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CEO foreword

Sustainable business is not only a good way to do business, it is the only way to do business, as the actions we undertake today have immense impact, not just on some distant future, but on the world we will wake up in tomorrow.

For us at Hrvatski Telekom, sustainability is an integral part of our business strategy, decision making, corporate culture, and governance, essentially of all our daily operations, translating into ambitious goals. As such, our approach to sustainability reflects both our desire and responsibility to take decisive action and drive the ESG agenda within our industry, as well as across the whole economic and social landscape.

This commitment was evident throughout 2023, with us building on good practices and achievements from previous years, aiming and striving to do more, and focusing on positively impacting the environment and society. Our investments played a major role here, with €361.4 million representing the highest level of investments in the company's history. These market-leading investments are of utmost importance for the country's digital development and underscore our dedication to creating and further developing the essential platform for Croatia's digitalization. Especially, keeping in mind that national competitiveness, economic growth, business success, and social development today are defined by the degree of digitalization, with digitalization being the engine of sustainable growth. Without digitalization, no nation, economy, or society is competitive. And if it is not competitive, it is not sustainable. Ensuring these foundations are in place is where Hrvatski Telekom plays a crucial role, with us across Croatia building the best and the largest ICT infrastructure, modern gigabit mobile and fiber networks, which all development and economic growth are based on.

Further building on these foundations ensures us making strong progress on the environment front through activities aimed at addressing climate change and resource efficiency. As a result, we achieved a three

percent YoY reduction in our energy consumption and four percent YoY decrease in CO₂ emissions. We concluded the country's first Virtual Power Purchase Agreement, marking a significant milestone in our company's energy transition towards renewables. We also introduced a comprehensive environmental protection platform, "Call you have to take", and had a record-high year in terms of collected old electronic devices, systematically addressing the issue of e-waste which is the fastest growing waste category in the EU. Furthermore, we initiated the phase-out of our 3G network, accelerating the transition to more energy-efficient 4G and 5G technologies. On top, our smart city solutions have been recognized as some of the best on the DT EU level.

With our social programs we are focusing on digital inclusion, and through our initiatives and investments into education we are directly contributing to the digital literacy of both children, youth and the elderly, ensuring they can at the same time enjoy the benefits and the possibilities that the digital world offers, as well as navigate it safely. Our aim is clear – we want to enable that everybody has equal opportunities to be part of the digital society, thereby reducing the digital divide and inequality.

We were recently, after extensive in-depth research, recognized once again for implementing the highest governance and ethical standards across all areas of our business. The international benchmark Ethisphere acknowledged us as one of the world's most ethical companies. Hrvatski Telekom is the only Croatian company to receive such recognition and one of only three telecoms globally to make the annual list.

Our dedication to sustainable development, our ESG initiatives, and our continuous progress in all areas were once again recognized with Hrvatski Telekom winning the national sustainability award for the third year in a row. Such recognition is something that makes us proud, but we also see it as a responsibility and an obligation to continue driving the sustainability agenda, becoming even more engaged, setting the bar higher for

ourselves, and not accepting the "limits" to what can be done but going beyond them.

Sustainability means strong business, stable finances, the best infrastructure and network, embracing new possibilities such as AI, great customer experience, being a great place of work that nurtures and develops employee potential, and true dedication to social responsibility.

In 2023 we have delivered on all these fronts, but we won't stop here. For us, sustainable development is not something you do; it is something you live, each day striving to become better and drive positive change. This is our plan, our ambition and what will guide us in year 2024.

Konstantinos Nempis

CEO

Hrvatski Telekom d.d.

HT Group profile

HT Group Sustainability Report for 2023 includes Hrvatski Telekom d.d. and its subsidiaries Iskon Internet d.d., Combis d.o.o., and Crnogorski Telekom A.D. and refers to the business operations in the Republic of Croatia and Montenegro.

HT Group is the leading provider of telecommunications services in Croatia offering fixed and mobile telephony services, as well as wholesale, internet, and data services. In Montenegro, it provides a complete spectrum of fixed and mobile telecommunications services (voice services, internet, TV, integrated services, leased lines, data networks, and ICT and cloud solutions).

The basis of HT Group operations is the belief that commercial, social, and environmental aspects must mutually complement each other. Because of this, we take into consideration impacts along the entire value chain. As part of the Deutsche Telekom Group, we are part of global value chains that include collaboration at the Group level with more than 20,000 suppliers and service providers in over 150 countries worldwide.

The direct collaboration of HT Group with local and international suppliers in the Republic of Croatia includes the procurement of the following key products and services: telecommunication infrastructure equipment and services, IT services, integration of ICT services, service platform delivery, implementation, and maintenance, mobile devices, media content, postal services, energy sources, electricity, and property maintenance. Through contracted agencies we regularly hire agency workers. The most significant product and service categories that Crnogorski Telekom acquires in Montenegro are infrastructure equipment and services, construction works, IT services, implementation and maintenance of service platforms, customer devices, postal services, and marketing agencies, as well as hiring agency workers.

Value chain of HT Group



Corporate profile¹

Hrvatski Telekom d.d. (HT) is a joint stock company, majority owned by Deutsche Telekom Europe B.V. with a 53.5 percent holding. Deutsche Telekom Europe B.V. is 100 percent owned by Deutsche Telekom Europe Holding GmbH. Deutsche Telekom Europe Holding GmbH is 100 percent owned by Deutsche Telekom AG, making it HT's ultimate parent company. Consolidated financial reports include subsidiary companies Iskon Internet d.d., Combis d.o.o., Crnogorski Telekom A.D. and HT Holding d.o.o.

The Croatian War Veterans' Fund owns seven percent, and the Restructuring and Sale Center (CERP), the legal successor of the State Property Management Agency, owns 2.7 percent of shares. The remaining 36.8 percent is owned by the citizens of the Republic of Croatia and other domestic and foreign institutional investors.

Raiffeisen Pension Funds has the largest shareholding among private and institutional investors, at 11.2 percent of shares held.

HT Group has an ownership interest of 39.1 percent in its joint venture HT d.d. Mostar, headquartered in the Federation of Bosnia and Herzegovina.

¹ Data as of January 2, 2024, aligned with the [Annual Report of the Management Board on the state and business operations of the company and the HT Group for the business year 2023](#).

HT Group members

HT Group members in Croatia

Hrvatski Telekom d.d.

Hrvatski Telekom is the leading provider of telecommunications services in Croatia and offers the service of fixed and mobile telephony, wholesale, Internet, and data service. HT's core business is the provision of electronic communications services, and the design and construction of electronic communications networks in the territory of the Republic of Croatia. In addition to the provision of fixed telephony services, HT also provides Internet, IPTV and ICT services, data transmission services (lease of lines, Metro-Ethernet, IP/MPLS, ATM), GSM, UMTS, and LTE mobile services. Company headquarters are at Radnička cesta 21 in Zagreb.

Iskon Internet d.d.

Internet access services. In addition to the internet, it provides telephony and digital television (IPTV) services, and TV content viewing on mobile devices. Since 2006, the company has operated as an independent trading company and as a member of the HT Group, fully owned by Hrvatski Telekom, into which it was integrated on January 1, 2024.

Combis d.o.o.

Combis, a regional system integrator, has been a member of the HT Group since 2010 and is wholly owned by HT. The company focuses on the development of application, communication, security, and system solutions and the provision of services for the development and integration of Information and Communication Technology (ICT) solutions, ICT infrastructure management, and support. By integrating advanced technologies, it provides complete business solutions tailored to specific customer requirements on a turnkey basis, adjusted to specific customer requests. As a regional leader on the market, Combis encompasses the delivery of complex managed services, cybersecurity, cloud services, business digitalization, and Smart City solutions. It offers proactive mon-

itoring, maintenance, and optimization of IT infrastructure, implementation of advanced cybersecurity measures, and migration and management of cloud environments. The digitalization of business processes includes the automatization and optimization of business processes, while Smart City solutions use IoT technology to improve urban environments. Company headquarters are at Radnička cesta 21 in Zagreb.

HT Group members abroad

Crnogorski Telekom A.D.

Crnogorski Telekom is the largest telecommunications company in Montenegro, providing a full range of fixed and mobile telecommunications services (voice services, messaging services, internet, TV, leased lines, data networks, and ICT solutions). It has been operating within the HT Group since January 10, 2017, when HT d.d. acquired a 76.53 percent ownership stake. Company headquarters are at Moskovska 29 in Podgorica, Montenegro.

Changes in the composition of HT Group

In June 2023, a Share Transfer Agreement was concluded for the transfer of shares held by the company HT Holding d.o.o. in Iskon Internet d.d. (Iskon), between HT Holding d.o.o. as the merged company and HT as the acquiring company.

On November 8, 2023, HT and Iskon entered into the Merger Agreement of the Company Iskon Internet Inc. to HT d.o.o. On January 1, 2024 the merger was entered into the court register of the Commercial Court in Zagreb, with which the merged company Iskon ceased to exist, and the acquiring company HT became the universal legal successor of the merged company, and thereby entered into all legal relationships of the merged company. The products and services of Iskon Internet continue to be provided within HT as a separate brand.

On January 1, 2024, the technological unit Ericsson Nikola Tesla Servisi d.o.o. (ENTS) for construction and maintenance of the HT network, which was initially outsourced to ENTS in September 2014, became part of the HT Group. The now former technological unit of ENTS has been transferred together with the employees to HT Servisi d.o.o. (daughter company fully owned by Croatian Telecom which was established on 15 November 2023), based on the Agreement on the transfer of a part of the economic activity concluded with ENTS.

Association memberships

We are active in several organizations that promote sustainable development on both the national and international level. Our employees are members of many professional associations, and HT Group members take part in the work of the following organizations:

Hrvatski Telekom

- UN Global Compact (UNGC) initiative which connects the business sector with UN agencies, governments, and civil society in supporting basic social values in the fields of human rights, worker rights, environmental protection, and the fight against corruption,
- Croatian Business Council for Sustainable Development (HR PSOR), a non-profit association which fosters sustainable development in the economy and advocates for business interests in sustainability matters,
- Croatian Employers' Association (HUP), a voluntary, non-profit, and independent association and within it, we are represented in the Executive Board and work of sectoral associations, such as the Association for Information Technology and Communication Activities,
- Croatian Chamber of Economy (HGK), member of the environmental protection community

- Croatian Artificial Intelligence Association (CroAI),
- American Chamber of Commerce (AmCham) in Croatia,
- German-Croatian Chamber of Industry and Commerce (DKIHK),
- Foreign Investors Council (FIC),
- At the international level, we are a member of two electronic communications network operators' organizations - the European Telecommunications Network Operators' Association (ETNO) and GSM Association, which advocate for the interests of electronic communications sector operators at the EU level, as well as ETIS - The Community for Telecom Professionals, a non-profit organization that brings together major telecommunications service providers in Europe.

Combis

- Croatian Association of New Technology Distributors (HUDNT),
- Croatian Institute for Cyber Security,
- Croatian Employers' Association (HUP).

Crnogorski Telekom

- Chamber of Economy of Montenegro,
- American Chamber of Commerce in Montenegro (AmCham Montenegro),
- Montenegrin Employers' Federation,
- the Montenegrin Foreign Investors' Council (MFIC),
- the German Business Club.

Structure of governing bodies

In our business operations, we apply the Corporate Governance Code of the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange (ZSE). HT applies a dualistic governance model, whose main characteristic is a strict division of jurisdiction between the two main bodies, the Management Board, and the Supervisory Board. The

Management Board is authorized to conduct business affairs, while the Supervisory Board has an oversight function. At the General Assembly, owners exercise their management and property rights, as well as the right to be informed.

Management Board

Pursuant to the Croatian Companies Act and the Company's Articles of Association, the Management Board has the responsibility for managing the business affairs of the company. It is authorized to perform all activities and to pass all resolutions it considers necessary to successfully manage the business affairs of the Company, subject to such approvals as may be required from the Supervisory Board for certain matters and decisions (specific major transactions, long-term borrowing, and important appointments). The Company may be represented by any two members of the Management Board jointly.

Members and President of the Management Board are appointed and removed by the Supervisory Board. Their term of office is up to five years, with the possibility of re-appointment. The Management Board consists of between five and seven members.

The Management Board of Hrvatski Telekom included seven members on December 31, 2023:

- **Konstantinos Nempis**, President of the Management Board and Chief Executive Officer (CEO)
- **Nataša Rapačić**, Member of the Management Board Chief Operating Officer Residential (COOR)
- **Boris Drilo**, Member of the Management Board and Chief Technical and Information Officer (CTIO)
- **Ivan Bartulović**, Member of the Management Board and Chief Human Resources Officer (CHRO)
- **Matija Kovačević**, Member of the Management Board and Chief Financial Officer (CFO)

- **Marijana Bačić**, Member of the Management Board and Chief Operating Officer Business (COOB)
- **Siniša Đuranović**, Member of the Management Board and Chief Corporate Affairs Officer (CCO)

On December 14, 2023, Konstantinos Nempis submitted his resignation as the President of the Management board, effective on July 1, 2024, and the Supervisory Board has named Nataša Rapačić, the Chief Operating Officer Residential, as the new President of the Management Board, effective on July 1, 2024.

Supervisory Board

The Supervisory Board is responsible for the appointment and recall of Management Board members as well as for supervising the management of the Company's business affairs in accordance with the Croatian Companies Act, the Articles of Association of the Company and the By-Laws on the Work of the Supervisory Board of the Company. Certain major transactions and the assumption of long-term indebtedness require the approval of the Supervisory Board.

The Supervisory Board consists of nine members. Eight members are elected by the General Assembly, and one is appointed by the Workers' Council as the representative of the Company's employees. Two members out of eight elected by the General Assembly, Dolly Predovic, Ph.D., and prof. Gordan Gledec, Ph.D. are independent members.

Members of the Supervisory Board according to the position assumed in the Supervisory Board and business affairs conducted within boards and commissions of the Supervisory Board during 2023 are as follows:

- **Jonathan Richard Talbot**, Chairman of the Supervisory Board, Chairman of the Related Parties Transactions Committee and Chairman of the Compensation and Nomination Committee
- **Elvira Gonzalez Sevilla**, Chairwoman of the Supervisory Board and Chairwoman of the Compensation and Nomination Committee,
- **Ivica Mišetić, Ph.D.**, Deputy Chairman of the Supervisory Board and Member of the Compensation and Nomination Committee,

- **Vesna Mamić**, Member of the Supervisory Board and workers' representative,
- **Dolly Predovic, Ph.D.**, Member of the Supervisory Board, Member of the Audit Committee, and Member of the Related Parties Transactions Committee
- **Marc Stehle**, Member of the Supervisory Board and Chairman of the Audit Committee,
- **Eirini Nikolaidi**, Member of the Supervisory Board and Member of the Audit Committee,
- **Gordan Gledec, Ph.D.**, Member of the Supervisory Board and Member of the Related Parties Transactions Committee,
- **Jonathan Abrahamson**, Member of the Supervisory Board

Marc Stehle was re-elected as Supervisory Board Member, effective as of December 16, 2023, and Elvira Gonzalez Sevilla was elected as a new Supervisory Board Member, effective as of May 10, 2023.

The Chairman of the Supervisory Board, Jonathan Richard Talbot, has submitted his resignation from the Supervisory Board, effective as of October 30, 2023, and Elvira Gonzalez Sevilla has been elected Chairwoman of the Supervisory Board, effective as of October 31, 2023.

The Workers' Council re-appointed Vesna Mamić as Supervisory Board Member and workers' representative, effective as of January 1, 2024.

To increase efficiency of the Supervisory Board and ensure lawful, compliant, and adequate fulfillment of duties, three committees have been founded and are in effect: Audit Committee, Compensation and Nomination Committee, and Related Parties Transactions Committee.

More detailed information about the composition and the work of the Supervisory Board and committees are available in the [Annual Management Board Report on the State and Business Operations of the Company and HT Group for the Business Year 2023](#).

Economic conditions in Croatia

In 2023, with a 2.8 percent annual growth rate, the Republic of Croatia has achieved the second largest GDP increase in the euro area (which recorded an average annual growth rate of 0.5%), driven by stronger personal consumption due to wage growth and investments spurred by EU funds. According to the Croatian National Bank (HNB) projections, there is an expected further GDP growth of three percent in 2024 due to the expected recovery of external demand and the continuation of the relatively expansionary fiscal policy orientation. However, there are also risks due to the deterioration of the global geopolitical situation.

The average annual inflation in Croatia has slowed from 10.8 percent in 2022 to the still high eight percent in 2023. The main inflation drivers are increases in prices of food, beverages, and tobacco (11.6%), services (7.7%), and non-food industrial products (7.6%). The rise in energy prices has significantly slowed in 2023 (2.3%) when compared to the average rise in 2022 (17.4%), and in the fall of 2023, the Government of the Republic of Croatia has presented the latest package of positive measures to combat price growth worth €0.5 billion, which remains in force until April 2024.

Stimulated by Croatia's entry into the Schengen area and the introduction of the euro on January 1, 2023, the tourism season in 2023 achieved record revenues. Tourist activity in Croatia has surpassed the results achieved in the same period in 2022; 20.6 million tourists have achieved 108 million overnight stays in Croatia, representing a nine percent increase in the total number of tourists and three percent in terms of overnight stays compared to 2022. These results are almost equal to the pre-pandemic tourism results of 2019. According to the data revealed by the Croatian National Bank, the income from foreign tourists in the first nine months of 2023 reached €13 billion, which is 11.4 percent more than in the same period in 2022. Given the deterioration of the global geopolitical and macroeconomic situation, the tourism season in 2024 is expected to be challenging.

Unemployment rates continue to decrease on the labor market while employment rates and wages continue to rise. The total number of people in employment has increased by 1.2 percent on an annual basis in 2023, especially among foreign workers (with approximately a nine percent share of total people in employment in Croatia). The average unemployment rate in 2023 was 6.2 percent, which is a 0.5 percent decrease when compared to 2022. A slower decrease of the unemployment rate is expected in 2024, in part because of the more pronounced hiring of foreign workers. Real wage growth in Croatia in the past two years was six percent, which is higher than the euro area average, making Croatia a leader in the CEE region and at the EU level. According to the Croatian Employers' Association (HUP), strong real income growth is the consequence of an increasingly pronounced labor shortage, especially in the service sectors facing labor shortages, the overall inflation decrease, and several consecutive improvements of collective agreements in the public sector. The average gross wage has increased by 14.5 percent, and in 2024 HUP expects the average gross wage increase of 10 percent due to the 32 percent increase of the wage bill from the state budget and an almost record minimum wage increase in the EU by as much as 20 percent, with continuous labor market tension.

Croatia places among the top seven EU member states in terms of productivity growth, and the ICT sector is the only one recording continued growth. The growth and development of the ICT sector is resulting in job creation, innovations, and the creation of added value, which has positive effects on other industries in the value chain, and the entire economy. The ICT sector has also proven to be one of the most resilient during the pandemic and energy crisis. Croatia currently has over 8,000 ICT companies with over 50,000 employees, which have generated a total income of €7.2 billion in 2022 (10.7% of GDP), with an annual growth rate of 16.9 percent, or 39 percent from 2018 to 2022. The Croatian ICT sector is growing faster than the CEE region average, and predictions suggest that by 2032, it could account for 13 percent of GDP and over eight percent of employment². Given the strong impact that the ICT sector has on the

² The Digital Croatia Strategy 2032

economy and the transformational effect it has on the entire society, it continues to be one of the key drivers of Croatia's growth, both in terms of increased employment and continuous growth of generated gross value added.

In September 2023, the Standard & Poor's credit rating agency has confirmed that Croatia's credit rating is BBB+ and has improved economic prospects from stable to positive. In October 2023, the Fitch agency has also changed Croatia's economic prospects to positive and confirmed its credit rating level as BBB+. In November 2023, Moody's agency has increased Croatia's prospects from stable to positive, confirming its long-term credit rating Baa2.

HT Group in Croatia in 2023

In 2023, we have maintained the leading position in the market despite a highly competitive environment with promotional offers for fixed and mobile telecommunications services and convergent services.

In the first quarter of 2023, the Croatian Regulatory Authority for Network Industries (HAKOM) has conducted a public tender for national and regional frequencies of mobile communication networks. Hrvatski Telekom has won national licenses for 800 MHz, 900 MHz, 1,800 MHz, 2,100 MHz, and 2,600 MHz frequency bands, securing the largest share of the radio frequency spectrum and more spectrum than we had before the auction. We have a leading position in each of the three frequency bands (the low, medium, and high bands) that were auctioned, and we have invested €135.5 million in further development of the mobile network. By winning the largest share of the spectrum in this auction, as well as in the auction for 5G frequencies held in 2021, HT has fulfilled the prerequisites for further development of the mobile network and the additional improvement of its capacities for the next 15 years.

In January 2023, Hrvatski Telekom updated its General Terms and Conditions related to services, introducing the possibility of adjusting prices in line with the average annual inflation rate published once a year by the Croatian Bureau of Statistics. As of October 1, HT was the last of all telecommunications providers in the market to apply an index clause in the form of a five percent price increase, which is significantly lower than the average annual inflation rate in 2022 of 10.8 percent.

In late July of 2023, HAKOM made final decisions on the analysis of the wholesale access market for fixed networks, deregulating HT's optical network services in 72 administrative units in Croatian urban areas where HAKOM found that there is market competition. Deregulation of high-speed networks in competitive areas will enable equal market conditions for all market participants. The deregulation of optical broadband services came into effect at the end of 2023.

Throughout the year, all converged telecommunications services providers continued investing in the development of 5G networks and the construction of optical networks. The migration of customers to optical technology continued. According to HAKOM data, at the end of December 2023 there were 1,113,945 broadband connections in fixed networks, which is 2.98 percent more than at the end of December 2022. The migration of customers to optical technology continued, primarily those who previously accessed the internet based on copper. In late December 2023, the number of broadband connections on the optical network increased by 33.45 percent on an annual basis. In 2023, the total data traffic for the fixed network increased by 28.26 percent on an annual basis.

