GHG EMISSIONS INTENSITY PER SCOPE



GHG emissions intensity ratio broken down by Scope is shown in chart above. Group's GHG emissions intensity ratio was calculated using the same methodology as for energy intensity ratio. Gases CO2, CH4 and NO2 were included into GHG emissions intensity ratio calculation.

GHG EMISSIONS REDUCTION



As explained in detail throughout this chapter, for various reasons our GHG emissions increased in 2022, when compared to recalculated baseline value in 2021. GHG reduction was calculated using formula: GHG emissions reduction = deduction of Scope (1,2 and 3) for 2022 – Scope (1,2 and 3) for 2021.



Waste Management

Waste is a growing problem for the world as its impact on the environment and contribution to climate change is intensifying as the amount of waste grows. Waste management is a struggle for most countries and municipalities, with much of the responsibility coming down to the consumers and producers to take action to reduce waste and increase reuse or recycling capabilities.

Most recently the Intergovernmental Panel on Climate Change (IPCC) released its Sixth Assessment Report (IPCC AR6) laying out a comprehensive scientific-based report on climate change, its impacts and future risks. The newest report placed plenty of importance on water management and emphasis on the impact of food waste and loss on climate change mitigation. Waste is one of the main emitters of methane emissions and reduction of waste would significantly drive down methane emissions.

In line with EU's strategy to make Europe the first climate-neutral continent by 2050, circular economy is a critical strategy in climate change mitigation and adaptation. Respecting and applying the waste hierarchy is therefore essential as it prioritises waste reduction at the top of the pyramid *visual of waste hierarchy*, with reuse, recycling proceeding any form of disposal.

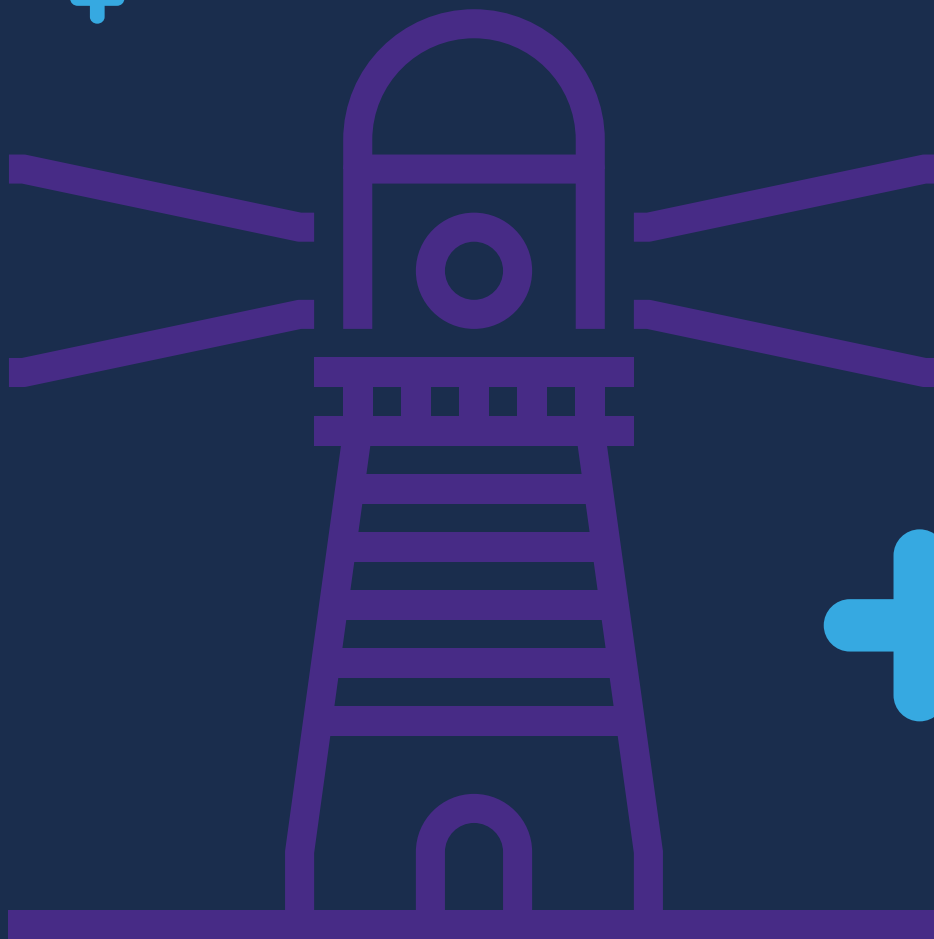
At Mplus Group we are dedicated towards minimising our waste in line with the first waste hierarchy step. As an industry with a fairly low impact on the environment,