The European Commission has recognized that Croatia's infrastructure ranks among the top in the European Union, but it also highlighted the underutilization of the built infrastructure, where Croatia ranks at the bottom. Croatia has progressed in the development of fixed digital infrastructures, particularly with the construction of optical networks (from 39% to 54%), and, more importantly, fixed very high-capacity network

(VHCN) coverage has increased from 52 percent to 61 percent during the same period. At the same time, regarding 5G coverage we are at 82 percent, which is above the EU average (34% in 2022). In the case of EU-funded broadband internet construction, synchronized activities of all stakeholders and collective action towards achieving the same goal are crucial, which is digitalization as the basis for progress.

By their decision on November 22, 2022, HAKOM defined a new, lower weighted average cost of capital (WACC), resulting in a reduction of our wholesale prices for infrastructure services effective on January 1, 2023. Additionally, the regulated price of mobile termination rates (MTR) was further reduced on January 1, 2023, as a result of the European Commission's Delegated Act.

Network development

In 2023, we continued developing the gigabit optical Fiber-To-The-Home (FTTH) network, achieving a 20 percent increase in coverage compared to the previous year. This confirmed our leading market position in the availability of optical networks we are building across Croatia, further strengthening our status as the leading network. The development of FTTH also included networks co-financed by EU funds, highlighting the importance of this project for the development of regional infrastructure. Our optical network is available to 1.8 million people, and by the end of 2024 it will be to more than two million. We are building it across Croatia, and today it connects 132 cities and municipalities in 20 counties, from Vukovar to Višnja, and from Sv. Martin na Muri to Dubrovnik. With our networks, which are among the best in Europe in terms of performance, we are creating a vital digital platform for economic growth and social progress.

The strong 30 percent increase in mobile network traffic continued throughout 2023. Thanks to investments and continuous improvement, the Hrvatski Telekom network has never been faster or more reliable. Additionally, we have the largest share of 5G and existing spectrum, ensuring further enhancement and the best customer experience.

During the observed period, three independent analyses utilizing all three types of mobile network research - where customers actively test networks, through crowdsourcing data on service quality, and field measurements in real conditions - have confirmed that the Hrvatski Telekom network is undoubtedly the best.

Awards and achievements

The leading fixed and mobile network in Croatia

Independent benchmark measurements of network performance confirmed that we concluded 2023 as the leading fixed and mobile network. For the fifth consecutive year, Hrvatski Telekom won the Ookla® Speedtest Awards™ for the best and fastest mobile network and the best mobile coverage in Croatia. These awards are the result of a six-month in-depth study, analyzing over 244,000 tests initiated by customers on the Speedtest mobile application for iOS and Android, as well as over 214 million scans across more than 187,000 locations of all mobile operators in Croatia. Our mobile network achieved the highest ever Speed Score™ result for testing all generations of mobile networks in Croatia.

The Croatian Regulatory Authority for Network Industries (HAKOM) organized an independent measurement of the quality of services in mobile networks across the Republic of Croatia in 2023. The measurement was conducted by the German company NET CHECK GmbH at the beginning of 2023. The measurement campaign covered 29 cities and 3,900 kilometers of roads and highways in Croatia, encompassing an area covering over 50 percent of the total population, or approximately two million inhabitants. The measurement recognized Hrvatski Telekom's mobile network as the best.

From August 2023 to January 2024, umlaut held the “Best in Test” in-depth six-month analysis on the largest ever sample size in Croatia of 101.5 million mobile network customers and 3.1 million samples and over 5,770 lines in the fixed network. We won the award for the best mobile

network for the fourth consecutive year and the best fixed broadband network for the third year in a row.

HT makes Ethisphere's “World’s Most Ethical Companies” list

Ethisphere, the global leader in defining and promoting standards of ethical business practices, has named us one of the world's most ethical companies for the second time. This recognition was awarded to HT in 2024 based on the implementation of the highest standards of ethics, compliance, and corporate governance for year 2023. Hrvatski Telekom is the only Croatian company ever included on the list, and we received the same recognition in 2022. The criteria for inclusion among the most ethical companies have been further tightened and were more demanding than ever, resulting in companies from only 20 countries making the list, with HT being one of only three companies in the telecommunications industry worldwide to be included.

Ethisphere,
the only
Croatian
company
among the
most ethical
in the world

HRIO

for the third
consecutive
year

The Croatian Sustainability Index (HRIO) 2023 award for the most sustainable large company

For the third consecutive year, we have won the national award “Croatian Sustainability Index – HRIO” for the most successful sustainable practices by a large company in 2023. HRIO evaluates companies' implementation of business practices that exceed legal obligations and integration of sustainability principles into decision-making and actions, thereby managing the impact of their operations on the environment and society. This recognition highlights our commitment, progress, and achievements in sustainable corporate governance, workplace environment, environmental management, community relations, and human and children's rights.

**The best
employer**
in the tele-
com industry

The Most Awarded Employer - eight Best Employer Brand Awards Adria awards

As a result of numerous initiatives focusing on key employee topics, HT was named the most awarded employer of 2023 by

the expert jury of the largest regional employer branding project, the “Best Employer Brand Awards Adria” organized by CareerCentar. We secured a total of eight awards recognizing best practices, projects, and activities implemented by employers that result in exceptional employee satisfaction, experience, and engagement, consequently improving customer experience. This includes winning the main Grand Prix Adria award for the second year in a row.

The ninth Employer Partner and second consecutive Above and Beyond Certificate

For excellence in human resources management, continuous improvement of work processes, and keeping up with global trends in 2023, we have been awarded the Employer Partner status for the ninth time by SELECTIO Group. Additionally, for the second year in a row, we have received the Above and Beyond recognition for Impact, Innovation, and Future areas, solidifying our position among the top 10 percent of employers in Croatia in human resource management.



**Above
and Beyond**
Certified by SELECTIO Group

Best contact center award

We have received the CX.hr award as the best contact center with 31 and more employees, which rewards the best contact centers and their employees who showcase excellent results in areas of leadership, devotion to customers, contact center management, education, and employee development.

“How Are You?” campaign on mental health named the Best CSR initiative in Europe

Our “How Are You?” campaign, aimed at raising awareness about the importance of communication with loved ones and mental health care, has been awarded the best corporate social responsibility campaign in all of Europe at the European Excellence Awards 2023. This campaign also received recognition as one of the top five corporate social responsibility

programs in the EMEA region at the SABRE Awards and won the HUOJ Grand Prix 2023 award for social responsibility from the Croatian Public Relations Association (HUOJ).

“Call you have to take” recipient of the Green Butterfly award for best environmental projects

Our sustainability promotion platform, “Call you have to take”, has been awarded the Zeleni leptir (Green Butterfly) recognition for the best environmental projects. This award is part of Večernji list's “Resolution Earth” project, which acknowledges contributions to the UN Sustainable Development Goals. We received this award in the category of Peace and Justice / Strong Institutions, Partnerships for the Goals, Climate Action, based on five criteria: alignment with UN Sustainable Development Goals, contribution to the goals, innovation, community engagement, and education and awareness.

Mixx and SoMo Borac awards for the “World of Equal Opportunities” diversity promotion project

The series “World of Equal Opportunities”, which shares stories of people who have overcome obstacles in life with the help of technology, created and executed in collaboration with Telegram Media Group to raise awareness about diversity, has won two awards. We received the Mixx Award for best digital campaigns, projects, platforms, and tools in the category of Best Publisher Project. Additionally, at the SoMo Borac awards, which recognize the best digital works in the region, we were named one of the winners in the Media Stream category.

Determining material topics

Determining material topics is an integral part of creating each of our sustainability reports. Regular assessment of our actual and potential impacts on the economy, environment, and society, including human rights, enables us to timely recognize sustainability issues that are key to HT Group and that affect the interests of our diverse stakeholders. In addi-

tion to the independent assessment of material topics for members of the HT Group, we also participate in the processes of determining the materiality of Deutsche Telekom. Priority areas of our Sustainability Strategy have been determined based on years-long experience and practice of DT Group members, aiming to confirm the best sustainability practices in the telecom industry and contribute to the fight against climate change, the application of circular economy principles, and the encouragement of inclusiveness in HT and the society, by applying the highest ethical standards in business.

Following the entry into force of the Corporate Sustainability Reporting Directive (CSRD) on January 5, 2023, in addition to reassessing our impacts, we placed great emphasis on preparing for the application of the European Sustainability Reporting Standards (ESRS) and determining the double materiality that will form the basis of our reporting for the year 2024. Given that the ESRS were adopted in the second half of 2023, and the guidelines of the European Financial Reporting Advisory Group (EFRAG) for determining materiality and the value chain only in 2024, material topics for our Sustainability Report for 2023 were determined according to the 2021 Global Reporting Initiative (GRI) guidelines. In the preparation of this report, we assessed the significance of our impacts and continued the in-depth verification of actual and potential adverse impacts of our activities and business operations on the environment and human rights in the value chain. Additionally, our internal and external experts mapped potential risks and opportunities related to our material topics, based on which we will undertake the final assessment of financial materiality and determine material ESRS thematic standards in 2024.

Analysis of context and sources

When determining the framework for assessing material topics, we considered the results of our previous independent analysis and the materiality analysis of DT Group, analysis, and results of impact assessments in the value chain carried out at the DT Group level in the processes of creating the Sustainability Strategy and preparing for reporting accord-

ing to the requirements of Corporate Sustainability Reporting Directive. In addition, we reviewed trends in the telecommunications industry, the latest developments, and regulatory changes in the field of sustainability at the local, European, and global level as well as the economic circumstances and business performance of HT Group.

Based on the analysis carried out, our experts from different business segments identified potential material topics and related impacts, risks, and opportunities in relation to our stakeholders in the value chain. The process took into account the relevant scientific research, legal obligations, regulations, international treaties and agreements, the standards for sustainability reporting of the Global Reporting Initiative (GRI), the sector standard for telecommunications services of the Sustainability Accounting Standards Board (SASB), voluntary recommendations for climate change disclosures of the Task Force on Climate-related Financial Disclosures (TCFD), guidelines for the integration of ESG criteria and contribution to the UN Sustainable Development Goals.

HR PSOR

Potential impacts and material topics

Governance

- Business ethics, compliance, and cooperation with suppliers
- Transparency and reporting

Market

- Network expansion, maintenance and infrastructure management
- Labor standards in the supply chain
- Disruptive technologies

Customers

- ICT solutions for a low-carbon economy
- Data protection, cyber and IT security
- Data privacy

- Socially relevant application of ICT products and services
- Quality of service and customer relations, collaboration, and customer satisfaction

Workplace

- Employees' health, safety, and wellbeing
- Culture fostering diversity and non-discrimination
- Attracting talent, employee retention and development

Society

- Digital inclusion and literacy (including ICT and children's rights)
- Cooperation with local communities

Environment

- Limiting the impact of climate change (energy efficiency and GHG emissions)
- Circular economy and resource efficiency (including electronic waste)
- Energy consumption in the supply chain and transport

Internal materiality assessment

Experts from various organizational units participated in the process of internal materiality assessment to determine the most relevant sustainability impacts from the organizational perspective, within their respective business domains. For each of the material topics, potential adverse impacts on people, communities and the environment were identified, i.e. the impacts that HT Group could directly or indirectly cause or contribute to with its activities and business relations in the value chain now or in the future. Our experts evaluated only those material topics and impacts that are related to the operations of the organizational unit they represented.

The assessment of each material topic contained the following evaluation:

- Significance of impact (from 1 “insignificant” to 10 “absolute”) on the economy, environment or the people, including their human rights, which HT Group has or could have within each material topic;

- The success rate of HT Group in managing these impacts (from “HT Group does not manage this topic” to “Above standard”);
- The severity (from 1 “no consequences” to 10 “catastrophic”) and the probability (from 1 “impossible” to 10 “already exists”) of the identified potential negative impacts on people, communities and the environment, directly caused or indirectly contributed to by HT Group's activities and business relations.

The results of the internal materiality assessment showed that all identified material topics could have a significant impact on the economy, environment, and people, including their human rights, and that HT manages all impacts in accordance with or above standards. Although all individual mapped negative impacts were characterized as potential, within six material themes individual impacts were recognized whose level of severity and probability exceeded a certain significance threshold (average score of 5 “moderate”). The largest number of identified potential negative impacts that need to be managed relates to environmental issues (ten), four identified impacts are related to the customer segment, and two to the workplace. No potential negative impacts have been identified in governance, society, and markets segments. Based on the results of the survey, an additional multi-sector workshop was organized where participants discussed the identified adverse negative impacts, the associated sustainability risks, and business opportunities.

Stakeholder engagement

Stakeholders of HT Group

- Owners, shareholders, and investors
- Employees
- Unions
- Customers
- Business partners and business community
- Suppliers
- Interest and expert associations

- Regulatory bodies
- State administration bodies
- Local and regional government
- Financial and credit institutions
- Financial analysts
- Auditors and certification bodies
- Media
- Civil society associations
- Academic and scientific community
- Educational institutions

External evaluation of our sustainability practices and the identification of issues that affect our stakeholders is an important part of our sustainability management. Therefore, we have a years-long tradition of conducting in-depth interviews with external experts who know our business well and can provide an informed opinion on our sustainability practices. In 2022, we expanded our stakeholder engagement by carrying out in-depth assessment of our impacts on people and the environment in the entire value chain, in which external experts' perspective was invaluable. The conducted interviews concluded that HT bears the responsibility to ensure continued positive impacts on the development of the Croatian economy by investing in the expansion of the network, enabling the availability and benefits of technology to as many people as possible and contributing to increasing the quality of life. In this process, our stakeholders underlined that due to the significance of HT for the Croatian economy and society, we are expected to adhere to high standards of business behavior within the company and in our value chain, advance working conditions and rights along the value chain, care for security and privacy of customers' data and foster the development of environmentally responsible practices within the organization and in the community by applying the principles of the circular economy and contributing to the fight against climate change.

By engaging expert stakeholders in 2023, we continued the practice of gathering informed opinions by experts who understand our business well. The emphasis of the conducted interviews was on the areas which the stakeholders identified as significant in previous assessments. Individual conversations included the representatives of the Croatian Regulatory Authority for Network Industries (HAKOM), the scientific and educational community, Croatian Association for Consumer Protection, Nokia and experts from Deutsche Telekom. With them, we thoroughly checked the impacts of the expansion and construction of our network on the economy and society, issues of climate change and resource efficiency, and the impact of our business on customers, especially on affected groups. We actively manage the sustainability aspects that were discussed with the experts, and their perspectives enable us to profoundly understand the needs of diverse stakeholders whom our business can directly impact, and how our practices can indirectly bring positive effects, especially to vulnerable social groups and our customers. Stakeholder insights enable us to identify material topics and improve sustainability management. The key topics are described below.

HT, as the largest private investor in terms of scope and total amount of investment in digital infrastructure construction and network expansion, has a significant impact on the Croatian economy and economic development. Multiplicative economic effects are created by cooperation with domestic suppliers, and especially the IT industry, which is quite developed in Croatia. HT should be able, in collaboration with stakeholders, to continue developing the infrastructure and investing in ensuring reliability. The greatest future contribution in this regard can be made by HT through further investments in its core business so that the infrastructure is ready for future use cases and available even in geographically remote areas. HT's role is significant in raising the level of digital literacy, which reduces the digital gap and enables all members of society to access digital tools and resources. Digital literacy enables individuals to be better informed, educated and to participate in social and economic activities, and to foster sustainable development by enabling the wider

use of digital technologies that can reduce resource consumption and negative environmental impacts. This empowerment can lead to improved quality of life and economic stability of communities. Accordingly, by providing knowledge and skills, HT plays a major role in the community by ensuring equal opportunities for all. Telecom infrastructure is part of communal infrastructure and significantly affects the quality people's lives. People do not want to live in the areas without it, and it is positive that the HT network is also being developed in rural areas. Customers have expectations about the speed and quality of service, which makes building trust and customer relations crucial to our business. The method of solving problems is a more relevant indicator of the relationship with customers than the number of complaints, and according to the opinion of expert stakeholders, HT's customer service solves specific problems successfully. Additionally, building a good reputation is mostly influenced by the approach to and communication with customers. The training of customer service employees and the focus on preventive actions led to a decrease in the number of complaints, which is reflected in HAKOM's reports. Based on the received complaints, we recognized the potential for further improvement, through education and more active management of the practices of external sales associates and technicians to ensure up-to-standard application of HT's approach to customers by all employees. We also recognized the importance of proactive communication between customer center employees and technicians with less digitally educated customers.

Circularity is one of the most important topics, and in 2023 Hrvatski Telekom stood out within the DT Group with its initiatives for device take-back such as the "Call you have to take" platform. Financial incentives for the return of devices during the Christmas campaign, which resulted in a large response were highlighted as positive showing the willingness of customers in Croatia to participate in such initiatives. Sustainability can be good for all parties when there is quality cooperation in the value chain. Therefore, it is crucial to encourage circularity by creating partnerships and opportunities for different stakeholders. Prevention initiatives

that enable the generation of less waste by devices themselves, such as Eco Rating, are a good direction in supporting suppliers to improve their products, which HT has through Deutsche Telekom been engaged in since 2021. New circular business models create benefits and opportunities for greater customer engagement in the reuse, responsible disposal, and recycling of technological waste.

Assessment of material topics included in reporting

We determined the material topics by focusing on the grouping of current or potential long-term significant impacts on the economy, people, and the environment into material topics that enable effective management and reporting according to the European Sustainability Reporting Standards (ESRS). A deeper insight into the individual adverse impacts within individual potential material topics determined that some of the identified impacts are not significant enough as independent material topics for the HT Group Sustainability Report for 2023 or that these impacts are included in other areas.

We will report on the impacts concerning energy consumption in the supply chain and transport as part of the material topic Limiting the impact of climate change (energy efficiency, energy consumption and GHG emissions); on labor standards in the supply chain within the framework of Business ethics, compliance and cooperation with suppliers; on cooperation with local communities within the topics of Digital inclusion and literacy (including ICT and children's rights) and in the Circular economy and resource efficiency; on disruptive technologies in the context of ICT solutions for a low-carbon economy and Socially relevant applications of ICT products and services, and on transparency and reporting as a horizontal topic.

We have based materiality prioritization on quantitative indicators and qualitative information collected in internal and external assessments.

Material topics of HT Group in 2023

Governance

-  Ethical business practice, compliance, and cooperation with suppliers

Market

-  Network expansion, maintenance, and infrastructure management

Customers

-  ICT solutions for low-carbon economy
-  Data protection, cyber, and IT security
-  Data privacy
-  Socially relevant application of ICT products and services
-  Quality of service and customer relations, collaboration, and customer satisfaction

Workplace

-  Employees' health, safety, and well-being
-  Culture fostering diversity, and non-discrimination
-  Attracting talent, employee retention, and development

Society

-  Digital inclusion and literacy (including ICT and children's rights)

Okoliš

-  Limiting the impact of climate change (energy efficiency and GHG emissions)
-  Circular economy and resource efficiency (including electronic waste)

Impact on the economy,
society and / or environment

-  MINIMAL
-  LOW
-  MODERATE
-  HIGH
-  VERY HIGH
-  EXTREME

Contribution to UN Sustainable Development Goals

In the 2030 Agenda for Sustainable Development, the United Nations member states defined 17 universal and locally applicable goals reflecting priority areas for an environmentally sustainable, carbon neutral, resource efficient, socially inclusive, and just global development. Digital revolution was recognized as one of six transformative forces required to adequately respond to multiple crises connected to climate change, excessive resource consumption and use, loss of biodiversity and growing inequalities within and between countries.

As a leading provider of telecommunication services, we at Hrvatski Telekom recognize our opportunity to contribute to Sustainable Development Goals primarily in the development of quality and reliable infrastructure, expansion of access to high-quality and affordable broadband internet, enhancing digital opportunities, inclusion, and safe environment for all. We recognize our highest impact in further network infrastructure development and supporting cooperation, innovation, and opportunities to develop digitalized businesses to jointly create better economic, social, and environmental conditions by 2030.

Our networks provide conditions for economic and social participation, and thus access to education, the lack of which is one of the main causes of poverty.

We promote health and wellbeing of our employees.

With diverse projects and initiatives, we support the development of digital literacy of persons of all ages. We offer our employees a wide range of individual professional training and development programs.

We promote equal opportunities and use targeted measures to increase the share of women in management and STEM professions.

We increase the share of green energy consumption and use energy-efficient technology.

We provide our employees with excellent working conditions. By fostering digitalization, we support economic development and continuously influence the growth of sustainability in value chain.

We invest significant resources in ensuring a stable and secure network infrastructure, thus creating foundations for economic growth, knowledge sharing, and a digital society.

We clearly stand for diversity and support our employees, regardless of gender, age, sexual orientation, disability or ability, ethnic origin, religious beliefs, and cultural background. We are active in increasing the standard of living within our company, among our suppliers and in the society.

Our innovative solutions and developed network infrastructure help shape the transformation of cities into smart and pleasant urban spaces.

We increase the share of innovative, sustainable products in our portfolio. Additionally, we reduce the amount of generated waste and commit to responsible recycling.

We contribute to climate protection – within the company by taking measures to increase energy efficiency and using renewable energy sources, and outside by providing sustainable products and services.

We are committed to doing business ethically and legally and have established a comprehensive compliance management system. We strengthen our internal capacities in information security, while our products and services provide customer data and privacy protection.

We cooperate with associations, institutions, and companies on national and international levels.

We adopted a substantial Sustainability Strategy of Hrvatski Telekom in April 2023. It reflects the HT Group ambition to be a digital and sustainable telecommunication company which creates value for all its stakeholders – customers, employees, shareholders, partners, and the entire society. A long-term vision of sustainability is a part of our business strategy aimed at the realization of sustainable and profitable growth by connecting everyone in Croatia with digital opportunities.