we produce a small amount of waste among which paper waste and EE waste take up the largest part of our waste. CMC, Geomant Hungary and M Plus Croatia collected waste related data and reported total of 0,589 t of non-hazardous waste. Data was collected for office waste, mainly for paper waste and IT equipment that was at the end of its life cycle. As explained in the text above, our waste management in some locations is better than others. We are working to level our effort and strategy to raise our internal awareness of our waste production by increasing our monitoring abilities and general knowledge of waste management, introduce reuse practices, increase our recycling capabilities and responsible disposal.

We could further reduce our ecological footprint by optimising our resources. Our initiative to become paperless as a Group has been applied to some companies, as described in the Sustainability report 2021 and others are yet to fully implement this. Additionally, we are becoming increasingly aware of the impact of EE waste and are working to apply better policies for reuse and disposal of equipment when it no longer serves the intended purpose for us. Prolonging the life of products is perhaps the best way of minimising the environmental impact our waste has on the environment in line with the EU Waste Directive we aim to move higher on the waste hierarchy by reusing and recycling more products rather than disposing. More about repurposing our IT equipment is explored in the next section on page 54 under Donations and charity work.

Commitment to Sustainable Development

Community engagement
Donations & charity work
Volunteering



Community engagement

We are dedicated towards conducting ethical business and leaving a positive impact on the diverse communities in which we conduct our business. Throughout 2022, the Group has engaged with its communities in a multitude of ways.

Here are some examples of how our people across the globe left a positive impact on the lives of the people around them through donations or other community engagements.



Donations & charity work

BOSNIA AND HERZEGOVINA

Written-off fixed assets such as various IT equipment was donated to *Children's SOS Village*. This has a direct positive impact on the children who now have access to IT equipment, it also fits into the circular economy agenda as the decommissioned IT equipment was reused rather than recycled or disposed as electronic waste.

CROATIA

At Smart Flex IT equipment was donated to two local associations *4P* where they work to promote the quality of life for persons with disabilities and *Put u život*, which is an association for parents of children with special needs. Our colleagues from Bulb in Zagreb raised scholarship funds for a child without parental care, while our team from Mplus donated to MAIM (Međunarodna asocijacija za infomacijsku medicinu) and sponsored 11 different events.

SERBIA

Donations totalling a sum of 623,043RSD (5,313.67€) was donated to the community through various drives for organisations such as Toys for Nudor, Volleyball Club Spas, Fondacija Dobar Glas, Humanitarian SMS, and for the Faculty of Philology.

SLOVENIA

Our colleagues in Slovenia organised a fundraiser for *Palčica Pomagalčica in Dobrodelni Škratki* who works with children in the local community by offering therapeutic assistance to children with health problems, children from socially disadvantaged families and different vulnerable groups.

TÜRKIYE

Our colleagues at CMC donated 91,839TL (€4,307) to the Turkish Foundation for Combating Soil Erosion (TEMA), 20 laptops to two schools in Şanlıurfa and Van, donated coats and boots to 98 children at the Çakınlı Şehit İsmail Kapan Primary School in Van, provided financial aid to a student for eight months (with an amount of 750TL per month), and sponsored devices and rehabilitation support to an athlete employee.

Volunteering

Besides donations of funds and assets and other charity work, we have also engaged directly with the local communities through local engagement. On the other hand, we have an example of one of our teams in Türkiye directly volunteering their time and energy to improving the welfare of the local communities.

CMC had a number of donations, from monetary to repurposed IT assets, but they also donated their time and energy to leave a positive impact on the children in Rize. Our colleagues in CMC organised a book drive and donated the collected books to a primary school in Rize, where they also organised an entertainment show for the community.

Additionally, they made a visit to the child welfare institution.



Sustainability Scorecard

EU Taxonomy
GRI Index
Appendix



EU Taxonomy

Supporting our aim to contribute to Paris agreement goals and EU green deal goal to reduce GHG emissions by at least 55% by 2030, for 2022 reporting period, we assessed our economic activities against EU Taxonomy framework¹. Procedure and methodology we followed along with KPI calculation are described in more detail in following text.