Our business embraces consistent application of all three ESG dimensions: environmental, social and governance, which are integrated in our strategic decision-making. Our approach to sustainability is based on three cornerstone areas containing ambitious objectives: climate change, resource efficiency and digital inclusion. By telecommunication network expansion, increased accessibility of technology and enabling smart ICT solutions, we place priority on climate change mitigation, invest in measures and programs of energy savings, energy efficiency increase, and the reduction of GHG emissions. We apply the principles of circular economy in our business operations with the purpose of waste generation reduction and safe disposal of technological waste and reuse of resources. In the social aspect, we are focused on promoting diversity, equal opportunities, and inclusion within the organization. We carry out activities aimed at closing the digital gap and creating a safe and tolerant digital world for all people.

Sustainability Strategy goals

Climate change

Already witnessed climate change consequences and future potential increasingly unpredictable and devastating impacts of weather disasters connected with the non-sustainable use and consumption of non-renewable energy sources, pose grave danger to eco-systems and entire humanity alike, and threaten to inflict physical damage on infrastructure and harmful effects on the economy. Digitalization has the potential to accelerate the necessary transition towards a low-carbon economy and

change the course of events towards a more sustainable future. Having recognized the severity and urgency of the situation, our dedication to climate change mitigation is included in our corporate strategy by setting science-based goals of GHG emission reduction, which was adopted by all DT Group members. Deutsche Telekom's climate goals reflect the direction of the European Green Deal and were approved by Science Based Targets initiative (SBTi), which confirms their alignment with the Paris Agreement goals.

OUR KEY OBJECTIVES AND MILESTONES RELATED TO CLIMATE CHANGE ARE:

- Procuring 100 percent electricity from renewable energy sources,
- Net zero GHG emissions for direct and indirect energy consumption within the organization (Scope 1 and 2) by 2025,
- As part of the DT Group, by 2030 cut greenhouse gas emissions in the value chain (Scope 1–3) by 55 percent compared to 2020,
- Climate neutrality, with total carbon footprint neutralization (Scope 1–3) by 2040.

The climate aspect of our strategy comprises responsibility for implementing activities to reduce our negative climate impacts and a solid base to create business opportunities which will enable our customers to reduce their carbon footprint. The analysis of sources of GHG emissions in our entire value chain identified that most emissions were generated in the supply chain. Collaboration with suppliers should enable them in their climate transition, which is a vital component of achieving our climate goals.

Already at the beginning of 2021, we fulfilled our first goal - procurement of 100 percent of electricity from renewable sources. In 2023 we achieved another key milestone related to our energy transformation plan by having concluded a Virtual Power Purchase Agreement - vPPA on the

supply of electricity from renewable sources. This contract guarantees that a significant amount of our future electricity needs will be met with green energy that is generated entirely from renewable sources. This confirms our commitment to responsible and proactive management of Hrvatski Telekom on the way to a sustainable future.

Resource efficiency

The linear economy model based on singular use of materials has led to unsustainable levels of consumption of natural resources that, in addition to threatening the stability of ecosystems, create an increasing challenge for companies in terms of the availability of raw materials. In response to this challenge, business models based on the principles of the circular economy, enabling a more sustainable approach to business, are increasingly being applied. At Hrvatski Telekom, we take a holistic approach to the responsible use of resources and implementing circular principles. Through strategic, proactive, and preventive action, we strive to reduce waste generation carrying out maintenance, repairs, and renovation of equipment, while reusing materials that can be used as valuable resources. In doing so, we recycle waste and materials in an environmentally responsible manner, which mainly refers to waste generated during the construction, replacement, and modernization of network infrastructure. Our future ambition is to achieve full circularity of technology and devices along the entire value chain, which will enable the reuse of materials. To this end, we apply different approaches, introduce new offers and develop cooperation with different stakeholders, including our suppliers and users to find joint opportunities and enable circular business models.

30,000

electronic de-
vices collected
and safely
disposed of

OUR KEY OBJECTIVES AND MILESTONES RELATED TO RESOURCE EFFICIENCY ARE:

- Increasing the rate of returned mobile devices compared to those sold in the previous year to seven percent in 2023,
- Complete disposal of HT's technological waste,
- Sustainable product packaging.

Most of the waste in our business is generated during the modernization of the network infrastructure. With an aim to effectively manage this waste, we use the “Prevent - reduce - reuse – recycle” approach allowing us to safely dispose of all technological waste and reduce the waste disposed on landfills to zero several years ago. Regarding suppliers and customers, we set goals and implement initiatives for more sustainable procurement by focusing on the use of products and telecommunications network infrastructure. Our goal is to make the products and materials that are part of our service packages as durable as possible, to ensure their proper disposal, as well as the recycling of valuable raw materials. All products within our T brand are packaged in sustainable packaging, and at the DT Group level, we collaborate with business partners and suppliers to increase the share of partner products with sustainable packaging in our entire portfolio.

In April 2023, we launched the program “Call you have to take”, which includes the collection of small IT equipment and telecommunications equipment in all T-Centers throughout Croatia. In 2023, we collected 30 thousand pieces of various electronic equipment, and HT ensured their safe disposal.

Inclusivity, with an emphasis on digital inclusion

The social component of our Sustainability Strategy focuses on relationships among employees, with customers, suppliers, and the community.

We strive to positively impact society by connecting everyone in Croatia with the opportunities provided by digitalization, promoting equality, inclusion, and diversity in building a better future. Digital inclusion especially reflects our belief that digital technology can significantly improve the quality of life for all and that it can be an agent of positive change. By promoting digital inclusion, we want to empower individuals and groups, while by breaking down digital barriers such as the unavailability of technology, knowledge, and skills, we want to close the digital gap and create a more equal, connected, and secure digital world for everyone.

OUR KEY OBJECTIVES AND MILESTONES RELATED TO DIGITAL INCLUSION ARE:

Digital inclusion

programs
for the
youth
and the
elderly

- Designing and providing educational programs for children, youth, and the elderly to develop essential skills for using digital tools and responsible behavior and safe navigation in the digital environment.

There are three key factors that support the goal of enabling equal access to digitalization for all members of society: the availability of high-speed networks, the accessibility of services and devices, and the development and promotion of digital competences. HT Group deals with the technical aspects of broadband and 5G network access, ensuring the availability of affordable devices and services for everyone, regardless of their financial status or their digital literacy.

Various programs and initiatives are currently implemented that provide people of all ages, from children to the elderly, with contemporary education, giving them the opportunity to acquire and develop the necessary digital skills. We also provide access to the needed equipment, all with the final goal of creating a society where there is no digital inequality. Our mission is to ensure that everyone has equal opportunities and is included in the digital society so that no one is left behind in the digital world. We carefully monitor societal needs and demands, creating various

programs and activities to meet specific needs and achieve an increase in the number of people and organizations that benefit from our socially responsible engagement.

The best team in the industry enables us to be the best partner

Inclusion of all persons guarantees that everyone at HT feels respected, safe, and part of the T team. Encouraging diversity and creating a stimulating environment where all individuals have equal opportunities are pillars of our Sustainability Strategy. Aware that the key to our success lies in the satisfaction and engagement of our employees, we build relationships based on mutual respect and responsibility. All our employees have equal opportunities for personal and professional development and career opportunities. A person's engagement, expertise and achievements are the only meritorious criteria for career advancement and that is why we always look at a person's potential, ability, passion for growth and desire to prove themselves.

OUR KEY OBJECTIVES AND MILESTONES RELATED TO DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES ARE:

- Maintain and increase the percentage of women in management positions above 40 percent,
- High level of perception of inclusiveness measured through a regular employee satisfaction survey.

39% of women
in leadership positions

At HT Group, we are committed to creating a working environment in which each person can realize their full potential and in which everyone is provided equal opportunities, which harbors inclusiveness and intolerance of any form of discrimination. We realize our commitment to this goal by implementing organizational values in practice, a transparent recruitment and promotion process, working dynamics that enable flexible working hours, as well as various action protocols ensuring a high level of workers' rights. We recognize the importance of diversity in the corporate

environment and therefore strive to further increase it at all organizational levels. The integration of diversity into our organizational DNA is demonstrated by the high percentage of women in leadership positions. At the end of 2023, women held 39 percent of management positions in HT, and our strategic goal is to maintain and increase that number to over 40 percent.

We continuously listen to the opinions of our employees, respect them, and closely monitor their needs, ambitious to ensure a high level of engagement, which positively reflects on our status as a desirable employer. In 2023, we signed a new three-year Collective Agreement, which, in addition to the existing one, brings numerous new benefits to employees, along with increasing labor and material rights. With the new Agreement, we ensured an increase in the salary budget of 8.5 percent and an increase in the minimum wage by as much as 23 percent, while significantly raising the limits of the new salary grades. As a result of the increase in the minimum wage and the lower limits of the salary classes from January 1, 2024, more than 800 employees will receive a salary increase, and an additional budget has been provided for salary increases through the career path in the front-line and non-front-line segment for a minimum of 3,000 employees over the next two years.

Managing sustainability

Sustainable business encompasses not only the environmental and social impacts of our operations but also involves all our stakeholders and how we do business. At HT, we create financial value by operating in a stimulating work environment and by taking the society, economy, and environment into consideration, thus creating value for all stakeholders. We achieve our business results by respecting human rights and implementing shared principles that reflect the company's core values. Our approach to respecting human rights is based on the United Nations Guiding Principles on Business and Human Rights – global guidelines on corporate responsibility in respecting human rights, the Diversity Charter Croatia of which we are an initial signatory, and the Basic Principles of Deutsche Telekom's Social Charter, through which all Group members demonstrate commitment to acting in accordance with internationally recognized norms, guidelines, and standards derived from the International Bill of Human Rights, key conventions of the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), and the UN Global Compact Initiative. We are one of the first companies globally to have adopted Digital Ethics Guidelines on Artificial Intelligence, defining how AI is applied in our products and services. In 2017, we integrated corporate digital responsibility into all aspects of our business operations.

Our approach to corporate responsibility is defined by the six [Guiding Principles of the HT Group](#), which guide all our employees in their daily work. These principles are also integral to the performance assessment

of the HT Group as a responsible and sustainable company, as well as the success of all our employees.

Hrvatski Telekom's Guiding Principles

- Delight our customers
- Get things done
- Act with respect & integrity
- Team together team apart
- I am T - count on me
- Stay curious & Grow

By implementing the Sustainability Strategy founded on the Basic Principles of the [Social Charter](#) and our Guiding Principles, we want to embed and elevate a sense of responsibility that permeates in all aspects of our business, across all member companies of the HT Group and our partner companies. In the pursuit of this goal, we adhere to rules defined in our [Code of Conduct](#) and [Supplier Code of Conduct](#). These codes establish clear standards of business conduct, grounded in high ethical principles, the respect for human rights, and socially and environmentally responsible practices, while achieving strong economic performance. They also form the foundation of our compliance management system, ensuring that our business activities and the practices of our employees, managers, business partners, and suppliers align with the highest standards of corporate governance and best business and ethical practices.

In 2023, the HT Management Board adopted the [HT Group Policy on Corporate Responsibility](#), replacing the Social Responsibility Policy. This policy affirms our commitment to adhering to environmental, social, and governance criteria across the entire value chain of the DT Group. It promotes responsible corporate governance, business activities in financial markets, and supplier relations. Additionally, it encourages our customers to adopt sustainable practices, focuses on resource and energy efficiency, promotes circular economy principles, and emphasizes climate and environmental protection, biodiversity, and finally, social, and digital

responsibility.

This policy assigns executive responsibility for sustainability-related matters to the HT Management Board and formally establishes roles of Corporate Responsibility (CR) Manager and CR Controller appointed by the Management Board. The CR Manager serves as the focal point for sustainability issues within HT, providing operational support to the Management Board in implementing the Sustainability Strategy, and coordinating activities in the field of corporate responsibility. The CR Controller is tasked with collecting and consolidating corporate responsibility key performance indicators. Both roles are crucial in supporting the Management Board in independently reporting on the sustainability of HT Group and in reporting on corporate responsibility as part of Deutsche Telekom.

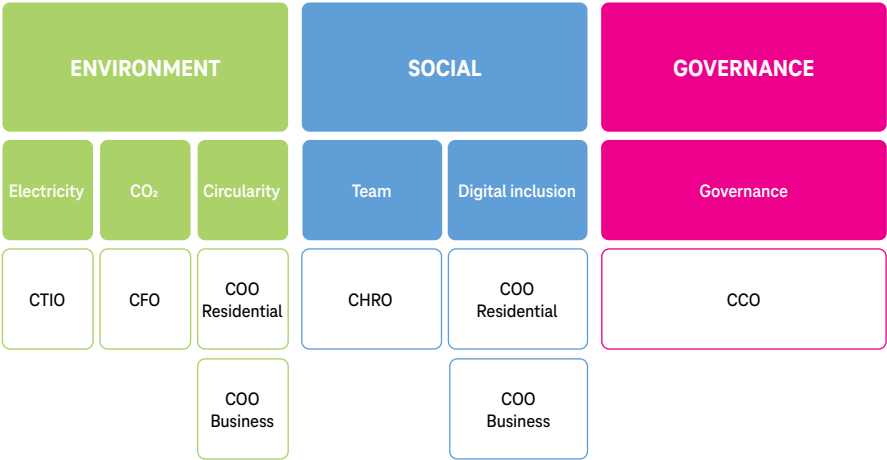
To ensure effective implementation of the Sustainability Strategy, achieving sustainability goals is integrated into the incentives for members of the Management Board, management, and employees, along with achieving business objectives. The Supervisory Board is responsible for setting annual corporate goals, which in 2023 included the following components: financial goals, strategic goals (which include, among other things, employee, and customer satisfaction), and climate goals aimed at reducing greenhouse gas emissions and energy consumption.

Achieving goals is part of the policies for awarding corporate target achievement. Depending on the level of goal achievement, members of the Management Board³ and all levels of management receive short-term incentives. An annual bonus is paid to employees for the fulfillment of collective goals under the quarterly performance management system. The purpose of Objectives and Key Results (OKRs) is to align company and team goals with individual tasks and measurable results, ensuring that everyone works together to achieve objectives that are critical for the company within specific periods (quarters).

³ The remuneration and evaluation of the work performed by the Management Board are carried out in accordance with the Remuneration Policy for Members of the Management Board and have been described in detail in the [Annual Management Report on the state and operations of the company](#) and the HT Group for the fiscal year 2023

We ensure the implementation of the Sustainability Strategy across the HT Group by conducting training on specific sustainability aspects and participating in working groups within the Deutsche Telekom Corporate Responsibility Management Network. Members of the HT Management Board receive regular updates on sustainability topics within their jurisdiction and participate in international education and discussions on specific sustainability issues as part of leadership and management programs at Deutsche Telekom. They are accountable for implementing activities aimed at achieving HT's Sustainability Strategy goals within their respective jurisdiction.

The structure of ESG issue management at HT



Sustainability reporting

We regularly and transparently report on our business practices. In the [Annual Management Report on the state and operations of the company and the HT Group for the fiscal year 2023](#), detailed consolidated information on business performance, financial position, and operations of the HT Group and its subsidiaries was published.

Progress in managing impacts in environmental, social, and governance aspects is reported in the HT Group Sustainability Report, which is published annually. The HT Group Management Board is the highest governing body that approves the Sustainability Report and confirms material topics. This report is issued in accordance with the Global Reporting Initiative (GRI) standards, covering the period from January 1 to December 31, 2023, and includes consolidated data for all HT Group members covered in the Annual Report for 2023. All previous HT Group reports on sustainability, responsible business, and environmental protection are available on the HT Group website at <https://www.t.ht.hr/en/corporate-social-responsibility>.

We value the opinions of our stakeholders regarding our sustainable business and corporate responsibility. You can send any questions, comments, and suggestions about the content of this report via e-mail at drustvena.odgovornost@t.ht.hr.

Management systems

We build business success and trust among employees, customers, business partners, and communities by applying the best business practices. As proof of our constant commitment to improving business processes, we continuously work on certifying management systems across all HT Group members.

Hrvatski Telekom

- ISO 9001:2015 - Quality management systems
- ISO 14001:2015 - Environmental management systems
- ISO 22301:2019 - Business continuity management systems
- ISO/IEC 27001:2017 - Information security management systems
- ISO 45001:2018 - Occupational health and safety management systems
- EcoVadis (Bronze) for Corporate Social Responsibility
- Certificate TIER III - Classification Standard for Data Centers

Combis

- ISO 9001:2015 - Quality management systems
- ISO/IEC 20000-1:2018 - Information technology - Service management
- ISO/IEC 27001:2017 - Information security management systems

Crnogorski Telekom

- ISO 9001:2015 - Quality management systems
- ISO 14001:2015 - Environmental management systems
- ISO/IEC 27001:2013 - Information security management systems
- ISO/IEC 27033-1:2015 - Information technology - Security techniques
- ISO 45001:2018 - Occupational health and safety management systems

Risk management

In a volatile environment marked by rapid and constant changes in business conditions and global trends, it is essential to successfully anticipate and timely recognize internal and external factors that could affect the achievement of our strategic goals. Hrvatski Telekom employs a risk management system which is based on Deutsche Telekom's Risk Management Policy, which is part of the integrated risk management system

at the DT Group level. The implementation of this multi-level system enables early identification and assessment of risks and opportunities in relation to the strategic goals of the HT Group, based on which we implement measures to manage and control these risks and opportunities.

All DT Group members apply a standardized process and use an IT tool for risk management (Telekom Risk Management Solution) for quarterly risk reporting, where risks are assessed quantitatively and qualitatively in relation to set business goals based on a predefined methodology. Through an annual assessment we examine already identified risks and gain an overview of emerging risks within the DT Group. Key stakeholder groups participate in this process, and HT experts take part in various working groups and committees for managing control processes for risk prevention and mitigation. The risk management system includes quarterly risk assessments, based on which combined quarterly risk reports are created, including thematic risk analyses and risk management measures. In addition to assessing strategic, financial, operational, regulatory, and legal risks, all risks in the HT Group's quarterly risk report, as of January 1, 2023, are further considered concerning the ESG classification of environmental, social, and governance risks.

Managing recognized risks within the company depends on the type and level of significance of the risk's impact on key business indicators, which are managed by the responsible managers of organizational areas. The system allows for the identification of potential risks that may affect the HT Group within a defined risk acceptance framework and provides reasonable assurance of achieving the company's goals. As part of the risk management function, there is also the Corporate Risk Committee, an independent body whose role is to support the HT Management Board in overseeing the risk management system and processes at regular intervals. The HT Group risk report is submitted quarterly to the HT Management Board and Audit Committee.

Recognized sustainability risks

Sustainable business operations are one of HT's key strategic goals, and sustainability risks and opportunities are considered in relation to our set goals and sustainable business standards.

Regulatory requirements in the telecommunications industry are subject to frequent changes due to its reliance on rapidly advancing technology, the social and economic implications for the general population, and increasing expectations for ICT to contribute to combating climate change and protecting online security. Frequent regulatory changes and high demands necessitate continuous adjustments to business processes, organizational structure, employee training, and two-way communication with business partners and customers while maintaining the organization's business successes. By adopting the Sustainability Strategy and the [Group Policy on Corporate Responsibility](#) in 2023 and the [Code of Human Rights](#) at the beginning of 2024, we have encompassed key sustainability-related changes in the regulatory framework, which will enable us to manage all key impacts, risks, and opportunities in sustainability along the value chain.

Hrvatski Telekom has a diversified supply chain that includes both domestic and international suppliers, making it extremely demanding to track all the risks that arise within this chain. We address this challenge through timely planning and a flexible approach to our suppliers. We regularly review the business practices and resilience of our suppliers to ensure, in collaboration with them, compliance with the governance rules applied in our company. Each year, we conduct a Compliance Risk Assessment (CRA), which is approved by the Management Board and forms the basis for developing the Compliance Program activities for the following year. One of the risks among those assessed is the corruption risk. Before concluding contracts with suppliers, we use various risk control methods including compliance checks, credit checks, checks for any legal disputes between the supplier and any HT Group member, and checks against relevant sanction and embargo lists. Additionally, suppli-

ers complete questionnaires related to sustainable business practices and data protection, and agree to adhering to the provisions of the HT Group [Supplier Code of Conduct](#). An anti-corruption clause is also included in our contracts with suppliers. During 2023, a Focus CRA (Focus Compliance Risk Assessment) was conducted, where the compliance risk assessment for 2024 focused on four risks currently deemed to be of the highest importance at the DT Group level: third-party compliance, human rights violations within our own operations, breaches of environmental and occupational health and safety regulations, and breaches of the Procurement Policy. The analysis was carried out in collaboration with the Internal Audit and Risk Department as part of the 2023 compliance assessment, in accordance with internal rules and good business practices.

Climate risks and associated hazards stemming from extreme weather events pose a threat, with potential long-term implications for the sustainability of HT Group's business operations. Natural disasters such as floods, storms, wildfires, heatwaves, and others can significantly damage our infrastructure, disable networks, or disrupt energy supply chains. Through continuous infrastructure improvements and system optimizations, we aim to reduce exposure and vulnerability to individual events linked to climate change. Measures to address this group of risks include analyzing and predicting possible future changes, as well as developing business continuity and recovery plans for areas particularly vulnerable to severe and frequent natural disasters.