Economic activities eligible and aligned under the EU Taxonomy

To comply with 2022 regulatory obligations and requirements of evaluating which economic activities at the Group level are “environmentally sustainable” within the meaning of the EU Taxonomy we performed an eligibility assessment.

Following Disclosure Delegated Act operating companies assessed the eligibility of their economic activities. We were guided by NACE codes, however, did not rely only on economic activities described under NACE but activities operating companies actually performed during 2022. Operating companies identified eligible economic activities by comparing description of the activity from Climate Delegated Act to the activity they actually performed in 2022. The results are show in the table below.

Table 1. Taxonomy eligible economic activities of Mplus Group

Sector	Taxonomy eligible economic activities CCM- Climate change mitigation CCA - Climate change adaptation	Name of the activity
6. Transport	6.5 CCM	Transport by motorbikes, passenger cars and light commercial vehicles
7. Construction and real estate activities	7.7 CCM	Acquisition and ownership of buildings

After identifying taxonomy eligible activities, operating companies of Mplus Group analysed which taxonomy-eligible activities comply with Technical screening criteria (TSC) of the Climate Delegated Act and could therefore be classified as taxonomy-aligned activities. The process of identifying taxonomy-aligned activities was conducted as follows:

- for each activity that was identified as taxonomy-eligible, operating companies assessed whether their economic activity complies with Substantial contribution technical screening criteria for environmental goals Climate change mitigation and Climate change adaptation² as defined in the Climate Delegated Act;
- second step included the assessment of Do no significant harm (DNSH) technical screening criteria with regard to other environmental goals as defined in the EU Taxonomy regulation.

Operating companies have encountered some obstacles when assessing whether the above identified taxonomy-eligible activities comply with TSC for substantial contribution and DNSH. Technical screening criteria companies need to comply with for their activities to be classified as taxonomy-aligned are rigorous therefore, operating companies had trouble recognizing whether their economic activities comply with TSC entirely.

Additionally, operating companies did not perform ESG Risk assessment as required by the Climate Delegated Act nor did the Group at consolidated level. With said in mind, we concluded that neither of recognized taxonomy-eligible economic activities can be considered taxonomy-aligned since it either does not substantially contribute to any of the climate goals or it does not yet comply with do significant harm requirements for Climate change adaptation and other environmental goals.

¹EU Taxonomy framework includes: [EU Taxonomy regulation 2020/852](#), [Disclosure Delegated Act 2021/2178 of 6 July 2021 supplementing Regulation \(EU\) 2020/852](#) and [Climate Delegated Act 2021/2139 of 4 June 2021 supplementing Regulation \(EU\) 2020/852](#)

²Operating companies assessed their activity with regard to the first two climate goals of the EU Taxonomy (climate change mitigation and climate change adaptation) since there were no technical screening criteria available for other four environmental goals (the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; the protection and restoration of biodiversity and ecosystems) when writing the Sustainability report for 2022.

KPI-related disclosures

General and accounting policies

As a final step in the process of reporting on taxonomy-eligible economic activities, operating companies calculated the proportion of KPIs as defined in the Article 8. of the EU Taxonomy regulation i.e. the proportion of turnover, CapEx and OpEx for taxonomy-eligible economic activities. As per requirements for non-financial undertakings from the Disclosure Delegated Act, we avoided double counting in a way that one amount classified in one identified taxonomy-eligible activity was eliminated from the possibility of being classified in another identified taxonomy-eligible activity.

Key performance indicator - Turnover

For the purposes of calculating KPI Turnover, we have identified only one activity *7.7 Acquisition and ownership of buildings*, which refers to renting business premises to third parties in the amount of HRK 1,613 thousand. Considering the total denominator of KPI Turnover in the amount of HRK 1,346 million, KPI Turnover are less than 1%.

Economic activity	Economic activity description	Revenues in thousands HRK
7.7 (M)	Acquisition and ownership of buildings	1,613
Total numerator of taxonomy-eligible turnover		1,613
Total taxonomy-eligible denominator		1,345,974
Share of taxonomically eligible turnover		0.12%

Key performance indicator – CapEx

Considering the economic activity of Mplus Group and acquisitions during the year, CapEx is expected to be at a fairly high level in 2022. We have identified two economic activities that are taxonomy-eligible for the purposes of KPI CapEx calculation, namely activities *6.5 Transport by motorbikes, passenger cars and light commercial vehicles* and *7.7 Acquisition and ownership of buildings*. The biggest impact on taxonomy-eligible activities for the purposes of KPI calculation actually refers to the acquisition of Invitel Group, whose entire tangible assets are shown as CapEx, and this especially applies to real estate. Total taxonomy-eligible activities amount to HRK 196 million, and the total denominator is HRK 337 million, which makes 58.11% of taxonomy-eligible activities.

Economic activity	Economic activity description	Revenues in thousands HRK
6.5 (M)	Transport by motorbikes, passenger cars and light commercial vehicles	7,720
7.7 (M)	Acquisition and ownership of buildings	1,613
Total numerator of taxonomy-eligible turnover		1,613
Total taxonomy-eligible denominator		1,345,974
Share of taxonomically eligible turnover		0.12%

Key performance indicator – OpEx

In accordance with the regulations, KPI OpEx includes costs related to non-capitalized research and development costs, short-term leases, costs of maintenance and cleaning of fixed assets and all other costs necessary for the proper functioning of assets. In addition to external costs, it is necessary to include the salaries of employees who work on cleaning and maintenance in the calculation. Given the lack of adequate data, only external costs were taken into account for the purposes of defining the KPI OpEx denominator. Total such costs amount to HRK 11 million and given that they are immaterial in relation to the entire business of Mplus Group, we are not obliged to calculate the numerator. Also, we estimated that with the inclusion of the salaries of employees who work on cleaning and maintenance, the OpEx would also not be material.

GRI Standards Content Index

Statement of use	Meritus Ulaganja d.d. has reported in accordance with the GRI Standards for the period from January 1st, 2022, to December 31st, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 2: General Disclosures 2021, GRI 3: Material Topics 2021; GRI 202: Market Presence 2016, GRI 204: Procurement Practices 2016, GRI 205: Anti-corruption 2016, GRI 302: Energy 2016, GRI 305: Emissions 2016, GRI 306: Waste 2020, GRI 401: Employment 2016, GRI 402: Labor/ Management Relations 2016, GRI 403: Occupational Health and Safety 2018, GRI 404: Training and Education 2016, GRI 405: Diversity and Equal Opportunity 2016, GRI 406: Non-discrimination 2016, GRI 413: Local Communities 2016, GRI 418: Customer Privacy 2016

GRI Standard /Other source	Disclosure	Location	Omission	
			REQUIREMENT(S) OMITTED	REASON
GENERAL DISCLOSURES				
GRI 2: General Disclosures 2021	Disclosure 2-1 Organizational details	4-5, 10		
	Disclosure 2-2 Entities included in the organization's sustainability reporting	10		
	Disclosure 2-3 Reporting period, frequency and contact point	4-5		
	Disclosure 2-4 Restatements of information	13, 20		
	Disclosure 2-5 External assurance	65		
	Disclosure 2-6 Activities, value chain and other business relationships	8, 10, 15		
	Disclosure 2-7 Employees	34-39, 47, 49		
	Disclosure 2-9 Governance structure and composition	11-12		
	Disclosure 2-10 Nomination and selection of the highest governance body	11-12		
	Disclosure 2-11 Chair of the highest governance body	11		
	Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	11-12		
	Disclosure 2-13 Delegation of responsibility for managing impacts	11-12		

GRI Standard /Other source	Disclosure	Location	Omission	
			REQUIREMENT(S) OMITTED	REASON
GENERAL DISCLOSURES				
GRI 2: General Disclosures 2021	Disclosure 2-14 Role of the highest governance body in sustainability reporting	11-12		
	Disclosure 2-15 Conflicts of interest	42		
	Disclosure 2-16 Communication of critical concerns	21, 30	a.) report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	Information unavailable
	Disclosure 2-17 Collective knowledge of the highest governance body		a.) report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	Information unavailable
	Disclosure 2-18 Evaluation of the performance of the highest governance body		a.) describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people; b.) report whether the evaluations are independent or not, and the frequency of the evaluations; c.) describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organizational practices.	Information unavailable