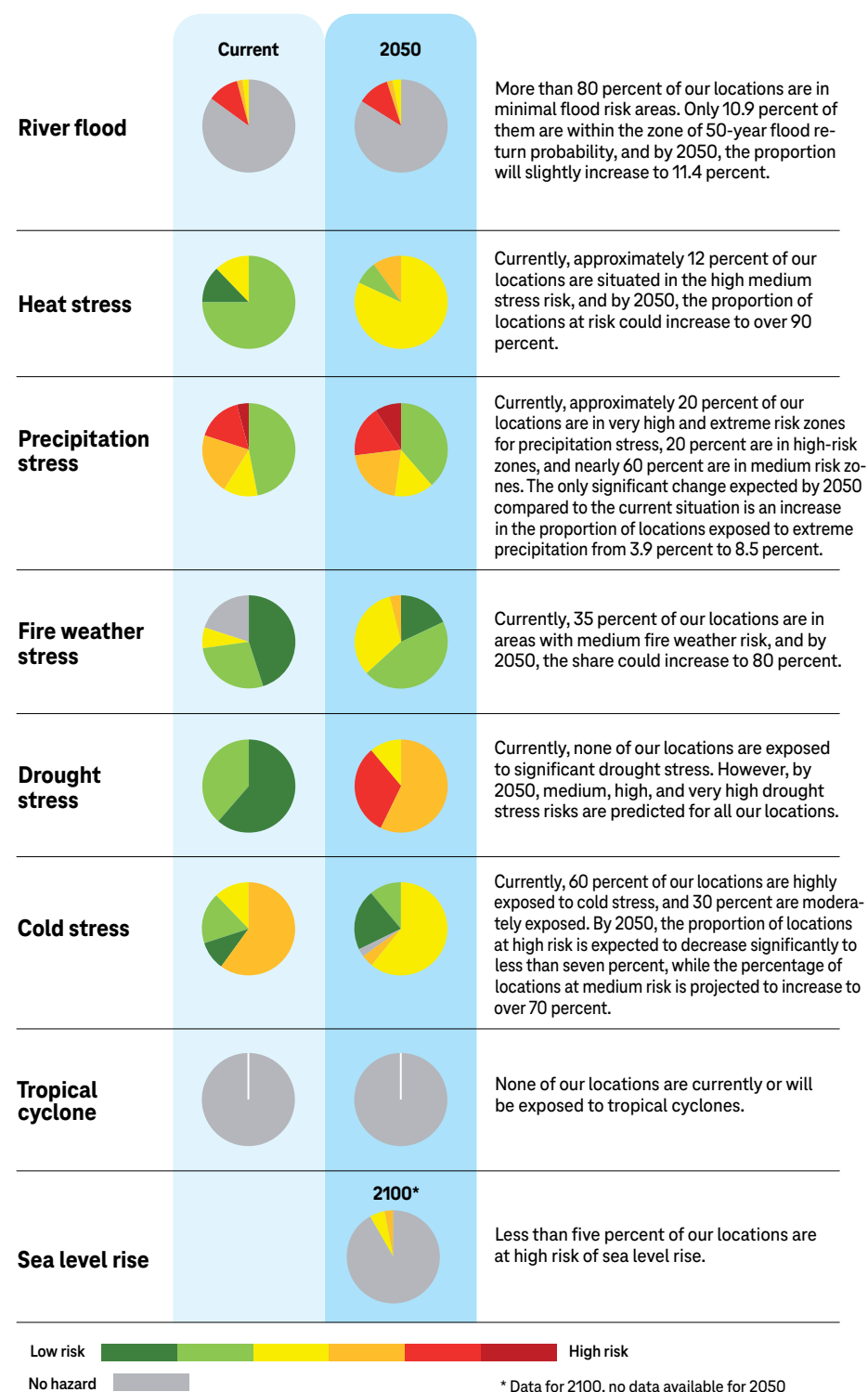
Exposure to physical climate risks is based on the effects that extreme weather conditions could have on telecommunications infrastructure and customers. Therefore, in 2023, using the Location Risk Intelligence software of the reinsurance company Munich Re, we carried out a physical climate risk assessment using state of the art high-resolution climate projections across several future climate scenarios. The assessment covers 2,400 locations of our data centers, and mobile and fixed sites in Croatia, whose functionality is significant for our business operations. The physical climate risk analysis we conducted includes an assessment

of current exposure to various climate hazards and a future-scenario analysis predicting different concentrations of greenhouse gases in the future:

- SSP 1- / RCP 2.6: expected increase in global temperature below 2°C, with significant efforts invested in climate protection
- SSP 2- / RCP 4.5: expected increase in global temperature below 2.2 - 2.6 °C, some efforts have been made for climate protection resulting in slight reduction of greenhouse gas emissions, but significant consequences of climate change are expected
- SSP 5- / RCP 8.5: expected increase in global temperature above 4°C, continuous growth in emissions leading to drastic changes in climate conditions (the so-called “business-as-usual scenario”) due to a lack of efforts in climate protection

This assessment includes exposure to floods, temperature stress, precipitation, fires, droughts, cold waves, cyclones, and sea-level rise. Projections were made for 2030, 2050, and 2100 for all risks except sea-level rise, which was modeled only for the year 2100. According to the UN Environment Programme (UNEP), the current path of global warming is on track to increase by 3°C compared to pre-industrial levels by the end of the century, leading to more frequent and severe weather events. Hence, we used the RCP 8.5 climate scenario, which is based on the highest levels of greenhouse gas concentrations and projections for the year 2050 in our analysis and presentation.

Scenario analysis of physical climate risks for Hrvatski Telekom



This analysis shows that only a small portion of the Hrvatski Telekom infrastructure is currently exposed to climate hazards. To embed resilience into our telecommunications network, our infrastructure's physical damage risk management system is based on several pillars. To prevent individual network component failures from negatively affecting the service provided to our customers, we use ring structures. We additionally secure most critical locations by employing uninterruptible power supply (UPS) systems, including batteries and portable and static diesel generators. These systems provide a power source for several hours during crises such as power outages, and our crisis management also aids in rapid recovery in case of any disruptions. As a measure to mitigate the threat of network failure due to increased flood risk along the Zagreb-Rijeka route in the Duga Resa area, we increased distances between the two routes by relocating the northern route in 2023.

The physical climate risk analysis based on different climate scenarios and time frames will allow us to be even better at planning long-term climate change adaptation measures at each location and make our business less exposed to extreme weather events. Long-term projections based on the RCP 8.5 climate scenario suggest that insufficient global efforts to mitigate climate change by 2050 could increase our risk from specific climate hazards. Therefore, we will continue monitoring the latest scientific research in this field.

Ethical business practices and compliance

Lawful and ethical behavior are the basis of our business approach. The rules for acting in accordance with regulations, values, and integrity within the HT Group are defined in the [Code of Conduct](#), whose fundamental principles are universally applicable across the DT Group. Its purpose is to provide clear guidance to our employees, managers, and related individuals on lawful conduct and acting with integrity in all situations that may arise in business life. It also aims to describe our ethical, social,

and environmental commitments to business partners and suppliers in a straightforward and transparent manner.

In addition to the Code of Conduct which applies to all HT Group shareholders, the areas of anti-corruption, ethical business practices, and proper conduct are governed by the [Supplier Code of Conduct](#) and a series of specialized policies:

- [Policy on Avoiding Corruption and Other Conflicts of Interest](#)
- [Group Benefits Policy](#)
- [Event Policy](#)
- Policy on Preventing Corruption Risks in Cooperating with External Consultants
- HT Group's Policy on Competition
- Policies, Controls, and Procedures for Mitigating and Efficiently Managing the Risks of Money Laundering and Terrorist Financing
- [Guideline for Prevention of Conflicts of Interest](#)
- [Digital Ethics Guidelines on Artificial Intelligence](#)
- Internal Irregularities Reporting Procedure Regulations and Procedure for Appointing a Trustworthy Person and their Deputy at Hrvatski Telekom d.d.

Employees, business partners, and suppliers are required to adhere to all aforementioned policies. All HT Group policies, including those governing anti-corruption, ethical business practices, and proper conduct, were revised in 2023 to align with the introduction of the euro, and we have updated all internal compliance-related documents. The Compliance Department, headed by the Compliance Officer, is responsible for this segment of our operations. Compliance with relevant legislation and ethical standards is one of HT's fundamental goals enabling our employees to assess what constitutes appropriate behavior in accordance with the current internal and external rules and ethical norms. For consultation, our employees can contact the Compliance Department via e-mail at compliance@t.ht.hr or through the "Ask me!" online portal.

All our employees are required to undergo online training on anti-corruption, digital ethics, and a new course on compliance basics. Managers are additionally required to complete training on the Policy on Preventing Corruption Risks in Dealings with External Consultants. In addition to the Code of Conduct and other policies, all stakeholders can access compliance and digital ethics training at any time on our website. Specific business areas within the HT Group, identified as having a higher compliance risk due to close relationships with customers, business partners, and suppliers, regularly participate in additional in-person training workshops. Furthermore, all new managers receive compliance training as part of assuming their roles. The Compliance Officer of the HT Group and the Compliance Officer for the European region of the DT Group organize mandatory compliance training sessions for HT Board Members every two years.

In case of suspicion of unlawful or unethical conduct within HT, any employee, business partner, customer, or shareholder can report a violation of the Code of Conduct through our reporting channels. Reports can be submitted to the Ethics Line at Radnička cesta 21, Zagreb, by calling 0800 9823, faxing +385 7 5802 472, or e-mailing eticka.linija@t.ht.hr. Our IT system, SAD! (System for Anonymous Reporting), and DT's BKMS (Business Keeper Monitoring System) allow for completely anonymous reporting and subsequent communication via a special mailbox, ensuring the anonymity of the reporter. Through the Internal Reporting Procedure Regulation and the appointment procedure of a Trustworthy person and their deputy at Hrvatski Telekom d.d., we ensure whistleblower protection in accordance with the Law on the Protection of Whistleblowers, which transposes EU Directive 2019/1937 of the European Parliament and Council on the protection of persons reporting breaches of EU law into Croatian legislation. For reports under the Law on the Protection of Whistleblowers, individuals can contact the e-mail address: povjerljiva.osoba@t.ht.hr. Complaints related to the protection of workers' dignity from harassment and sexual harassment, as well as complaints related to protection against discrimination, can be addressed to the authorized

person. All reported issues are recorded, handled in accordance with the law and ensuring the protection of the complainant. A confirmation of receipt of the issue or complaint is typically sent within seven days, and our goal is to inform the complainant of the results and any resulting actions from the complaint within approximately three months from sending the confirmation of receipt. In 2023, Hrvatski Telekom was not penalized for unlawful behavior, and there were no recorded cases of discrimination within our organization.

As a company committed to ethical business practices, we maintain a zero-tolerance policy towards bribery or corruption in all our business activities. The scope of application, forms of corrupt behavior, measures, responsibilities, and organizational duties related to corruption and other conflicts of interest prevention, applicable to all our employees, including members of the Management Board, are defined by the Policy on Avoiding Corruption and Other Conflicts of Interest and Guideline for Prevention of Conflicts of Interest. These documents are publicly available on our website. All our employees have access to the Guidance for Handling Potential Conflicts of Interest on the intranet, which provides information on how to manage situations of actual or potential conflicts of interest. Additionally, a voluntary self-assessment questionnaire is available to help employees recognize potential conflicts of interest. To ensure compliance at the highest levels, in 2023 we introduced a mandatory requirement for all our managers to sign a Conflict-of-Interest Declaration. This declaration is designed to identify and address any potential conflicts arising from personal interests conflicting with professional responsibilities, and all managers are required to complete it annually. In 2023, there were no confirmed cases of corruption or conflicts of interest within our organization.

Ethisphere, a global leader in defining and promoting ethical business standards, has once again recognized us as one of the World's Most Ethical Companies. This marks the second time we have been globally recognized for applying the highest standards of ethics, compliance, and

corporate governance. To date, we are the only Croatian company ever included among the World's Most Ethical Companies. The criteria for inclusion on the 2024 World's Most Ethical Companies list were particularly stringent and more demanding than ever before, resulting in only 20 countries being represented with Hrvatski Telekom being one of only three prominent companies in the telecommunications industry worldwide.

Cooperation with suppliers

Our collaboration with partners who share our values and adhere to high ethical standards is the foundation of our approach to responsible and sustainable business practices. Our [Supplier Code of Conduct](#), aligned with the German Supply Chain Due Diligence Act (LkSG), clearly defines ethical business behavior standards and how our business partners, suppliers, and their subcontractors should ensure lawful conduct and adequate levels of human rights respect and environmental protection. The Code mandates fair labor practices and adequate compensation for workers, freedom of association and the right to collective bargaining, diversity, inclusion, occupational health and safety, data security and privacy, fair competition, and environmental protection. By accepting the Code, our suppliers commit to prohibiting forced labor, preventing the use of child labor, discrimination, procurement of conflict minerals, corruption and money laundering, excessive resource use, and negative impacts on the environment and human health. To educate suppliers and partners on these rules, responsible practices in human rights and environmental protection in global supply chains, and international standards and best practices, we have published publicly available e-learning materials on HT's website.

By the Procurement Regulations and internal instructions for conducting the procurement process, we ensure that procurement procedures are transparent and conducted in accordance with legal regulations and internal procedures. The Supplier Code of Conduct is a mandatory part of

the documentation in the procurement process, and its violation can lead to the termination of contract. Most existing HT suppliers have signed a statement accepting the Supplier Code of Conduct, and all new contracts, in addition to the anti-corruption clause, include the obligation to adopt the Code before signing the contract. Besides requiring business partners to adhere to our values and business conduct rules, we also check their business practices before establishing a business relationship with suppliers to minimize potential risks for Hrvatski Telekom. In this process, we conduct integrity checks, DT Non-Compliant list (NCL) which contains information from the relevant sanctions and embargo lists, creditworthiness checks, legal disputes checks, and for all potential new partners we also verify business sustainability through the appropriate Supplier Questionnaire or provide protection guarantees for partners who process personal data (GDPR Questionnaire). The procurement department, with the support of the compliance, legal affairs, and customer financial relations units, is responsible for collecting data to ensure the continuous monitoring and enforcement of the rules of conduct set forth in the Code. Supplier information is entered into a shared tool (the so-called White List), ensuring that we have the results of all necessary checks of potential partners in one place, accessible to all interested organizational units, thus enhancing the transparency of the partner verification procedure. The collected data on suppliers' creditworthiness is valid for one year, and information on integrity, NCL, and legal disputes is valid for two years after the check is conducted. If the contract is extended or modified after two years, a re-check of the supplier is required. In 2023, in accordance with internal procedures, checks were conducted on all new suppliers and existing suppliers who did not have valid integrity, NCL, and legal disputes checks in the last two years, and creditworthiness checks in the last year. There were no recorded cases of non-compliance by our suppliers with laws and regulations.

At Crnogorski Telekom, the rules of procurement and business conduct in relation to suppliers are defined by the Company Directive on Global Procurement Policy, while supplier verification is described in the Man-

agement Regulation: The Due Diligence Directive, which is conducted on contractual parties at Crnogorski Telekom. As part of the supplier selection process, the Procurement Department of Crnogorski Telekom is responsible for ensuring cooperation with suppliers who meet the qualification and sustainability criteria and pass the risk assessment. To reduce risk, a supplier check is conducted for all potential new external suppliers (with exceptions). Supplier verification includes the business justification for selecting the contractual party, an anti-corruption clause, supplier registration in state registers, checking if the supplier is on the Deutsche Telekom NCL list, special checks in the case of offshore companies, and the existence of any red flags. The verification must not be older than 12 months for procurements/orders not arising from valid contracts and for time-limited contracts, or three years in the case of indefinite contracts. The Supplier Code of Conduct and anti-corruption clauses are part of every procurement contract, and confidentiality provisions may be covered within the same contract, although it is recommended that they be concluded in advance in a separate standard non-disclosure agreement (NDA). Data processing outside CT is covered by a standard CDPA (Commissioned Data Processing Agreement). In 2023, there were no recorded cases of non-compliance by our suppliers with laws and regulations.

Our supply chain in the Republic of Croatia and Montenegro includes a large number of domestic and international suppliers. In Croatia, we collaborated with a total of 9,529 suppliers during 2023, of which 93 percent were domestic, as in the previous reporting period. Key groups of products and services on the Croatian market included the procurement of infrastructure equipment and services, IT services, ICT service integration, delivery, implementation and maintenance of service platforms, mobile devices, media content, postal services, energy sources, electricity, facility maintenance, and employment of agency workers. As part of the transfer of the technological unit for the construction and maintenance of our network from Ericsson Nikola Tesla to HT Servisi d.o.o., a newly established subsidiary of Hrvatski Telekom, 120 new suppliers were contracted at the end of 2023 to ensure sufficient operational capacities

and territorial coverage for all types of work encompassing investments and maintenance of the fixed network infrastructure in 2024. Crnogorski Telekom collaborated with 249 suppliers in 2023, of which 55 percent were Montenegrin, which is three percent less than in 2022. The most significant aspects of procurement in Montenegro included infrastructure equipment and services, construction works, IT services, implementation and maintenance of service platforms, customer devices, postal services, hiring agency workers, and marketing.

Structure of HT Group suppliers in Croatia

HT Group suppliers in Croatia	2022	2023
Number of domestic suppliers	8,889	8,867
Share of domestic suppliers	93%	93%
Number of international suppliers	661	662
Share of international suppliers	7%	7%
Total number of suppliers	9,550	9,529

Structure of Crnogorski Telekom suppliers

Crnogorski Telekom suppliers	2022	2023
Number of domestic suppliers	139	139
Share of domestic suppliers	58%	55%
Number of international suppliers	99	110
Share of international suppliers	42%	45%
Total number of suppliers	238	249

The fulfillment of contractual obligations is defined by the General Term and Conditions for Purchasing of the DT Group. Accordingly, Hrvatski Telekom settles its obligations to suppliers within 60 days from the invoice date, and any requests for changes to payment terms from suppliers are approved by the Accounting Department.

Network expansion, maintenance, and infrastructure management

Sustainability at Hrvatski Telekom is based on investments in network development, digitalization, technological innovations, and customer satisfaction. Every year, we strive to justify our position as the technological leader and the largest private investor, and in 2023 we increased investments by 50.7 percent when compared to the previous year, securing our status as the leading mobile network. The best proof that our investments achieve continuous progress, quality, and customer satisfaction is that we have won the Ookla Best Mobile Network, Fastest Mobile Network, and Best Mobile Coverage awards for the fifth year in a row. Additionally, we have won the umlaut “Best in Test” award for the best mobile network for the fourth consecutive year and for the best fixed broadband network for the third time in a row. Furthermore, the research carried out by the Croatian Regulatory Authority for Network Industries (HAKOM) confirmed HT's mobile network as the best.

Hrvatski Telekom has developed the largest fiber-optic (FTTH) network in Croatia, which was expanded by 20 percent in 2023. In addition to telecommunications services, HT Group provides complex ICT solutions to customers, enabling them to digitalize their businesses. Looking towards the future, our focus is on developing digital solutions, applying AI technologies, cloud services, data centers, and considering our customers' needs, through developing cybersecurity.

Our business development also rests on sustainability goals set within our ESG strategy. Our advanced digital solutions and network development support customers in reducing their carbon footprint and the use of energy and resource-saving solutions while contributing to social development. Recognizing our role in infrastructure development and data transmission solutions, we are increasingly investing in digital innovations and an ethical approach to using AI solutions in our operations.

Network investments

In 2023, the total capital investments of the HT Group reached €221 million excluding spectrum investments, and €361.4 million including spectrum investments. During 2023, we also utilized support funds from the European Union for projects such as Next-generation Networks (NGN)/Next-generation Access Networks (NGA) in white NGA areas and projects under the National Framework Programme for the Development of Broadband Infrastructure in Areas Lacking Sufficient Commercial Interest for Investments, totaling €8.8 million. Additionally, funding from the Connecting Europe Facility (CEF project) amounted to €155,000, €16,000 for the SmartEPC project in energy efficiency, and €121,000 for the Competence Center for Smart Cities (CEKOM project).

We recognize several risks for Hrvatski Telekom operations within the network development segment: payment of rights of way (easements) to local governments and other landowners (amounting to €30 million annually), expenses that could otherwise be redirected into development. Risks related to technological and infrastructure barriers involve network construction in rural parts of Croatia, including difficulties in supplier access to labor and disruptions in the supply chain of goods. The issue of electromagnetic fields creates constant public pressure and requires special attention when identifying new locations and renewing old contracts for leasing base station sites.

Hrvatski Telekom has established procedures for managing emergencies and crises (SOC), with defined processes, roles, and responsibilities

approved by the Management Board. All procedures are regularly tested. In the event of an undesirable incident resulting in significant service disruption to customers or a significant impact on operations, business continuity and recovery plans are activated. Hrvatski Telekom primarily follows the principle of Geo-redundancy in implementing service solutions and works on implementation where Geo-redundancy was not previously in place, ensuring additional capacities. Main causes of disruption mainly include technical equipment failures and external impacts (related to weather emergencies, construction work, power network outages, software quality, etc.). We implement the latest solutions for DDoS attack protection and collaborate with the DT Group to maximize the prevention effectiveness against these attacks. By continuously upgrading software to the latest stable versions, we ensure quality and business continuity. Geo-redundancy mechanisms enable traffic distribution to minimize or avoid impacts on customer experience. Introducing automated configuration systems for network systems prevents human errors and accelerates the process of service activation and onboarding new customers.

By continuously expanding and significantly modernizing our network, we greatly promote the digitalization of society and improve internet accessibility in parts of Croatia where it was previously unavailable or inadequate for modern needs. Through the introduction of new technologies such as virtualization, cloud development, AI-based solutions, and optical infrastructure, we encourage energy savings and increase energy efficiency. Investing in network development overall yields multiple benefits for the economy, people, and the environment.

Improved coverage and internet access speed: Expanding infrastructure enables enhanced internet coverage, which stimulates economic growth by providing businesses and individuals faster access to information, tools, and global market. This also facilitates remote work and distance learning, potentially increasing workforce productivity and flexibility.

Improved connectivity in rural areas: Expanding the network in rural areas can enhance the standard of living for local residents by providing them access to digital services and the internet. This fosters the development of the local economy by enabling small businesses to access online markets and tools for promoting their products and services.

Digital divide reduction: Investments in network expansion help reduce the digital divide between urban and rural areas, as well as between wealthier and poorer communities. Narrowing the digital gap promotes social inclusion by providing access to digital resources and tools crucial for education, employment, and participation in modern society.