GRI Standard /Other source	Disclosure	Location	Omission	
			REQUIREMENT(S) OMITTED	REASON
GENERAL DISCLOSURES				
GRI 2: General Disclosures 2021	Disclosure 2-19 Remuneration policies	11, 20		
	Disclosure 2-20 Process to determine remuneration	20		
	Disclosure 2-21 Annual total compensation ratio		<p>a.) report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual);</p> <p>b.) report the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual);</p> <p>c.) report contextual information necessary to understand the data and how the data has been compiled.</p>	Confidentiality constraints
	Disclosure 2-22 Statement on sustainable development strategy	7-8, 15		
	Disclosure 2-23 Policy commitments	24		
	Disclosure 2-24 Embedding policy commitments	24		
	Disclosure 2-25 Processes to remediate negative impacts	43-44		
	Disclosure 2-26 Mechanisms for seeking advice and raising concerns	41-43		
Disclosure 2-27 Compliance with laws and regulations	43			

GRI Standard /Other source	Disclosure	Location	Omission	
			REQUIREMENT(S) OMITTED	REASON
GENERAL DISCLOSURES				
GRI 2: General Disclosures 2021	Disclosure 2-28 Membership associations	13		
	Disclosure 2-29 Approach to stakeholder engagement	18-19		
	Disclosure 2-30 Collective bargaining agreements		<p>a.) report the percentage of total employees covered by collective bargaining agreements;</p> <p>b.) for employees not covered by collective bargaining agreements, report whether the organization determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organizations.</p>	Not applicable

GRI Standard /Other source	Disclosure	Location	Relevant material topic(s)
MATERIAL TOPICS' GRI DISCLOSURES			
GRI 3: Material Topics 2021	Disclosure 3-1 Process to determine material topics	20	
	Disclosure 3-2 List of material topics	20-21	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-22	
GRI 202: Market Presence 2016	Disclosure 202-2 Proportion of senior management hired from the local community	36	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-22	
GRI 204: Procurement Practices 2016	Disclosure 204-1 Proportion of spending on local suppliers	31	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21, 30	
GRI 205: Anti-corruption 2016	Disclosure 205-1 Operations assessed for risks related to corruption	16, 30	
	Disclosure 205-2 Communication and training about anti-corruption policies and procedures	38-39	
	Disclosure 205-3 Confirmed incidents of corruption and actions taken	30	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21	
GRI 302: Energy 2016	Disclosure 302-1 Energy consumption within the organization	45-48	
	Disclosure 302-3 Energy intensity	48	
	Disclosure 302-4 Reduction of energy consumption	48	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21, 49	
GRI 305: Emissions 2016	Disclosure 305-1 Direct (Scope 1) GHG emissions	49-50	
	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	49-50	
	Disclosure 305-3 Other indirect (Scope 3) GHG emissions	49-51	

GRI Standard /Other source	Disclosure	Location	Relevant material topic(s)
MATERIAL TOPICS' GRI DISCLOSURES			
GRI 305: Emissions 2016	Disclosure 305-4 GHG emissions intensity	49	
	Disclosure 305-5 Reduction of GHG emissions	51	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21, 52	
GRI 306: Waste 2020	Disclosure 306-1 Waste generation and significant waste-related impacts	52	
	Disclosure 306-2 Management of significant waste-related impacts	52	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21, 35	
GRI 401: Employment 2016	Disclosure 401-1 New employee hires and employee turnover	35	
	Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	37	
	Disclosure 401-3 Parental leave	37	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	50	
GRI 402: Labor/ Management Relations 2016	Disclosure 402-1 Minimum notice periods regarding operational changes	37	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21	
GRI 403: Occupational Health and Safety 2018	Disclosure 403-1 Occupational health and safety management system	50-51	
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	42	

GRI Standard /Other source	Disclosure	Location	Relevant material topic(s)
MATERIAL TOPICS' GRI DISCLOSURES			
GRI 403: Occupational Health and Safety 2018	Disclosure 403-3 Occupational health services	42	
	Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	42	
	Disclosure 403-5 Worker training on occupational health and safety	38-40	
	Disclosure 403-6 Promotion of worker health	37, 42	
	Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	42	
	Disclosure 403-8 Workers covered by an occupational health and safety management system	42	
	Disclosure 403-9 Work-related injuries	42	
	Disclosure 403-10 Work-related ill health	42	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21,	
GRI 404: Training and Education 2016	Disclosure 404-1 Average hours of training per year per employee	39-40	
	Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	39-40	
	Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	40	

GRI Standard /Other source	Disclosure	Location	Relevant material topic(s)
MATERIAL TOPICS' GRI DISCLOSURES			
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21	
GRI 405: Diversity and Equal Opportunity 2016	Disclosure 405-1 Diversity of governance bodies and employees	41	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21	
GRI 406: Non-discrimination 2016	Disclosure 406-1 Incidents of discrimination and corrective actions taken	26, 32	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21	
GRI 413: Local Communities 2016	Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities	19, 31, 54-55	
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	20-21	
GRI 418: Customer Privacy 2016	Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	16, 31	

Appendix

Turnover Group

Economic Activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (Does not Significantly Harm)										
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water & Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water & Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystems (16)	Minimum Safeguards (17)	Taxonomy - aligned proportion of turnover, Year N (18)	Taxonomy - aligned proportion of turnover, Year N-1 (19)*	Category (enabling activity) (20)	Category (transitional activity) (21)
	HRK	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2.)