Increase in operational efficiency: A faster and more reliable network enables businesses to enhance operational efficiency through improved communication, inventory management, and access to cloud services. This can lead to reduced operating costs and increased market competitiveness.

Incentive for innovation: Network development provides infrastructure support for the advancement of new technologies and innovations. This encourages the growth of the digital sector and creates new business opportunities in areas such as e-commerce, artificial intelligence, Internet of Things (IoT), and smart cities.

Reducing negative environmental impact: Modernizing telecommunications infrastructure leads to more efficient energy use and reduced greenhouse gas emissions. Technologies such as energy-efficient network devices and energy management can contribute to decreasing the environmental footprint of the telecommunications sector.

Improving quality of life: Expanding the network enhances the quality of life for residents by granting access to digital healthcare services, remote work opportunities, entertainment, and other useful applications. This can contribute to better mental health and overall public satisfaction.

Overall, the expansion and development of the network has a plethora of positive effects on the economy, the people, and the environment, promoting economic development, social inclusion, innovation, and sustainability.

Fixed network – the construction of next-generation broadband access

For over a decade, Hrvatski Telekom has been investing in the development of optical access infrastructure, enabling gigabit-speed optical connectivity (FTTH) for customers. We do not only develop the optical access network in the largest urban areas but also distribute investments across the entire Republic of Croatia, providing all regions with equitable conditions and potential for digital infrastructure for balanced regional development. In 2023, we increased optical infrastructure coverage for customer units by 20 percent compared to the previous year. Currently, we conduct a project to replace the core mobile data network, set to last for the next three years, enhancing service stability, and extending the lifecycle of our solutions. In the fixed service data network segment, we continue with cloudification and capacity redistribution to achieve the highest possible service quality for fixed internet customers.

Retiring the copper access network is a process that requires the availability of optical infrastructure and motivating customers to migrate to next-generation networks which are more energy-efficient and environmentally friendly. Although customer migration to high-capacity networks is accelerating, it is still insufficient considering that about two-thirds of broadband internet customers in Croatia still use copper lines. An earlier transition to next-generation networks will result in cost reductions and improved efficiency.

In 2023, we continued activities in the implementation of the next-generation access (NGA) fixed network in optical form. The work initiated in the previous year across ten counties in Croatia was completed in 2023, enabling the realization of 13 partnership agreements as part of the

Public Call by the Ministry of Regional Development and EU Funds for the construction of next-generation access networks. The project is carried out in accordance with the structural rules of the National Framework Programme for the Development of Broadband Infrastructure in Areas Lacking Sufficient Commercial Interest for Investments. The project provides fast (+40 Mbit/s) and ultra-fast (+100 Mbit/s symmetric) broadband internet access to nearly 150,000 new customers in urban, municipal, suburban, and rural areas throughout Croatia.

Mobile network

The future of mobile communications is based on the development of the 5G network, and at Hrvatski Telekom we have clear plans for introducing 5G in Croatia placing emphasis on enabling gigabit speeds through the implementation of the 3.6 GHz spectrum layer. At the end of 2023, HT covered 50 percent of the population in Croatia with high-speed 5G networks. Through the 5G network, customers have access to Fixed Wireless Access (FWA) services, which provide simultaneous high-speed internet access, use of terrestrial numbering for voice services, and availability of IPTV services for our customers.

5G technology enables faster and better internet access, quicker network response, and massive connectivity with about one million connected devices per square kilometer, which is a prerequisite for smart industries. This makes 5G a significant opportunity for the Croatian economy, potentially resulting in economic impacts ranging from €1.4 billion to €18 billion by 2035, depending on how proactively Croatia leverages its potential. Key steps in the development of the 5G network during 2023 included cloudification of CaaS network functions, modernization of data centers, modernization of voice platforms, and service migration with the decommissioning of old systems, which is a prerequisite for further activities in phasing out the 3G network.

Hrvatski Telekom is transitioning to new technologies and phasing out old infrastructure systems with a purpose of modernizing operations, provid-

ing advanced telecommunications services, and achieving efficiency and sustainability. In 2023, preparations began for decommissioning 3G technology, a project that will continue throughout 2024 and is planned to be completed by early 2025. Retiring 3G technology enables us to reallocate frequency resources to 4G and 5G technologies, allowing improvements in the service provided to customers. Once this process is completed, the network will reduce electricity consumption per unit of data transmitted, as 4G technology is five times more energy-efficient, and 5G technology is 15 times more energy-efficient than 3G. These changes are being implemented across the telecommunications industry worldwide, introducing advanced networks that offer higher speeds, lower latency, improved capacity, and readiness to support new technologies.

In 2023, a public auction for radio frequency spectrum was conducted, resulting in Hrvatski Telekom being allocated 2x10 MHz in the 800 MHz band, 2x15 MHz in the 900 MHz band, 2x30 MHz in the 1,800 MHz band, 2x25 MHz in the 2,100 MHz band, and 2x25 MHz in the 2,600 MHz band at the national level. Consequently, out of the total offered 2x270 MHz of radio frequency spectrum, Hrvatski Telekom was allocated 2x105 MHz, maintaining its leading position in spectrum shares for mobile networks. The licenses for the use of radio frequency spectrum are granted for a period of 15 years, starting from October 19, 2024. Until the new licenses become effective, Hrvatski Telekom will continue to use the previously allocated 2x95 MHz in the specified frequency bands.

Responsible management of electromagnetic field issues

At Hrvatski Telekom, we take public concerns about the impact of mobile communication technology on human health very seriously. We respect these views and follow guidelines from independent and relevant sources such as the Ministry of Health, the World Health Organization, the Croatian Regulatory Authority for Network Industries, the International Commission on Non-Ionizing Radiation Protection, and others. We study the latest research on mobile communications and health and provide our customers with reliable information. Hrvatski Telekom has adopted and

implements Deutsche Telekom's EMF Guidance (Mobile Communications and Health), which was updated in June 2023. The new recommendations consider new technologies such as 5G, and HT is fully compliant with these guidelines. Although we have observed decreased interest, there is still public concern about the impact of electromagnetic fields from mobile network antennas, especially in the context of the development of the 5G network, which poses challenges for HT in finding suitable locations or renewing leases for base station sites.

In 2023, the number of inquiries about electromagnetic fields was the same as the previous year. We received a total of 28 different requests and inquiries from external parties (including 8 inquiries from health inspectors), with a total of 24 inquiries specifically related to electromagnetic fields. Following these inquiries, no irregularities were found, and all health inspections were resolved positively. In our responses to stakeholders, we always aim to provide accurate information and educational content about electromagnetic fields to reduce unfounded concerns. Every year, Hrvatski Telekom conducts numerous electromagnetic field level measurements around its mobile network base stations. In 2023, a total of 1,650 such measurements were conducted (compared to 1,260 in 2022). Hrvatski Telekom publishes relevant information about electromagnetic fields and health, including information about 5G, on its official website. Stakeholders can address their questions and concerns regarding environmental issues and the impact of electromagnetic fields from mobile network base stations through regular communication channels or directly via e-mail to zastita.okolisa@t.ht.hr.

Network quality confirmed by independent research

In 2023, Hrvatski Telekom was awarded the Ookla® Speedtest Awards™ Best Mobile Network, Fastest Mobile Network, and Best Mobile Coverage awards in Croatia for the fifth consecutive year. These awards are the result of a six-month period in-depth analysis during which Ookla® analyzed more than 250,000 customer-initiated tests on Speedtest iOS and Android mobile apps, as well as the result of more than 214,000 scans on

more than 187,000 locations of all providers in Croatia. The Hrvatski Telekom mobile network has achieved the best Speed Score™ result at 120.91 points, which is a 13 percent increase when compared to our result from 2022, as well as the best all-time Speed Score™ testing result among all mobile network generations in Croatia.

We have once again won both “Best in Test” awards for the best mobile and fixed broadband networks. In a comprehensive analysis conducted over a six-month period from August 2023 to January 2024, key parameters affecting network quality and performance were closely observed and evaluated. These parameters include broadband coverage, download and upload speeds, latency, and voice services. We have won the award for the best mobile network for the fourth consecutive year, while our fixed broadband network has been recognized as the best for the third year in a row.

Additionally, according to the first independent measurement of mobile network quality conducted by HAKOM in collaboration with the German company Net Check GmbH, Hrvatski Telekom achieved the best result. The measurement took place in January and February 2023 and covered 29 cities and 3,900 kilometers of roads and highways in Croatia. This area is inhabited by approximately two million people, which represents more than 50 percent of the total population of Croatia. The measurements were conducted using a drive test system with measurement equipment mounted on the vehicle roof, collecting data on the performance of voice and data services.

The quality of services, relationships, collaboration, and customer satisfaction

Communication and technology are indispensable aspects of daily life in the digital age, and, in addition to functionality and quality services, customers look for meaningful interaction, simplicity in communication with the brand, and the highest level of problem-solving efficiency. Our ambition is to connect all people in Croatia to the opportunities of digitalization and to enable our customers to take full advantage of the benefits modern technology offers. To achieve this, we invest significant resources and attention to the continual improvement of the customer experience, from the most important aspects - network speed and reliability and an accessible and effective customer support, to offering innovative services, intuitive online platforms and applications, and personalized solutions.

Continuous improvement of the customer experience

For the successful creation of an excellent customer experience, it is of the utmost importance to listen to the needs of our customers, and to implement their feedback into our solutions and measures. At Hrvatski Telekom we continuously implement programs and projects aimed at researching and improving the customer experience by using advanced tools and processes. Via the “Customer Centricity” program, we continuously research the customer experience, and to fulfill the ambitions set by this program, we have established the NPS (Net Promoter Score) model

to monitor the process in its entirety - from collecting customer feedback to the specific measures resulting from feedback analysis. Our NPS model is aligned with Deutsche Telekom practices also applied in other EU countries that are members of the DT Group. The NPS model enables sharing good practices and effective solutions for improving the customer experience across the entire DT Group. The results of this program are reported from the highest company level (the Management Board) to the operational level (agents, salespeople, and technicians). Short-term, mid-term, and long-term measures for improving customer experience are initiated based on the data gathered in the NPS program.

The NPS results are collected through the Voice of our Customers (VoC) survey which includes gathering feedback from our customers, analyzing the results, and initiating appropriate measures. The survey encompasses various levels of customer satisfaction, from brand perception, certain product usage experience, to researching the experience with individual digital and non-digital touch points. The goal of this survey is to create prompt solutions to customer queries and issues, and to set annual and quarterly customer satisfaction targets by using NPS metrics. In 2023 Iskon brand was included in the VoC system, allowing for more effective monitoring and an improved Iskon customer experience. Aside from this change, there were additional inclusions to the VoC system in 2023: two additional customer journeys ("Buy" and "Pay"), an additional business segment (Key Account - KA), and the digital T-Center channel (Zero Concept Store). In 2023 we have recorded the best customer satisfaction measurements in B2C and B2B categories so far, with significant improvement in the NPS results as well.

The best customer experience
in HT's history

The TRI*M index measures customer loyalty and compares it to our competition. The name itself - TRI*M (Three*M) - refers to Deutsche Telekom's "measure, manage, monitor" methodology. It is the result of customer responses to the four main questions related to Performance, Recommendation, Further usage, and Competitive Advantage. The survey also encompasses questions related to network quality, products and prices,

Market leader

in residential and business segments

customer journeys, and touch points. In 2023, the TRI*M index increased in the business customers segment, and we recorded dual growth at the brand and Group level among residential customers.

Observing the results of the average handling time for customer complaints and the service level (the percentage of complaints resolved within the mandated time frame), which are fully compliant with current regulations, as well as enriched by our constant aspiration for our response to complaints to be quick and high-quality, reflected in the continuous progress recorded during the past few years. One of our main goals is reducing the average handling time for complaints, which testifies to the effectiveness of regular processes improvement, and manifested in the final deadline being significantly shorter than what the law prescribes. Over the past three years, the average handling time for customer complaints has been shortened by approximately 12 percent.

In the previous period, the service level within the contact center has been kept stable, but the total amount of responded customer calls has increased. In addition to these activities, our customers have been enabled to get the resolution of their inquiries much quicker through self-service options, the effectiveness of which has increased by 10 percent since 2021. Aside from the efficiency increase, the NPS for self-service devices has increased from 16 to 25 points.

Finally, the Brand Equity research is focused on measuring brand strength. It is carried out twice a year on a national representative sample, accompanied by NPS index monitoring for residential and business customers, and competitors' customers. The survey for residential customers is conducted twice a year, while the survey for business customers is conducted once a year. The results of these surveys serve as a guideline for creating mid-term and long-term measures to improve customer experience.

Besides the digital tools, special attention is paid to monitoring customer experience as well as improving the work, knowledge, and skills of our

agents, salespeople, and technicians through continuous education and training. We ensure our frontline employees get proper training about our products and services, while team leaders conduct more intensive coaching in their day-to-day work.

In 2023, we used the following measures to improve customer experience:

- Continuous research of customer experience, result analysis, and reporting customer experience results on all business levels,
- Continuous education of all HT Group employees on “Customer Centricity” and Voice of our Customers (VoC) programs,
- Continuous workshops on customer experience survey results, in-depth analysis results, possible areas for improvement, and measures for improving customer experience,
- Frequent updates on “Customer Centricity” program activities via internal newsletter and intranet articles.

Resolving customer complaints

Customer experience is a regulated area, and HT holds itself to the highest standards in managing it. The Electronic Communications Act regulates topics such as network access, providing services, electronic communications safety, and customer privacy protection. HAKOM (Croatian Regulatory Authority for Network Industries) makes regulatory decisions which supplement the law and specify the obligations of telecommunications operators, ensuring the protection of customers’ interests. When communicating with customers, we hold ourselves to the highest standards of responsible advertising as regulated by the HURA (Croatian Association of Communications Agencies) Code of Advertising and Marketing Communications. [Guiding Principles](#) and the [Code of Conduct](#) are applied in all business aspects, and we also adhere to the additional requirements of acquired ISO certifications such as ISO 9001:2015 for quality management and ISO 27001:2013 for information security management.

The customer can submit a written petition (including e-mail) to the operator regarding service provision, the quality of the services provided, and the amount charged for the services provided. A complaint can also be filed in case of any violations of the provisions of the subscription agreement, which must contain facts and evidence on which it is based. Petitions and complaints are settled by the decision of the authoritative service in the first-degree procedure. After a first-degree decision has been made, the customer can submit a second-degree complaint to the Committee, which relays a final decision on the entire HT Group level. In case they disagree with both the first-degree and second-degree decisions of the Committee, customers can initiate a third-degree complaint procedure with the Croatian Regulatory Authority for Network Industries (HAKOM).

In 2023, we reduced the number of customer complaints received by 15 percent compared to the previous year, taking into account all three degrees of complaint. All complaints are resolved in accordance with the law, and we approach each customer individually. The most recent HAKOM report on customer disputes in the network industry for 2023 has highlighted us as the operator with the least number of complaints per 10,000 customers, in the first, second, and third degree. The number of third-degree complaints (HAKOM) has also been reduced, and the validation of our second-degree decisions is the result of the fact that HAKOM, in most cases, confirms the decision made by the Committee during the second-degree procedure.

Key performance indicators, such as service levels and average handling time for a complaint, are carefully analyzed so that we can ensure constant improvements. Through root-cause elimination initiatives, we recognize the basic causes of a problem, and take appropriate steps for their resolution. Adherence to the legally mandated deadlines for complaint resolution is key to ensure timely and efficient services for our customers,

while conducting customer surveys helps us evaluate their satisfaction levels with our problem-solving efficiency.

Promotion of HT's products and services digital advertising channels

In 2023, we have undertaken a series of initiatives for Moj Telekom application users. With the "In Good Hands" loyalty program, collaborating with our partners, application users had various benefits at their disposal. We have also improved the system by introducing the Magenta Moments program, in which Moj Telekom application users could gather reward points and exchange them for exclusive benefits, discounts, or entertainment. Additionally, application users have a chatbot function at their disposal for faster access to information or contacting a customer support agent. In 2023 we recorded a significant increase in use of the Moj Telekom application in the business customer segment, where 30 percent of small business customers were actively using the application.

Sustainable digital solutions

Hrvatski Telekom is the leader in developing services which foster the digitalization of business operations. Each year we accelerate our efforts in creating digital solutions through which we enable our customers to conduct their business more efficiently by optimizing resource and energy use.

Digital services such as Cloud Call Center, Cloud Fax, or Cloud Telephone Assistant use less energy than traditional devices which they replace, and they reduce the need for using physical resources such as plastic or paper. Cloud Vehicle management helps customers optimize the routes for their drivers, reducing energy consumption and carbon dioxide emissions, services from the e-Mobility portfolio enable public access to the widest electric car charging station network in Croatia making the greatest contribution to the national transition to sustainable transportation, while My Digital Office and Microsoft 365 enable business customers to work from any location, reducing the need for travel and energy consumption, as well as the consumption of other company resources while, at the

same time, increasing employee satisfaction. The portfolio of our digital services from the domain of smart factories has enabled manufacturing companies to use the MES (Manufacturing Execution System) which, by using smart sensors, ensures the digitalization of manufacturing processes, the improvement of manufacturing efficiency, more efficient energy management, material and labor cost cuts, and more transparent business operations.

ICT solutions for low-carbon economy

Data centers

Data centers play a key role in our business allowing for the storage, processing, and distribution of a large amount of personal and customer computer systems and data. Our customers rely on our data centers to have quick and reliable access to various digital services (collocation, SaaS - Software as a Service, PaaS - Platform as a Service, and IaaS - Infrastructure as a Service, private cloud, hybrid cloud, etc.). HT data centers are highly sophisticated systems equipped with high-end computer equipment, network infrastructure, and safety systems which meet and ensure the highest standards of computer security, reliability, and data accessibility at any moment.

The strategic approach to the growth trend of business processes which are related to data centers require constant investments in their modernization. Elements of the electro-energetic and thermomechanical systems are systematically modernized with energy-efficient equipment in accordance with global standards (according to Uptime Institute guidelines). Construction of a modern data center DC Remete is underway in Zagreb, which is currently in the process of procuring a building permit. DC Remete will be built according to the TIER III standard, and it will have a built-in solar power plant on the building roof to satisfy a part of its own electricity needs. In 2023 we have begun several projects that

will contribute to increasing the efficiency of existing data centers in DC Utrina in Zagreb and DC Kozala in Rijeka (the modernization of the power supply and cooling systems). In DC Utrina in Zagreb, we are working on conceptualizing the introduction of artificial intelligence into the cooling system which would ensure additional energy conservation. In the following years, we plan to implement it in other existing data centers as well.

Virtualization and cloud migration

Migration of telecommunications services and functionalities to the cloud is a critical and necessary step to leave the world of specialized telecommunications hardware behind and move towards the software defined network which ultimately results in simplification and increased efficiency. The new network architecture brings forth the benefits of a flexible platform with the goal of increasing resource efficiency, the degree of automatization, faster adjustment to changes and new customer requirements, as well as increasing energy efficiency.

We have continued working on the virtualization of network functions and their migration to the cloud. With its current percentage of virtualization and cloud migration, at 85 percent for NT and 42 percent for IT network functions, Hrvatski Telekom held the leading position in the DT Group. We are aware that migration of telecommunications services and functionalities to the cloud is a critical and essential step which will ultimately result in simplification and increased efficiency. The new modernized network architecture brings HT more anticipated advantages in the form of a more flexible and stable platform aimed at increasing the degree of automatization, resource efficiency, simpler and easier adaptation to more frequent changes and new customer requests, while increasing energy efficiency.

Digital business solutions with social and economic impact

Hrvatski Telekom offers a whole range of ICT solutions with positive impacts on communities or variety of people. The main risks and opportunities in this segment are recognized in the development of modern solutions which reduce adverse impacts on the environment and climate, as we measure increase in the number of users of these solutions. The second business development aspect relates to innovations and technological progress by tracking capital investments and the number of new ICT solutions.

In 2023, we provided our business customers digital services which optimize their business operations and increase efficiency. These solutions can be grouped into several areas:

Business operations security: collocation of equipment in data centers, custom-made IaaS, Cloud Storage, SD-WAN, Campus network, Cloud Wi-Fi, Cisco Internet security, Cloud Veeam BackUp, Replication, Managed firewall, DDoS protection, Security Operations Center (SOC), penetration testing, 30SEC (creation of custom-made security services and solutions), hacker-attack protection actions encompassing the optimization of security settings and the implementation of various security systems: EDR (Endpoint Detection and Response) for continuous monitoring, detection, and response to cyberthreats, SIEM (Security Information and Event Management) solutions for gathering and processing security logs, PAM (Privileged Access Management) solutions which are used to manage system administrator access, DAM (Database Activity Monitoring) solutions for monitoring database activity, firewall solutions for protecting the information system from internet attacks, and WAF (Web Application Firewall);

Office digitalization: POS fiscalization, My Digital Office, Digital business operations, PayWay online payment, Cloud Call Center, Cloud Human

Resources, Cloud Phone Assistant, OMNI communication;

Process and manufacture digitalization: Smart agriculture, Smart factory (MES), Pantheon ERP, EDI, ComEnergy (smart metering), RPA (Robotic Process Automation);

Digital mobility: e-Mobility, e-Charging Stations, e-Charging Stations management, e-Charging Station billing, e-Mobility portal for fleets, Cloud Vehicle Management (fleet management).

Service digitalization

Smart factories

As part of Hrvatski Telekom's comprehensive offer for Industry 4.0, the Smart factories service enables the monitoring and management of the manufacturing to ensure quality control and digitalization of the manufacturing process. In 2023, we have contracted the first customers that will digitally transform their factories with our Smart factories service, which uses the central platform in Hrvatski Telekom's Data Center through optic or 5G network to communicate with the sensor network on customers' production facilities. This enables the customer to follow their work in real time via desktop or mobile application, as well as measure energy consumption, ensure higher productivity and higher efficiency, reduce greenhouse gas emissions, and ensure a better end-customer satisfaction. Our new Smart factory service has also been showcased at the Mobile World Congress 2023 and collaboration with AgroVelebit is an example of a good practice that we are proud of. AgroVelebit has digitalized its manufacturing from monitoring crops using 5G network-controlled drones, to product traceability on store shelves.

Smart agriculture

In 2023, we developed a new digital service, Smart agriculture. Using this service gives the customer insight into near real-time temperature, moisture, and other parameters in real-time from their fields and other

locations where the NB IoT sensors are installed. Smart agriculture provides the customer access to meteorological and other conditions at their locations through a computer or a mobile device with a Smart agriculture application, eliminating the need for physical visits to their fields and crops. This enables easier and higher-quality decision-making regarding visits, irrigation, and crop work, resulting in direct energy savings (reduced CO₂ emissions and water loss) and increased cultivation efficiency. HT currently has several active commercial pilot projects among our business customers, i.e. Podravka.

OneCity app service

The OneCity app service represents a fusion of a central smart city platform located in the Hrvatski Telekom Data Center, facilitating communication between city services (municipal departments) and citizens via a mobile application. The One City application enables the digitalization of internal processes and services, the creation of new e-services for citizens and companies, all via NIAS and e-Citizen service integration. It consists of the central repository for all data of one city, "data pools" (Big data), MDM (Master Data Management) system for management of structural and non-structural data, system for business process management, and mobile application for citizens. The citizens can receive information and communicate with the city through a web or mobile application and use it as management and payment app for their utility and other bills. The central OneCity application system supports the city through analyzing a large amount of data (Big data), and an artificial intelligence tool aids the decision-making process. After successful implementation in Split, in 2023, the town of Otočac has also implemented the OneCity app service.

e-Mobility

We achieved exceptional progress in the development of e-mobility services, and in 2023 we delivered over 100 new charging stations for electric vehicles, most of which are intended for public use. In 2023, HT managed 350 charging stations (out of which approximately 205 are

publicly accessible, while the rest are private), which is a 35 percent increase when compared to 2022. A total of 2.5 million (2,533,906) kWh were used across all HT-managed charging stations in 2023. If the average electricity consumption for 100 km passed is 18 kWh, it can be concluded that HT powered over 14 million “green kilometers” in 2023. Aside from that, we have also recorded over 7,500 newly registered HT espots mobile application users, with the total user database reaching 20,000 at the end of 2023. The espots application is free to download through Google Play and Apple app Store, it enables users to access and browse the largest publicly available network of electric vehicle charging stations in the world, with over 600 charging spots in Croatia managed by Hrvatski Telekom. An example of successful integration is our collaboration with company DPD, which uses all our e-Mobility services and allows its customers CO₂ neutral package delivery in Croatia.

OMNI communication

The OMNI communication platform integrates all communication channels in one place: Call center, e-mail, SMS, push notifications, Viber, WhatsApp, and many other. The OMNI platform enables easier and more efficient business operations from internal company process automation to marketing message and customer communication management. As part of the OMNI communication portfolio, we also offer design services, and the creation of chat and voice bots enhanced with artificial intelligence that our customers later use for various purposes: from increasing efficiency of company communication and administrative processes, to offering services to their end-users and customers - whether it is for virtualization of customer support or online sales. OMNI communication platform replaces existing traditional equipment, processes, and the need to extensively rely on the workforce to process data and communication manually, replacing it with virtual, highly automatized and even intelligent systems that offer end-users a better customer experience (i.e., shorter wait times and personalized communication) and provide better business and energy efficiency for our customer. In 2023, an increasing number of companies have started implementing OMNI

communication and chat and voice bots powered by artificial intelligence into their business operations, and we are especially proud of our projects in leading Croatian banks and insurance companies.

Smart parking

We have continued implementing existing smart parking solutions based on NB IoT technology which, through using the central platform in Hrvatski Telekom's data center, enables insight into parking spot availability on locations with installed sensors. We have implemented the smart parking system expansion project in the town of Zabok which recognizes the presence of vehicles in parking spots and transfers the information in real time to various systems such as traffic signaling or mobile applications, providing citizens a quicker way to locate free parking spots, limiting traffic jams, and reducing fuel consumption and automobile exhaust emissions.

IoT devices on Croatian mountain peaks

Hrvatski Telekom continues its pilot project of increasing safety in mountainous, forest, and non-urban areas. In collaboration with Croatian Mountain Rescue Service (HGSS) station Orebić and renowned alpinist Stipe Božić, we set up Hrvatski Telekom NB IoT sensor technology at the peak of Sv. Ilija mountain on the Pelješac peninsula, and collaborating with HGSS station Rijeka, we did the same on Snježnik peak above Rijeka. The NB IoT measuring devices have an autonomous power supply, and their purpose is temperature and moisture data collection, which are then shown in real-time via the mobile application. The measuring devices can serve customers in various ways - for instance, HGSS can access precise meteorological data at a specific location and plan necessary interventions in accordance with the gathered data.

Data protection, cyber and information security

Considering cyberattacks are becoming more frequent and more advanced, it is important for all companies to know their processes and risks well, and to establish a robust information security system. Taking into consideration our business activities, ensuring comprehensive security and data protection is a clear indicator of service quality and the basic prerequisite in ensuring trust. Security in the business world entails the protection of a company's greatest assets (people, physical and non-physical assets) using security systems, processes, and the development of a security culture. That is why ensuring data protection, cyber and information security in our organization, as well as providing protection to our customers, are among the highest priorities of HT Group.

Adequate data and information security, their integrity, availability, and confidentiality are of paramount importance, and they are ensured through the implementation of various security measures, through three foundational pillars of cybersecurity - people, processes, and technology (PPT framework). The security domain is governed by the HT Group Security Policy which aims to ensure a high security level for customers, employees, services, products, assets, and business operations. Hrvatski Telekom has a business continuity management system in place, which ensures that business operates continuously, even in the event of undesired circumstances. In 2023 we implemented all necessary steps to successfully certify it according to the ISO 22301:2019 standard for the first time. Achieving compliance with the ISO 22301 standard represents a significant step for our company in setting excellence standards in the telecommunications industry. Our dedication to business continuity ensures that we can provide continuous support to our customers even in the most challenging situations. With ISO 22301 as the framework for business continuity management, we continue to strengthen our reputation related to reliability, security, and excellent service quality.

HT has completely integrated the continuous information security management system (ISMS - ISO/IEC 27001:2017). This is a fundamental international norm which sets the standard for establishment, implementation, management, and continuous improvement of the information security management system, including demands for risk assessment and treatment in information security adjusted to an organization's standards, in accordance with which HT has been operating since 2009. Business units responsible for security within the information security management system ISO/IEC 27001:2017 for SUIIS (ISMS) continuously monitor and modify the state of security within their jurisdictions, on both the operative and strategic level. The primary process is based on the operative collection of notices and information related to security concerns. The effectiveness of current approaches is evaluated through collaboration and reporting, and we are continuously working on improving the security system, aiming to increase our security system's resilience to potential challenges.

To ensure the effective application of the high security standards and to achieve the protection of people, assets, and personal data, it is important that all employees have developed security awareness and that they adhere to the security standards which are the prerequisite to achieving the aforementioned goal. Keeping security awareness in mind and to familiarize our employees with security policies and procedures, we conduct mandatory training for all HT Group employees.

Alongside online education, we also provide an information and physical security brochure. In addition to mandatory training, we have conducted supplementary programs to additionally increase security awareness. We regularly publish educational materials on our intranet sites, including the "Cyber AwareNessi" program - educational workbooks and coloring books, made especially for children. These materials cover a selection of topics related to cybersecurity, physical security, and best practices, and many of them are publicly available on our website: <https://www.hrvatskitelekom.hr/sigurnost-i-zastita-podataka/savjeti-za-sigurnije-koristenje-interneta>.

We also carry out Security Parkour interactive educations on cybersecurity, phishing, physical security, information classification, security policies, and social engineering in which we educate our employees on various cyberthreats in interactive and interesting ways about topics that individuals can face in day-to-day life.

In 2023, HT Group has not recorded any security incidents involving data breaches, which serves as a confirmation of our adherence to the high standards of information security at the Group level.

Hrvatski Telekom actively collaborates with working groups which introduce new standards, regulations, directives, and policies at the EU level, such as the Croatian Employers Association's (HUP) Working group for cybersecurity, the ETIS Working group for CERT/SOC organizations, and other DT Group working groups in the fields of cyber and information security.

Data protection, cyber and information security at Combis

Taking into consideration the constant rise of cyberthreats and cyber-crime, one of the most important designations of Combis' business operations is the portfolio of our security solutions and services. We base the high level of information security management on ISO/IEC 27001:2013 certificate which encompasses consulting, engineering, implementation, integration, and maintenance of information and communication solutions for Combis's locations Dubrovnik, Osijek, Rijeka, Split, Varaždin, and Zadar. In 2023, we have improved the system by aligning our business operations with the PCI DSS v 3.2.1. standard; encompassing design, development, and EFT-POS infrastructure implementation solutions related to the TMS (Transaction Management System) system and ISO/IEC 20000-1:2018 ICT service management system certification which supports development, delivery, and maintenance of complex information and communication solutions of external customers in accordance with the services catalog that encompasses our locations Dubrovnik, Osijek, Rijeka, Split, Varaždin, and Zadar in Croatia, and Sarajevo, Mostar, Tuzla, and Banja Luka in Bosnia and Herzegovina.

We integrate security solutions into the existing customer infrastructure, along with raising productivity, supporting regulatory compliance, and ensuring a quick return on investment. In Combis, we ensure three key elements: experts who are proficient in specialized knowledge and skills from various areas of information security, high-end technology which can identify the most complex security threats, and processes which can be adjusted to any necessary needs and wants within any work environment. Our security solutions and services can be classed into three main categories: identification and assessment of customer information security level, implementation of protection measures for customers, and protecting or defending the customer from attacks.

As part of our identification and information security level assessment, we allow companies to test their cyberattack defense readiness. By using our penetration testing and vulnerability testing services, companies can determine the level and quality of specific operating system security by carrying out timely vulnerability detection. These checks can include the verification of web and mobile applications, network devices, and other services, and after the tests have been performed, we indicate security issues and suggest solutions on how to eliminate identified vulnerabilities. By simulating attacks (Red Teaming), we provide our customers with comprehensive defensive mechanism testing, including testing infrastructure, processes, and employees with the aim of assessing risks, strengthening resilience, and increasing awareness of security threats. Our Purple Teaming service includes the collaboration of attacking ("Red") and defensive ("Blue") teams to simulate real attack scenarios of known hacker groups, and thus enables our customers to recognize their weaknesses and modify their existing defense systems. Besides the services dedicated to identifying weak spots and threats, our experts also conduct security system rating in relation to the NIST and/or ISO 27001 frameworks, health rating in relation to cyberattacks (Cyber Health) and data network and infrastructure security rating based on the MS Windows Active Directory platforms.

The second set of services and solutions in cybersecurity is aimed at implementing customer protection. Based on the results of attacker activities carried out within the Purple Teaming service, we define and conduct appropriate activities for protection from hackers, the optimization of customer system settings, as well as implementing various systems: EDR (Endpoint Detection and Response) for continuous monitoring, detection, and response to cyberthreats, SIEM (Security Information and Event Management) solutions for collecting and processing security logs from records, PAM (Privileged Access management) solutions which manage administrator access to systems, DAM (Database Activity Monitoring) solutions which supervise database activities, firewall solutions for protecting the information system from internet attacks, and WAF (Web Application Firewall), the more advanced application firewall solution which protects web applications from more sophisticated online attacks and recognizes malicious attempts even within seemingly legitimate activities.

The third group of our solutions and services is aimed at protecting customers from cyberattacks. Our Security Operations Center (SOC) is Combis' organization unit which, through various platforms and databases on vulnerabilities and recorded attacks analyzes security events in an information system, assesses their impact on the information system and the entire company, and offers suggestions for remediation and prevention. As part of our 30SEC service after evaluation, the Combis team of experts, based on the customer's wants, needs, and capabilities, implements all necessary hardware and software, as well as provides any needed human resources so that the highest standards of information security would be satisfied. Having implemented the service, our engineers and analysts aided by advanced software solutions detect and respond to all possible threats to the information system, thus enabling comprehensive protection to our customers. Aside from that, the collected data is analyzed and used as a base for suggestions for additional system improvements are given, as well as generating any reports necessary for various regulators or certifications. In this segment, our service portfolio includes Managed

Security Services, continuous and periodical vulnerability checks, penetration testing, proactive testing and threat hunting, risk assessment from the perspective of information security, and incident response service that is carried out when a security incident happens on the customer end.

In 2023, Combis continued supporting conferences and workshops dedicated to cloud technologies, security, and digital innovations. Collaborating with our partners, we have held three events for our customers concerning cybersecurity - one in March with Cisco, and two with IBM, one in May and another one in October - and in our standalone customer event "Discuss IT" we presented a customer case study revolving around cybersecurity.

We have also continued our activities for educating the public on online dangers through our 30SEC campaign, which includes the craft beer Hack3r addressing the topic of online security in which the light and dark beer represent the equivalent to white hat and black hat hackers in the cyber world. We were also part of the Croatian Academic and Research Network (CARNET) which was held in Vodice in November.

As part of our activities for raising awareness among the public on IT security, we have continued the joint project between Combis and the National Center for Missing and Exploited Children "Fairy Tales in the Digital World" through which we teach children about the dangers of the Internet. The picture book collection "Fairy Tales in the Digital World" is a part of a large educational campaign on online security which aims to educate the younger generations on safer and smarter Internet usage. As part of this collaboration, we have published the fourth picture book in the collection, "Little Red Riding Hood", at the end of 2023. Picture books "The Three Little Pigs", "The Ugly Duckling", "Pinocchio", and "Little Red Riding Hood" each have their own way of teaching children about the dangers of the Internet, false representation, and proper Internet etiquette.

Data privacy

In our business operations and our customer relations, we apply high standards of security and private data protection in accordance with the General Data Protection Regulation (GDPR) and HT Customer Privacy Policy which has been updated in 2023. In HT, the data is collected exclusively from our customers, used in accordance with the collected consent, kept for the duration specified in the Guidelines on Storage Limitation of Personal Data Relating to Customers of Hrvatski Telekom and other relevant regulations on documentation storage, and processed exclusively for the purpose for which they were originally collected or for which the customer has given their explicit consent. The data is destroyed in accordance with the best practices and standards after the expiration period for their storage, or when the purpose for which they were originally collected. HT explicitly prohibits the sale of data.

We continuously undertake technical and organizational measures in accordance with the best practices which go beyond the legal obligations. Our systems, processes, and documentation are constantly revised to find and timely remove any potential non-compliances, and we regularly carry out system checks on HT infrastructure and a complete revision of our sales partners in accordance with GDPR requirements. In 2023 we have conducted a continuous information security system management recertification (ISMS - ISO/IEC 27001:2017), and the certification of business continuity system certification ISO 22301. We have also conducted a plethora of internal revisions that are not explicitly within the personal data protection domain, but are inextricably linked with them (cyber, compliance, corporate security, risk assurance, etc.).

Every system or project that is implemented at HT goes through the PSA (privacy and security assessment) process during which the system is described and classified regarding the sensitivity and amount of personal data. Each new project is also assessed and classified from a cybersecurity standpoint. After the initial entry, the statement of compliance list

is defined, namely the conditions which must be met for the system to be considered compliant. Some of these demands are centered around data anonymity, the concept of deletion, retention deadlines, etc., and the system/project can enter use only after it has satisfied these assessments. By applying the PSA procedure, the privacy by design and security by design approach is guaranteed, which means that all relevant data protection and security demands have been built into HT products and services. In 2023, we have launched a series of new products and services (new Android TV, broadband internet access, safe internet usage, Magenta Moments loyalty program), and for each of them, as well as many others, initial privacy setup was required, namely defining customer privacy guidelines.

To define customer privacy risks, in the case of an especially high risk to the rights and freedoms of an individual, we conduct the Privacy Impact Assessment (PIA) and the Data Protection Impact Assessment (DPIA). After the initial risk definition, we consider the measures which would either significantly mitigate or eliminate the risk, and the risks are recorded within the appropriate documentation which also lists the risk mitigation/elimination measures.

Effective implementation of the rules is ensured by raising our employees' awareness on data protection. All HT employees are required to undergo data protection training once every two years and are awarded a certificate upon completion. Aside from mandatory training for employees, we also conduct specialized training for each business area (sales, marketing, development). We continually review our procedures to provide our employees with access only to the data necessary for the execution of specific business processes. Employee access to personal data is also logged.

Our marketing campaigns are conducted based on the consent we collect from our customers, and which are consulted when choosing groups for specific campaigns. We also consult with the "Do Not Call" registry

which contains phone numbers of customers who do not want to be included in marketing actions.

Children (underage customers) cannot sign a contract with HT because of legal limits. Regardless, children can appear as service users (pre-paid, internet) and that is why it is important for us to ensure their safety. Through the Moj Telekom application, we enabled our customers to manage their profile, including allowing them to control internet access in a way that certain (children's) devices can completely, or within a certain period, have their internet access limited or prevented, as well as restricting websites that can be visited through the application itself. In this way, parents have been granted supervision of internet access usage for all household members.

HT has established an advanced system which ensures the rights of respondents in the way that customers are given a unique e-mail address where they can send their inquiries and complaints (osobni.podaci@t.ht.hr). The specific rights of respondents as prescribed by GDPR can also be realized through other HT channels, such as the website www.hrvatskitelekom.hr and our stores. In 2023, we have received 13 customer requests for personal data access in accordance with Article 15 of GDPR. During this reporting period, we have received 203 complaints from end-customers which mention the misuse of personal data. These complaints relate to reports of customers whose personal ID cards or other personal data has been stolen by a third party, and this stolen data was used when establishing a new postpaid subscription. All our customers who have not done so yet are directed to file a relevant report with the relevant authorities, whom we fully cooperate with.

In 2023 we have recorded 180 incidents related to customer personal data. The Croatian Personal Data Protection Agency (AZOP) has conducted 11 inspections based on customer complaints within the reporting year. All requests and incidents have been addressed, and there were

no further requests from either the customer or AZOP in these issues. In 2023 there were no financial losses or court proceedings relating to these incidents since no personal data breach was identified in any single case. The only AZOP order in the reporting period related to implementation of a data access request tied to one of the cases.

Limiting climate change impact

We have been continuously improving the management of our environmental footprint and aligning with global frameworks, standards, and requirements for over 20 years. In 2023, we made a pivotal step by adopting the Sustainability Strategy, which reflects our long-term vision, responsibilities, and goals in contributing to the fight against climate change. Our integrated climate strategy is founded on four pillars: value chain emissions, renewable energy, energy efficiency, and enablement or supporting our customers' climate protection efforts.

Understanding the urgency in combatting climate change, we have set ambitious greenhouse gas emission reduction targets in line with the ambitions of the DT Group. These climate goals reflect our commitment to the European Green Deal objectives and align with the requirements of the Science Based Targets initiative (SBTi). Achieving these ambitious goals involves developing a transition plan that began at the Deutsche Telekom level in 2023, through which we will develop measures facilitating the transition to a low-carbon economy. Furthermore, in 2023, we conducted a physical climate risk assessment related to immediate threats to business operations caused by extreme weather conditions or other climate change - related natural occurrence. Climate risks can lead to financial losses, reputational damage, or regulatory sanctions, thus significantly impacting long-term business planning. As climate change intensifies, it is crucial to understand the threats we face and their consequences to ensure resilience, long-term sustainability, and timely adaptability. Therefore, in preparation for reporting according to European Sustainability Reporting Standards in 2024, we will also conduct a transitional climate risk assessment.

Our analysis of greenhouse gas emissions in the value chain has shown that the majority comes from the supply chain. Therefore, our strategy includes close cooperation with suppliers to assist them in their climate transition. Following this analysis, we have added the topics of energy consumption in the supply chain and transportation to our list of environmental impacts in the value chain. On the other hand, our resource efficiency goals are focused on the circularity of technology and devices throughout the entire value chain, promoting repair, recycling, appropriate disposal, and waste prevention. Understanding the importance of managing risks along the entire value chain and preparing for the requirements of the Corporate Sustainability Due Diligence Directive (CSDDD), we are taking a holistic approach to responsible resource use and applying circular economy principles in our operations. Through strategic, proactive, and preventive actions at the Deutsche Telekom level, we aim to minimize impacts throughout the value chain.

The Environmental, Health, and Safety at Work Policy remains the fundamental document through which we manage our environmental footprint, reflecting our commitment to environmental protection and the well-being of our employees. This policy encompasses a significant portion of the operations of the HT Group. We align this policy with new requirements, demonstrating our continuous dedication to managing our environmental impacts. Additionally, it serves to educate our employees about the importance of proper management of these impacts. Our operations in this area are formulated according to the requirements of the integrated management system for environment, health, and safety, in compliance with ISO 14001 and ISO 45001 standards. This alignment confirms our adherence to globally recognized standards of good practice.

It is important to us that our partners, suppliers, and their subcontractors share our proactive approach to environmental protection. Therefore, procurement is regulated by the [Supplier Code of Conduct](#), which all suppliers agree to when entering into collaboration. Furthermore, DT signs global contracts with most key suppliers, ensuring compliance with the

ESG criteria and goals of the DT Group in the process. Through the Global Frame Agreements signed on DT Group level, accession agreements or local contracts are signed for the procurement of products, equipment, and services. We have also informed our suppliers about the DT Group's sustainable packaging requirements and requested feedback on the sustainability of their product packaging, aiming to find more acceptable solutions for the entire value chain together. As members of the DT Group, we use the Eco Rating sustainability ranking system for mobile phones, developed in collaboration with multiple mobile operators and manufacturers. This platform allows customers to easily review the characteristics of individual phones in terms of durability, reparability, recyclability, climate condition compatibility, and resource conservation.