%

A.1. Environmentally sustainable activities (Taxonomy-aligned)

A.2. Eligible but not environmentally sustainable activities (not Taxonomy-aligned)

7.7 (M) Acquisition and ownership of buildings	1.613	0,12%
Turnover of taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	2.393	0,12%
Total (A.1. + A.2.)	2.393	0,12%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of taxonomy-non eligible activities (B)	1.343.581	99,88%
Total (A + B)	1.345.974	100,00%

Appendix

CapEx Group

Economic Activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (Does not Significantly Harm)										
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water & Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water & Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystems (16)	Minimum Safeguards (17)	Taxonomy - aligned proportion of turnover, Year N (18)	Taxonomy - aligned proportion of turnover, Year N-1 (19)*	Category (enabling activity) (20)	Category (transitional activity) (21)
	HRK	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2.)

%

A.1. Environmentally sustainable activities (Taxonomy-aligned)

A.2. Eligible but not environmentally sustainable activities (not Taxonomy-aligned)

7.7 (M) Acquisition and ownership of buildings	1.613	0,12%
Turnover of taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	2.393	0,12%
Total (A.1. + A.2.)	2.393	0,12%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of taxonomy-non eligible activities (B)	1.343.581	99,88%
Total (A + B)	1.345.974	100,00%



Mplus joined UN Global Compact,
the world's largest corporate sustainability initiative

Independent Limited Assurance Report on Limited Assurance Engagement on Indicators Presented in the Sustainability Report of the company Meritus ulaganja d.d. and its subsidiaries („Mplus Group”) for the period from 1 January 2022 to 31 December 2022

To the Management Board of Meritus ulaganja d.d.

Ulica grada Vukovara 23
10 000 Zagreb
Croatia

Subject Matter and Applicable Criteria

We have undertaken a limited assurance engagement on the following key performance indicators presented in the **Sustainability Report of Mplus Group for the year from 1 January 2022 to 31 December 2022** (the “ESG Report”) in sections “Sustainability-Linked Bond” and “Environmental Dimension”, developed by Meritus ulaganja d.d. (the “Company”):

KPI 1: Scope 1, and (market-based greenhouse gas emissions) Scope 2 greenhouse gas emissions that are byproduct of own operations of Mplus Group for 2022, and

KPI 2: % representation of women in the management teams of the Mplus Group on 31 December 2022.

The subject of the examination referred to the confirmation of the adequacy of the methodology for calculating the performance goals in terms of sustainability, the confirmation of the accuracy of the calculation of the performance goals, and the confirmation of the accuracy and/or adequacy of the adjustments of the sustainability goals, if any as outlined under point 5.4.10 of Simplified Prospectus for Issuing a Public Offering and Listing of Sustainability Linked Bonds (“Sustainability Linked Bond Prospectus”) published by the Company on 14 July 2022.

Key performance indicators KPI 1 and KPI 2 presented in the ESG Report in sections “Sustainability-Linked Bond” and “Environmental Dimension”, were reported in accordance with the Sustainability Linked Bond Framework published by the Company in June 2022 (“Sustainability Linked Bond Framework”), and Sustainability Linked Bond Prospectus (point 5.4.10), and in accordance with the GHG Protocol published by World Resources Institute and World Business Council for Sustainable Development.

Our limited assurance engagement is limited to the selected indicators presented in the ESG Report listed above, and does not address the other information included in the report or this report understood as a whole. Accordingly, our conclusion below applies only the key performance indicators KPI 1 and KPI 2 and not all data presented or any other information included in the ESG Report.