Our employees are key protagonists in implementing ambitious measures and achieving excellent results. Their continuous education plays a crucial role in this process. During 2023, we organized a series of educational sessions titled “Green Lecture Tuesdays”, focusing on topics such as waste management, energy efficiency, and living sustainably. In these sessions, over 200 employees gained additional knowledge on sustainability basics. Furthermore, employees from the Technical Department underwent special training on the fundamental concepts and requirements of ESG and how these principles are reflected in our operations. This education process allowed our employees to gain a deeper understanding of the strategy for reducing CO₂ emissions, environmental protection, and improving energy efficiency. The EcoVadis certification, an independent validation of sustainable practices, represents an important step in our commitment to sustainable business operations. The Bronze certification is a recognition of our efforts in the areas of ethics, compliance, corporate responsibility, and governance. This certification provides all stakeholders with official confirmation that all aspects of our business have been subjected to independent verification and certification, demonstrating our dedication to meeting the highest sustainability standards.

Energy efficiency

The goals for reducing electricity consumption, heating energy, and fuel have been incorporated into our corporate objectives since 2022. With the adoption of the Sustainability Strategy, we have confirmed our ambitions and commitment to achieving these goals. We continuously monitor our success in meeting these objectives and evaluate existing measures while planning further actions based on the results.

In 2022, we introduced the Energy Efficiency Lead function, whose task is to manage non-financial indicators and measures to reduce electricity consumption. This function closely collaborates with a team dedicated to the same goal within Deutsche Telekom and regularly participates in DT Group's working meetings on consumption plans and measures for reducing electricity consumption. Additionally, the Energy Efficiency Lead works closely with the Management Board of Hrvatski Telekom on long-term and short-term plans, optimization measures, regular reporting on achievements and current status, and with HT's experts in all business segments to ensure everyone is up to date with planning, creating, and monitoring measures for optimizing consumption. This approach has allowed us to reduce overall electricity consumption for the second consecutive year compared to the previous year and reverse the consumption trend in a highly positive direction for the telecom industry, which is focused on new infrastructure development investments.

In 2023, we continued to invest in the implementation of new, more efficient technologies, with a particular highlight being the replacement of the heat pump system at our regional center in Split. This location was chosen based on an analysis that assessed the potential for a significant impact on reducing carbon emissions. We approach the development of business processes related to data centers with constant strategic investments in modernization. Systematically, we upgrade elements of electric power and thermal technology with energy-efficient equipment according to global standards (following Uptime Institute guidelines). In our existing data centers, such as the one in Utrina (Zagreb), we have un-

dertaken numerous activities, including replacing uninterruptible power supply devices, decommissioning legacy functions, and optimizing services and clusters. At the same time, we are executing a strategy for the consolidation and modernization of our data centers to optimize capacities and business processes across two productions, two EDGE, and two B2B data centers, all with highly reliable infrastructure. Our plans include introducing AI tools for managing parts of the system, and in the future even entire data centers. This approach aims to complete the optimization phase and maximize energy efficiency management.

We are investing in modernization not only in data centers but also across our fixed and mobile segments. In the fixed segment, we are replacing GPON with nGPON and upgrading DSLAM from Ericsson (E///) to Huawei, migrating customers to optical infrastructure to reduce energy consumption wherever possible. In the mobile segment, we are implementing measures to optimize electricity consumption by replacing batteries, deploying new generation rectifiers, and implementing smart parameter management and advanced functionalities for energy optimization at base stations. Throughout this reporting period, we have continued with several ongoing initiatives. Additionally, in the mobile segment, we are increasingly utilizing renewable energy sources to power our base stations. We are also introducing advanced functionalities to ensure more energy-efficient operations across all parts of our mobile network.

Concluded
first
vPPA
in Croatia

Leader in the renewable energy market

In 2023, we signed our first ten-year Virtual Power Purchase Agreement (vPPA) for the supply of electricity from renewable sources in Croatia. Under this agreement, the company Liburana owned by Professio Energia will construct the Mazin Gračac wind power plant, which will generate 50 GWh of electricity annually from renewable sources. This agreement will enable us to meet a significant portion of our annual electricity needs. The wind farm is scheduled to begin operation in the last quarter of 2024, offering a fixed long-term price and regular energy delivery that will ensure a substantial part of our annual electricity demand from renewable

sources, guaranteeing long-term financial stability in electricity prices for HT.

In this reporting period, we continued to use electricity from renewable sources to cover 100 percent of our consumption. All these efforts enabled us to achieve positive results throughout this reporting period and maintain the trend of reducing energy consumption and continuous improvement.

HT Group energy consumption in Croatia in the past three years

Direct energy consumption according to the primary energy source in GJ	2021	2022	2023
Total direct energy consumption (from non-renewable sources) in GJ	101,100	99,233	89,114
• Natural gas	31,715	24,176	17,124
• Fuel for the car fleet / gasoline fuel, diesel, LPG	54,408	62,770	61,038
• Other fuels	14,977	12,287	10,952
Indirect energy consumption (from non-renewable energy sources) in GJ	2021	2022	2023
Total indirect energy consumption (from non-renewable energy sources) in GJ	9,872	8,572	8,503
• Purchased electricity	0	0	0
• Heating energy from heating plants	9,872	8,572	8,503
Indirect energy consumption (from renewable energy sources) in GJ	2021	2022	2023
Total indirect energy consumption (from renewable energy sources) in GJ (purchased electricity)	463,496	422,492	411,150

In total direct energy consumption (from non-renewable sources), we achieved an improvement of 10.2 percent, which corresponds to an overall decrease in fuel consumption. Regarding total indirect energy consumption (from non-renewable sources), we achieved an improvement of 0.8 percent, resulting from reduced consumption of thermal energy for heating from district heating plants, partially due to warmer winters and the consequences of climate change. The overall reduction in indirect energy consumption from renewable sources of 2.68 percent is the result of continuous efforts across all parts of the company in implementing planned measures for climate and environmental preservation.

Energy efficiency at Crnogorski Telekom

From 2021, Crnogorski Telekom has been using electricity exclusively from renewable energy sources. As part of the HT Group, Crnogorski Telekom included ESG objectives in its corporate goal in 2022. Over the past two years, CT has actively participated in the international market to certify the coverage of its total electricity consumption. Since March 1, 2023, CT has been using the green tariff of the national power utility company EPCG for its own meters. For the first two months of 2023, as well as for consumption on meters not owned by CT, certificates were purchased on the international market.

Implementation of modern systems and technologies in the data center through cloudification projects, modernization of cooling devices, space optimization, and introduction of free cooling principles at remote locations, along with decommissioning outdated technologies such as 3G, enables significant energy savings while maintaining a high service level.

Crnogorski Telekom energy consumption in the past three years

Direct energy consumption according to the primary energy source in GJ	2021	2022	2023
Total direct energy consumption (from non-renewable sources) in GJ	11,185	9,336	8,531
• Natural gas	0	0	0
• Fuel for the car fleet / gasoline fuel, diesel, LPG	5,589	4,842	4,682
• Other fuels	5,996	4,494	3,849
Indirect energy consumption (from renewable energy sources) in GJ	2021	2022	2023
Total indirect energy consumption (from renewable energy sources) in GJ (purchased electricity)	64.771	65.880	70.560

Reducing greenhouse gas emissions

The path towards climate neutrality and transition to a low-carbon economy are key elements of our business strategy, and we incorporated CO₂ emission reduction into our corporate goals in 2022. Our sustainability strategy defines scientifically based targets for reducing greenhouse gas emissions to combat climate change. Our climate goals align with those of the DT Group, which are established in accordance with the Science Based Targets initiative (SBTi) requirements.

OUR KEY CLIMATE GOALS ARE:

- Procuring 100 percent electricity from renewable energy sources,
- Net zero greenhouse gas emission rate for direct and indirect energy consumption within the organization (Scope 1 and 2) by 2025,
- As part of the DT Group, by 2030 cut greenhouse gas emissions in the value chain (Scope 1–3) by 55 percent compared to 2020,
- Climate neutrality, with total carbon footprint neutralization (Scope 1–3) by 2040.

Our first strategic goal related to emissions and energy has been achieved for the third consecutive year. Procuring certified electricity from renewable sources continuously contributes to the overall reduction of greenhouse gas emissions. All electricity purchased from our contracted supplier, HEP Opskrba, holds ZelEn certificates and origin guarantees. For the remaining consumption generated from utilities in spaces leased from private individuals and businesses, which cannot be certified through the Croatian market according to information from the Croatian Energy Market Operator (HROTE), we procure origin guarantees from the international market. Due to reduced energy consumption, overall emissions have decreased across almost all aspects of our operations. This reduction has been driven by decreased consumption of gas and heating oil as fuel sources. Additionally, this year's lower consumption is attributed to milder winter temperatures compared to the previous year, diligent monitoring of consumption, and continuous improvement of energy-saving measures.

We continuously work on reducing direct and indirect emissions, which include emissions from the use of gas, diesel, and oil, for example, in heating or our vehicle fleet. Compared to the baseline year of 2015, total greenhouse gas emissions from direct and indirect energy consumption within the organization (Scope 1 and 2) for HT Group in Croatia have been

reduced by 86.2 percent. In 2023, we started monitoring the quantities of gases used in cooling and firefighting systems and devices. However, due to their small quantities, for comparability with previous years, they are not included in the calculation of total emissions.

HT Group GHG emissions within the organization (Scope 1 and 2) in Croatia in tCO2e in the past three years compared to 2015

HT Group in Croatia	2015	2021	2022	2023
Scope 1: Total direct GHG emissions	6,529	6,377	6,377	6,170
• Natural gas	1,448	1,238	943	668
• Fuel for the car fleet / gasoline fuel, diesel, LPG	3,586	3,952	4,460	4,634
• Other fuels	1,495	1,187	974	868
Scope 2: Total energy indirect GHG emissions	41,194	484	420	417
Scope 1+2: Total GHG emissions within the organization	47,723	6,861	6,797	6,587

Sources for calculating: GHG Protocol tools

Reducing greenhouse gas emissions at Crnogorski Telekom

At Crnogorski Telekom, since 2021, we procure 100 percent of our electricity from renewable sources. By purchasing certified green energy since 2020, we have reduced emissions within the organization by 7,000 tCO2e (90%).

Crnogorski Telekom GHG emissions within the organization (Scope 1 and 2) in tCO2e in the past three years

Crnogorski Telekom	2021	2022	2023
Scope 1: Total direct GHG emissions	868	695	633
• Natural gas	0	0	0
• Fuel for the car fleet / gasoline fuel, diesel, LPG	393	339	328
• Fuel oil	475	356	305
Scope 2: Total energy indirect GHG emissions	0	0	0
Scope 1+2: Total GHG emissions within the organization (sum of direct and indirect emissions)	868	695	633

Sources for calculating: GHG Protocol tools.

Hrvatski Telekom's other air emissions

Within HT's Integrated system of environmental, occupational health and safety at work management, we have prescribed procedures for substances affecting the ozone layer, describing the method of monitoring, and managing activities related to maintaining various equipment containing substances with potential atmospheric impact. Although these are small quantities, starting from this reporting period, we have begun recording the quantities of gases used in cooling and fire protection systems and devices.

We continuously work on the modernization of pollution sources such as boilers, and we regularly monitor air emissions, reporting them in accordance with Croatian regulations. Emissions into the air are determined directly through measurements or indirectly through calculations based on fuel consumption. For NO₂, the trend alternates between increase and decrease every two years due to different calculation methods (measurement must occur every two years). Specifically, emissions derived from measurement results are lower than emissions calculated from emission factors. Due to reduced energy consumption over the years, the trend for NO₂ and SO₂ emissions is generally declining.

Other HT air emissions in the past three years

NO _x , SO _x and other significant emissions to the air by type and weight in tons (for boiler rooms with a power exceeding 100 kW)	2021	2022	2023
Total NO ₂ emissions	2.87	2.3	0.59
Total SO ₂ emissions	3.61	2.94	2.59

The total emissions for the year 2023 were primarily obtained based on measurement results. In only a few facilities where measurements were not conducted, emissions were calculated instead.

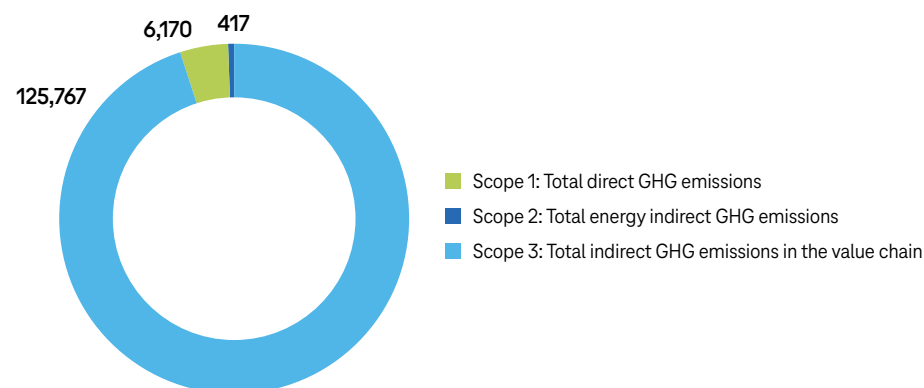
Energy consumption in the supply chain and transportation

To create an appropriate transition plan and develop measures to reduce emissions, in this report we are reporting for the first time on our indirect GHG emissions in the value chain (Scope 3). Most of our emissions in the value chain are in the supply chain. By analyzing Scope 3 emissions and energy consumption in the supply chain and transportation, we have determined that procured goods and services are the main source of our emissions in the value chain. This highlights the importance of positive and constructive dialogue with suppliers at the Deutsche Telekom level regarding shared opportunities and reduction goals. Capital goods, transportation, as well as fuel and energy, also represent a significant portion, which is why we will continue to implement measures and sustainable practices in procurement, logistics, and distribution in the future.

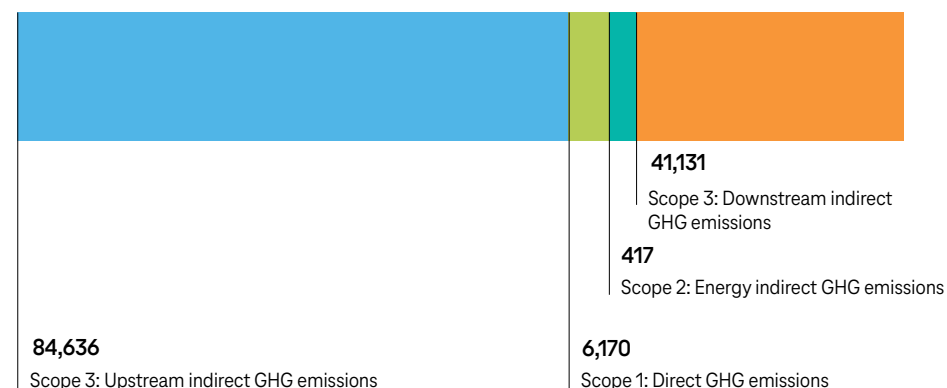
All electronic equipment supplier contracts are signed at the DT Group level to ensure compliance with established environmental standards and goals. After signing the contracts at the group level, framework agreements or local contracts for the procurement of electronic equipment are concluded. The aim of this approach is to ensure an adequate number of suppliers capable of meeting market demand for various devices, while simultaneously meeting high sustainability standards.

To reduce energy consumption in the supply chain and transportation, in the upcoming strategic period, we plan to develop plans that will encompass categories with the most intensive emissions, such as purchased goods and services, capital goods, and the use and treatment of acquired products at the end of their life cycle.

Total HT Group GHG emissions in Croatia in 2023 in tCO₂e



HT Group GHG emissions in Croatia in the value chain in 2023 in tCO₂e



Circularity as a principle of resource efficiency

In addition to using resources in our core business, our concern extends to the resources used in the production and use of our services and network infrastructure. We continuously work on improvements in all segments to contribute to the establishment of a circular economy. Our long-term goal is to impact the production of more durable products and materials (essential for delivering our services), as well as ensuring higher rates of proper disposal and recycling at the end of the product lifecycle.

In 2023, two EU regulatory acts that will significantly impact resource management within the telecommunications industry value chains entered into force. Regulation 2023/1670 imposes requirements on mobile phones, wireless phones, and tablets aimed at improving their energy efficiency and reducing environmental impact. This regulation mandates manufacturers to ensure greater device durability, repairability, and upgradability, and anticipates increased availability of spare parts to encourage device repair. In addition, devices must be capable of data erasure and functionality transfer after use, with free operating system updates provided for a specified period. The regulation anticipates a reduction in primary energy consumption through eco-design practices, targeting approximately 33 percent savings by 2030. On the other hand, Directive 2022/2380 focuses on harmonizing radio equipment charging by introducing a common charger for specific device categories. This directive establishes a unified standard to facilitate interoperability between devices and chargers and reduce charger market fragmentation. Charging harmonization is based on USB Type-C technology combined with the USB Power Delivery protocol, ensuring high-quality and fast charging capabilities. The directive also mandates the delivery of radio equipment without chargers and specifies information that should be available to consumers regarding device charging capabilities. This directive allows for future adjustments to charging harmonization to reflect changes in charging technology and market trends. Our goals related to

resource efficiency are firmly embedded and implemented in our operations, aiming towards a circular economy approach.

THE GOALS OF EFFICIENT RESOURCE USE ARE:

- Increasing the rate of returned mobile devices in comparison to those sold in the previous year to 7 percent in 2023,
- Complete disposal of HT's technological waste,
- Sustainable product packaging.

Collection, refurbishment, and disposal of devices

We have set goals to increase the annual return rate of mobile devices since 2021, and our ambition is to continue progressively increasing the rate of returns compared to purchased devices. The goal for 2023 was seven percent, or approximately 26 thousand devices, which we have exceeded by collecting 30 thousand devices from customers. This success is attributed to our initiative “Call you have to take”. Goals for future years will be calculated using a modified methodology. The calculation will now include three categories of devices (mobile devices, tablets, and mobile routers) classified as “larger” devices, which have longer-lasting environmental impacts, thereby adjusting the return rate. Additionally, the baseline has been updated to compare against the quantities sold of the categories collected in the current year. Other categories of technology products will continue to be collected but will not be part of the calculation for this goal.

We have also incorporated circularity into our business offerings through the implementation of the “Take Back & Recycle” model, where customers bring in old electronic equipment and periodically receive discounts on new devices through campaigns. The most important aspect of our take back initiative is ensuring that all customers have the possibility to return and properly dispose of the device. As part of the “Call you have to take” program, we have established conditions for the acceptance and

disposal of used electronic devices from HT's sale assortment and their batteries at all T-Centers.

Our continuous efforts and dedication in implementing the "Take Back & Recycle" device return initiative have been recognized with the #Green-Magenta label, placing us among the first members of the DT Group to meet high environmental responsibility standards. Our campaign, which consistently promotes the recycling of e-waste, proper disposal, and the use of recycled materials, not only reduces the amount of e-waste, the fastest-growing waste category in the European Union, but also positively impacts our carbon footprint reduction efforts.

Alongside the successful collection of mobile devices and equipment, during this reporting period, we increased the sale of refurbished mobile devices compared to 2022. Additionally, we continue to collect and refurbish fixed line equipment leased to customers. The achieved results indicate increasing efficiency in implementing measures to reduce e-waste and demonstrate a positive trend in achieving our goals.

Information on gathered and refurbished HT Group devices in Croatia in the past three years

Fixed equipment	2021	2022	2023
1. Renewed fixed equipment (routers, repeaters, media receivers, TV sticks) leased to customers – number of pieces	111,187	56,706	87,304
2. Fixed equipment taken from customers for restoration and reuse – number of pieces	167,042	189,582	96,323
3. Fixed equipment taken from customers for further handling or recycling – number of pieces	39,118	80,491	2,262
Mobile devices	2021	2022	2023
1. Renewed mobile devices sold to customers – number of pieces	3,784	433	718
2. Mobile devices and mobile device equipment received from customers for further handling or recycling	543	12,566	29,976

Information on gathered and refurbished Crnogorski Telekom devices in the past three years

Fixed equipment	2021	2022	2023
1. Renewed fixed equipment (routers, repeaters, media receivers, TV sticks) leased to customers – number of pieces	0	0	0
2. Fixed equipment taken from customers for restoration and reuse – number of pieces	20,737	14,994	13,383
3. Fixed equipment taken from customers for further handling or recycling – number of pieces	x	21,378	8,330
Mobile devices	2021	2022	2023
1. Renewed mobile devices sold to customers – number of pieces	0	0	0
2. Mobile devices and mobile device equipment received from customers for further handling or recycling	900	534	510

Waste management

Dedication to responsible waste management represents a key part of our operational practices, and the goal of complete disposal of HT's technological waste has been successfully achieved for several years. All forms of waste, whether office or technological, are separately collected and managed in collaboration with authorized collectors and processors, in accordance with internal procedures within the Environmental Management System according to ISO 14001 standards and the internal financial methodology guidelines. Within our company, we have dedicated staff are responsible for operational waste management, and through an internal IT solution all waste quantities are tracked by location of origin and key indicators, enabling efficient internal and external reporting.

The handling of technological waste is carried out by contracted partners who dismantle the equipment. Subsequently, the equipment is either sold or reused, accompanied by mandatory official waste documentation. The

remaining waste is handed over to authorized collectors and/or waste processors for recycling. All our electronic waste is exclusively delivered to authorized companies that have contracts with the Environmental Protection and Energy Efficiency Fund. The collection and processing of electrical and electronic equipment are conducted through a network of waste processor collectors, who are obliged to collect waste (through their own collection networks) from owners of electrical and electronic waste free of charge.

Our locations and facilities are periodically subjected to regular environmental inspections, during which air emissions and compliance with waste regulations are verified. In 2023, four environmental protection inspection checks were carried out, all concluding that Hrvatski Telekom fulfilled its regulatory obligations.