Responsibility of the Management Board of the Company

The Management Board of the Company is responsible for the preparation and presentation key performance indicators KPI 1 and KPI 2 presented in the ESG report in accordance with the Sustainability Linked Bond Framework and Prospectus (point 5.4.10) published by the Company, and in accordance with the GHG Protocol published by World Resources Institute and World Business Council for Sustainable Development. This responsibility includes establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Management Board of the Company is also responsible for the provision of reliable, correct, and fair information, and for the correct preparation of the documentation provided to us.

The company was registered at Zagreb Commercial Court: MBS 030022053; paid-in initial capital: Kn 44,900.00; Company Directors: Dražen Nimčević, Katarina Kadunc; Bank: Privredna banka Zagreb d.d., Radnička cesta 50, 10 000 Zagreb, bank account no. 2340009-1110098294; SWIFT Code: PBZGHR2X IBAN: HR3823400091110098294.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/en/about to learn more.

Our Independence and Quality Control

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality, and professional conduct.

We comply with the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements (ISQM 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and statutory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the key performance indicators KPI 1 and KPI 2 presented in the ESG Report in sections “Sustainability-Linked Bond” and “Environmental Dimension” based on the procedures we have performed and the evidence we have collected. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether that the key performance indicators KPI 1 and KPI 2 contained in the report are not inconsistent with the Sustainability Linked Bond Framework and Prospectus (point 5.4.10) published by the Company, and with the GHG Protocol.

The procedures performed under the limited assurance engagement are different in nature and limited in scope both in terms of risk assessment procedures, including an understanding of internal control, and in terms of the procedures performed in response to the risks assessed compared to the reasonable assurance engagement. As a result, the level of assurance obtained through an assurance service providing limited assurance is significantly lower than the level of assurance that could be obtained through an assurance service providing reasonable assurance.

The procedures we performed were based on our professional judgement, our assessment of the risk of material misstatement of the indicators due to intentional actions or misstatements, and included interviews, observations of the processes performed, examination of documents, analytical procedures, assessments of the appropriateness of calculation methods and reporting policies, and reconciling with underlying records.

Summary of the Work Performed

In order to form our conclusion on the key sustainability indicators of KPI 1 and KPI 2 presented in the ESG Report in sections “Sustainability-Linked Bond” and “Environmental Dimension”, we undertook in the period 29 May 2023 – 30 June 2023 the following procedures:

- Through inquiries, obtained an understanding of control environment and information systems for Mplus Group relevant to reporting the indicators under review, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Obtained through inquiries, analytical procedures, observation and other applicable evidence gathering procedures on a sample basis, an understanding on the key structures, systems, processes, procedures and internal controls relating to collation, aggregation, validation and reporting of data for the indicators under review.
- Compared the information contained in the ESG Report with the Sustainability Linked Bond Framework and Prospectus (point 5.4.10), and with the GHG Protocol for key performance indicators KPI 1 and KPI 2.
- Compared the information included in the ESG Report to internal documentation of the Company for key performance indicators KPI 1 and KPI 2.

Inherent limitations

The process the organization adopts to define, gather, and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection, and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organizations and from year to year within the organization as methodologies develop. The accuracy and completeness of the information disclosed in the ESG Report is subject to inherent limitations given its nature and the methods for determining, calculating, or estimating such information.

Conclusion

Based on the work we have done and the procedures we have performed, nothing has come to our attention that causes us to believe that the key performance indicators KPI 1 and KPI 2 from the scope of our work presented in the ESG Report in sections "Sustainability-Linked Bond" and "Environmental Dimension" for the period from 1 January 2022 to 31 December 2022 prepared by Meritus ulaganja d.d. have not been prepared, or compiled, in all material respects, in accordance with the Sustainability Linked Bond and Prospectus (point 5.4.10) published by the Company, and in accordance with the GHG Protocol published by World Resources Institute and World Business Council for Sustainable Development.

Limitation on the Use of Our Report

Our report is intended exclusively for the company Meritus ulaganja d.d.

In the event of additional information or data provided to us, or in the event of misleading oral or written statements or explanations, our findings, interpretations or conclusions in our Independent Limited Assurance Report may be incomplete or may result in the need for additional procedures not included in the scope of this engagement.

To the maximum extent permitted by law, we do not accept any responsibility and do not agree to any obligations to any other party, except to the Management Board of the company Meritus ulaganja d.d., related to our work or this Independent Limited Assurance Report or the conclusions we reached.

Katarina Kadunc

Director and Certified Auditor

Deloitte d.o.o.

For signatures, please refer to the original Croatian auditor's report, which prevails.

30 June 2023

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