In 2023, we continued with initiatives to reduce the use of materials such as plastic and paper in our operations. Many of our activities, combined with our customers' readiness for change, resulted in nearly 58 percent of customers opting for e-billing by the end of the year. Iskon also experienced its highest annual increase in e-billing users to date, thanks to continuous sales and promotional efforts aimed at increasing awareness of the benefits of e-billing. By the end of 2023, Iskon achieved a 46 percent share of e-billing users among its customers, achieved without the use of automatic migration practices, significantly contributing to the reduction of paper usage.

Sustainability is integrated into the process of designing and equipping our business premises. When designing T-Centers, sustainability requirements are taken into account alongside considerations of practicality and accessibility for employees and customers. For instance, prominent sales points, known as flagship stores, feature a green wall equipped with an irrigation system that facilitates plant maintenance. Additionally, to reduce paper consumption and CO₂ emissions, all unnecessary paper flyers, not required in physical form due to regulatory requirements, have

been replaced with QR codes linking to a website where all current flyers are available digitally. This approach not only reduces paper usage but also conserves resources needed for printing, packaging, and reduces transport CO₂ emissions.

HT Group waste information in tons in the past three years

Waste information in tons	2021	2022	2023
Total amount diverted from disposal	833	431	608
Percentage of waste diverted from disposal (%)	100	100	100
Hazardous waste diverted from disposal	330	290	358
Recycling	330	290	358
Non-hazardous waste diverted from disposal	503	141	250
Recycling	503	141	250
Total amount directed to disposal	0	0	0
Percentage of waste directed to disposal (%)	0	0	0
Hazardous waste directed to disposal	0	0	0
Waste disposal	0	0	0
Non-hazardous waste directed to disposal	0	0	0
Total amount of generated waste	833	431	608
Total amount of non-recycled waste	0	0	0
Percentage of non-recycled waste (%)	0	0	0
Total amount of hazardous waste	330	290	358 ⁴

⁴ Refers only to the amount of hazardous waste (there was no radioactive waste). Waste is mostly managed via R procedures for recycling, only a small share is managed by D procedures.

The increase in waste volume in 2023 compared to previous years is attributed to several one-time business decisions and processes: the replacement of old and obsolete batteries and accumulators, waste clearance for the Iskon branch, and cleaning of a facility that was sold during 2023. It's important to note that the amount of waste at Hrvatski Telekom does not follow a trend of +/- five percent compared to the previous year, as it depends on various business decisions. This means that, for example, if in a given year a decision was made to phase out outdated technology, sell a significant property, or conduct a major clean-up of old archival materials, the amount of waste could be significantly higher than in a year when such decisions were not made. This business dynamic results in fluctuations in waste volume, which is common for an organization of our size and scope of activities.

For years, Crnogorski Telekom has responsibly disposed of waste by delivering it to licensed agencies that treat waste in an environmentally friendly manner. They provide annual reports on generated waste for the previous year to the Environmental Protection Agency (AZŽS), the Environmental Inspection, and Monstat.

Our initiatives and partnerships

Call you have to take

The “Call you have to take” initiative is our new platform focused on environmental protection, efficient use of natural resources, circular economy, and responsible management of electronic equipment and waste, especially old mobile devices. Our intention through this initiative is to make an even greater contribution and emphasize not only the importance but the necessity of responsible action towards environmental protection. This is a call we cannot afford to miss if we want to continue enjoying the natural environment we have today. Electronic waste contains about 50 chemical elements, many of which can be recycled and turned into valuable raw materials instead of becoming waste. Therefore, raising awareness about responsible and conscientious disposal of electronic devices and equipment is crucial.

Considering this, we conducted a national survey which revealed that there are currently up to five million unused mobile phones stored in drawers across Croatia. The survey also indicated that 40 percent of respondents replace their mobile phones within two years, and 68 percent within three years, suggesting that the number of unused and unnecessarily stored mobile devices, as well as other small and IT equipment in our households, will continue to grow. 85 percent of respondents who keep old mobile phones cited the following reasons: having a replacement (66%), keeping it for family borrowing (65%), fear of data theft (23%), lack of knowledge on how or where to dispose of it (13%), and inconvenience (6%). It is concerning that nearly one in ten citizens discard their unused mobile phones in regular garbage. Although 77 percent of respondents claim to regularly sort their waste, 40 percent admitted to not disposing of electronic devices and equipment properly. While 54 percent of participants express a desire to dispose of their old unused mobile devices, only 13 percent are aware that around 80 percent of a mobile phone's components can be recycled. It is distressing that about half of the respondents are unaware that tablets, routers, printers, laptops, cables, and chargers can also be disposed of and recycled.

As part of this initiative, in collaboration with jewelry designer Nenad Sovilj, a special series of necklace pendants has been designed using parts from old electronic devices. This limited-edition series consists of 100 handmade necklaces, each telling a deeper complementary story of nature, technology, evolution, transformation, and sustainability. These pieces illustrate how creative transformation of electronic waste can, like art in general, serve to promote positive social values. Furthermore, to popularize and encourage the responsible disposal of electronic waste, on Earth Day the public could exchange old mobile phones and devices at T-Centers for tickets to football matches. At the end of the year, this initiative extended to registrations for the Zagreb Advent Run 2023. The “Call you have to take” initiative received the Zeleni leptir (Green Butterfly) award, which is given to the best projects as part of the Večernji list project Resolution Earth, for contribution to UN Sustainable Develop-

ment Goals. We received this award in the category of Peace and Justice / Strong Institutions, Partnership for Goals, Climate Action.

Celebrating Earth Day & Earth Hour

At our T-Center premises at Arena Centar in Zagreb on Earth Day we hosted Marina Matijević from the “Ja bolji građanin” (“I am a better citizen”) initiative, who delivered a lecture on waste separation. On this occasion, we enabled participants to bring their old electronic equipment, which we responsibly disposed of. To mark Earth Hour, we invited all our customers and employees to join us in turning off all lights for one hour to contribute to the urgent issue of climate change.

Crnogorski Telekom green actions

In September 2023, on International Coastal Cleanup Day, a large cleanup action was organized, and CT traditionally sponsored this event. The CT Volunteers' Club participated through volunteering and donations in the largest volunteer effort held annually worldwide.

Report on the Taxonomy Regulation

Regulation 2020/852 establishing the framework for the facilitation of sustainable investments (Taxonomy Regulation) is a tool for the classification of sustainable economic activities. The Taxonomy Regulation contributes to the implementation of the European Green Deal adopted in 2019 by redirecting capital flows towards environmentally sustainable investments. The degree of environmental sustainability of investments is determined by the alignment of economic activities with the technical screening criteria of the EU taxonomy. According to Article 3 of the Taxonomy Regulation, an economic activity is considered environmentally sustainable if it significantly contributes to one or more environmental objectives, does not cause significant harm to any other environmental objective, and is carried out in accordance with minimum safeguards. Article 9 of the Taxonomy Regulation defines six environmental objec-

tives: climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems.

According to Article 8 of the Taxonomy Regulation, as an obligation to publish non-financial information based on Directive 2014/95/EU, i.e. the Accounting Act of the Republic of Croatia, the HT Group Sustainability Report for 2023 contains information on how and to what extent our economic activities are considered environmentally sustainable in accordance with Articles 3 and 9 of the Taxonomy Regulation. Based on the requirements of the Delegated Regulation 2021/2178 on publication of content and presentation of information on environmentally sustainable economic activities, this report comprises information on key indicators, i.e. the shares of Taxonomy-aligned, eligible, and non-eligible economic activities in HT Group's turnover, capital expenditures (CapEx) and operating expenditure (OpEx).

Taxonomy-eligible activities

According to the Taxonomy Regulation, the first step is to determine the economic activities of companies that are Taxonomy-eligible. These are activities covered by the Taxonomy Regulation and that potentially significantly contribute to the achievement of environmental goals, regardless of whether they meet the technical screening criteria established by the delegated acts. A Taxonomy-non-eligible economic activity is any economic activity that is not included in the delegated acts supplementing the Taxonomy Regulation. This report contains information on Taxonomy-eligible activities for all six objectives of the Taxonomy Regulation. The Taxonomy-eligible economic activities included in the previous reporting periods are defined by the Commission Delegated Regulation (EU) 2021/2139 and the Commission Delegated Regulation (EU) 2022/1214 and refer to the contribution to the first two objectives of the Taxonomy Regulation: climate change mitigation and climate change adaptation. With the adoption of the Commission Delegated Regulation

2023/2485 and Commission Delegated Regulation 2023/2486, the list of Taxonomy-eligible activities was expanded in 2023 to include activities for all six objectives.

Given that HT Group primarily operates in the information and telecommunications sector, in our core business we recognize two Taxonomy-eligible economic activities for the purpose of mitigating climate change:

- Data processing, hosting, and related activities (CCM 8.1)
- Data-driven solutions for GHG emissions reductions (CCM 8.2)

Since we also generate income by performing activities that are not part of the information and telecommunications sector core business, we report on an additional activity aimed at mitigating climate change:

- Infrastructure enabling low carbon road transport and public transport (CCM 6.15)

The Taxonomy Regulation also contains a list of cross-sectoral activities outside of our core activities that are relevant to our overall corporate structure and operations, such as transportation, asset management and electricity generation. In 2023, for HT Group, the only additional material category related to the goal of mitigating climate change was:

- Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)

Economic activities relevant to the goals of climate change adaptation, sustainable use and protection of water and marine resources, circular economy, prevention and control of pollution, and protection and restoration of biodiversity and ecosystems for the financial year 2023 have not been recognized for the financial year 2023.

Alignment of the material Taxonomy-eligible economic activities

The second step is to examine whether the recognized Taxonomy-eligible activities are aligned with the technical screening criteria. It is considered that the activity is aligned with the taxonomy if it meets the

technical screening criteria listed in Annexes I and II. Delegated Regulation 2021/2139 of significant contribution to at least one environmental objective, doing no significant harm to any other environmental objective, and being in compliance with the minimum protective measures established by international conventions and principles on human and labor rights specified in the Taxonomy Regulation 2020/ 852. In 2023, we report on the alignment of economic activities defined by Commission Delegated Regulation 2021/2139 and Commission Delegated Regulation 2022/1214, which refer to activities that contribute to the climate objectives of the Taxonomy Regulation (climate change mitigation and climate change adaptation).

The Taxonomy-eligible activity Data processing, hosting, and related activities (CCM 8.1) includes “the storage, manipulation, management, movement, control, display, switching, interchange, transmission or reception of diversity of data through data centers, including edge computing”. HT Group business operations related to data centers are included under this activity. To ensure that data centers make a significant contribution to climate change mitigation according to the Taxonomy Regulation, they must adhere to the European Code of Conduct for Energy Efficiency in Data Centers. Since we have not yet verified compliance with the Code of Conduct through external audits in accordance with the requirements of the EU Taxonomy, we do not classify the activities related to HT's data centers as Taxonomy-aligned in the reporting year.

We associate the products, solutions and services that are “predominantly focused on providing data and analytics that enable the reduction of greenhouse gas emissions” to the economic activity of Data-driven solutions for GHG emissions reductions (CCM 8.2). These are solutions and products that have a clear potential to enable customers to reduce greenhouse gas emissions. We considered products, services and solutions from the following categories:

- IT business and cloud solutions (increase energy efficiency by optimizing the use of servers)

- IoT solutions (avoided GHG emissions due to more efficient use of the system)
- Cloud vehicle monitoring

The technical screening criteria for substantial contribution requires a life cycle analysis as evidence of the taxonomic alignment of such solutions. Companies must demonstrate that the solution results in a significant reduction in greenhouse gas emissions during and after the entire life cycle compared to the relevant reference solution available on the market. Since the criteria of substantial contribution requires from the companies, in addition to the life cycle assessment, a verification of the scientific basis of the GHG emissions reduction assessment carried out by an independent third party, we cannot classify them as Taxonomy-aligned.

The economic activity Infrastructure for low-carbon road and public transport (CCM 6.15.) is included in Taxonomy-eligible economic activities but does not belong to the core business of the information and telecommunications sector. The verification of technical screening criteria for the assessment of physical climate risks is carried out at the level of the entire DT Group for economic activities related to basic operations and critical infrastructure. Since locational assessments of physical climate risks that do not relate to core business activities were not specifically prepared for HT Group, this activity cannot be classified as Taxonomy-aligned in 2023.

Our vehicle fleet includes business passenger vehicles and light commercial vehicles. We acquire vehicles through operating lease and maintain them, that is why the activity Transportation by motorbikes, passenger cars and light commercial vehicles (CCM 6.5) is recognized as our significant Taxonomy-eligible economic activity. Electrification and reducing the carbon footprint of our fleet are key aspects of our integrated climate strategy. In future reporting periods, we will invest efforts to increase the share of vehicles that meet the technical criteria of CO₂ emissions in accordance with the EU regulations on new vehicles and other technical

screening criteria prescribed by the EU Taxonomy, including compliance with the requirements for the latest applicable level of homologation in relation to emissions from light vehicles according to the Euro 6 standard and the requirement that road vehicle tires of category M and N meet the criteria from the highest filled class of external rolling noise and have an adequate coefficient of rolling resistance, which until now was the choice of the employees entitled to use the vehicles.

Our approach to respect for human rights is based on the United Nations Guiding Principles on Business and Human Rights - a global standard on the responsibility of companies in respect of human rights, the Charter on Diversity, of which we are an initial signatory, and the Basic Principles of the Social Charter of Deutsche Telekom, to which all members of the Group express their commitment to act in accordance with internationally recognized norms, guidelines and standards arising from the International Document on Human Rights, key conventions of the International Labor Organization (ILO), the Organization for Economic Cooperation and Development (OECD) and the UN Global Compact initiative.

At the beginning of 2024, we adopted the [Code of Human Rights](#), which promotes respect for the rights of employees and the [Diversity, Equity and Inclusion \(DE&I\) Policy](#), and with which we committed ourselves to respect international instruments such as the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights on work and the principles for multinational enterprises and social policy, the OECD Guidelines for Multinational Enterprises, the principles of the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights.

Calculation of Taxonomy KPIs

The total amounts for HT Group that were used for the calculation of KPIs in accordance with the requirements of the EU Taxonomy in 2023 amounted to EUR 1,039.34 million for turnover, EUR 220.98 million for capital expenditures and EUR 615.60 million for operating expenditure.

The definition of turnover from the Taxonomy Regulation is equivalent to the net income of the HT Group. Relevant capital expenditures are determined based on the consolidated financial statement and are calculated by adding up the following key items: additions and changes in the composition of the Group by real estate, facilities and equipment, intangible assets (excluding goodwill) and assets with the right of use. The definition used in the Taxonomy Regulation for the calculation of relevant operating expenditure includes costs related to research and development, building renovation measures, short-term rent, maintenance and repair and all other direct expenses related to the daily maintenance of real estate, facilities and equipment that are presented in the consolidated financial statement of profit and loss under other business expenses. To calculate the share of Taxonomy-eligible operating expenditure, we used total OpEx.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Substantial contribution criteria																		DNSH criteria (Does Not Significantly Harm)						Taxonomy-aligned (A.1) eligible (A.2) turnover in the previous reporting period (2022)	Enabling activity	Transitional activity
Economic activities	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards											
	(mil. EUR)	%	Yes/No, EL/N-EL	Yes/No, EL/N-EL	EL/N-EL	EL/N-EL	EL/N-EL	EL/N-EL	EL/N-EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No											
	A. Taxonomy-eligible activities																									
	A.1 Environmentally sustainable activities (Taxonomy-aligned)																									
	Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)	0.00	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	/	/	/	/	0.00%	0.00%								
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																										
Infrastructure enabling low-carbon road and public transport (CCM 6.15)	0.56	0.05%	EL	N-EL	N-EL	N-EL	N-EL	N-EL	N-EL							0.06%										
Data processing, hosting and related activities (CCM 8.1)	2.27	0.22%	EL	N-EL	N-EL	N-EL	N-EL	N-EL	N-EL							0.18%										
Data-driven solutions for GHG emissions reductions (CCM 8.2)	9.12	0.88%	EL	N-EL	N-EL	N-EL	N-EL	N-EL	N-EL							1.28%										
Turnover of Taxonomy-eligible but environmentally not sustainable activities (not Taxonomy-aligned) (A.2)	11.95	115%	115%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							1.51%										
Total (A.1+A.2)	11.95	115%	115%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							1.51%										
B. Taxonomy-non-eligible activities																										
Turnover of taxonomy-non-eligible activities (B)	1,027.39	98.85%																								
Total (A+B)	1,039.34	100.00%																								

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Substantial contribution criteria																	DNSH criteria (Does Not Significantly Harm)					
Economic activities	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-eligible (A.1) or eligible (A.2) proportion of CapEx in the previous reporting period (2022)	Enabling activity	Transitional activity				
	(mil. EUR)	%	Yes/No, EL/N-EL	Yes/No, EL/N-EL	EL/N-EL	EL/N-EL	EL/N-EL	EL/N-EL	Yes/No, EL/N-EL	Yes/No, EL/N-EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T				
A. Taxonomy-eligible activities																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0.00	0.00%	0.00%	0.00%	/	/	/	/								0.00%	0.00%	0.00%				
A.2 Taxonomy-eligible but non environmentally sustainable activities (not Taxonomy-aligned)																						
Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)	0.56	0.05%	EL	N-EL	N-EL	N-EL	N-EL	N-EL								120%						
Infrastructure enabling low-carbon road and public transport (CCM 6.15)	2.27	0.22%	EL	N-EL	N-EL	N-EL	N-EL	N-EL								0.02%						
Data processing, hosting and related activities (CCM 8.1)	912	0.88%	EL	N-EL	N-EL	N-EL	N-EL	N-EL								0.04%						
Data-driven solutions for GHG emissions reductions (CCM 8.2)	1195	1.15%	1.15%	0.00%	0.00%	0.00%	0.00%	0.00%								0.27%						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	819	3.71%	3.71%	0.00%	0.00%	0.00%	0.00%	0.00%								153%						
Total (A.1+A.2)	819	3.71%	3.71%	0.00%	0.00%	0.00%	0.00%	0.00%								153%						
B. Taxonomy-non-eligible activities																						
CapEx of Taxonomy-non-eligible activities (B)	212.79	96.29%																				
Total (A+B)	220.98	100%																				

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Kriterij znatnog doprinosa										Kriterij nenanošenja bitne štete							Taxonomy-aligned (A.1) or eligible (A.2) OpEx in the previous reporting period (2022)	Enabling activity	Transitional activity
Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards					
Economic activities				Yes/No, EL/N-EL	Yes/No, EL/N-EL	EL/N-EL	EL/N-EL	EL/N-EL	EL/N-EL	Yes/No, EL/N-EL	Yes/No, EL/N-EL	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T	
	(mil. EUR)	%																	
	0.00	0.00%	0.00%	0.00%	/	/	/	/	/							0.00%	0.00%	0.00%	
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0.00	0.00%	0.00%	0.00%	/	/	/	/	/							0.00%	0.00%	0.00%	
A.2 Taxonomy-eligible but non environmentally sustainable activities (not Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)	5.70	0.93%	EL	N-EL	N-EL	N-EL	N-EL	N-EL	N-EL							0.83%			
Infrastructure enabling low-carbon road and public transport (CCM 6.15)	0.40	0.06%	EL	N-EL	N-EL	N-EL	N-EL	N-EL	N-EL							0.12%			
Data-driven solutions for GHG emissions reductions (CCM 8.2)	4.73	0.77%	EL	N-EL	N-EL	N-EL	N-EL	N-EL	N-EL							3.40%			
OpEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	10.83	1.76%	1.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							4.35%			
Total (A.1+A.2)	10.83	1.76%	1.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							4.35%			
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities (B.)	604.77	98.24%																	
Total (A+B)	615.60	100%																	

The EU Taxonomy as a list of economic activities that contribute to climate goals does not currently include criteria for the economic activity of providing and operating telecommunications network infrastructure. Since the Taxonomy Regulation still does not adequately cover our core activity, the total representation of all Taxonomy-eligible economic activities gives low shares in turnover (1.15%), capital expenditures (3.71%) and operating expenditure (1.76%). The largest share of Taxonomy-eligible turnover refers to the economic activity of data-based solutions for reducing greenhouse gas emissions (CCM 8.2) that have the potential to reduce energy consumption and carbon footprint, and in capital expenditures and operating expenditure, the vehicle fleet, activities related to the objective of climate change mitigation. Compared to the previous year, there were no significant changes in the amounts and shares of Taxonomy-eligible activities in turnover. The share of Taxonomy-eligible capital expenditure increased from 1.53 percent to 3.71 percent due to higher investments in the vehicle fleet in 2023 (3.18%) compared to the previous year (1.20%). The share of Taxonomy-eligible operating expenditure decreased from 4.35 percent to 1.76 percent, largely due to lower costs of data-driven GHG mitigation solutions.

The Taxonomy Regulation does not currently offer the possibility to adequately describe our contribution to climate change mitigation in terms of our network infrastructure. For this reason, together with other members of the DT Group, we participate in the activities of numerous business and industry associations to include suitable, relevant criteria for describing the contribution of our core business to climate and other environmental goals. Given the high standards set in the technical screening criteria, the alignment process and the confirmation of alignment is a demanding and time-consuming process. The introduction of a system for monitoring alignment with technical screening criteria in our accounting practices will enable us to prove alignment with the criteria more easily, and in the coming years we plan to increase the share of aligned activities.

The time we live in is characterized by great connectivity and dynamism, largely driven by digitalization and the internet. Access to the internet is considered crucial for the growth, development, and competitiveness of the economy and businesses, as well as for the education and inclusion of all individuals in the world around us. The technology that has ushered in the digital age is now indispensable, ensuring our integration into the digital world we live in.

The concept of digitalization refers to the use of digital technologies to improve business operations, significantly impacting all its segments, from production and distribution to marketing. Beyond business operations, it has a substantial impact on the economy, social development, and the optimization of resource and energy use within companies, which can significantly contribute to climate protection and environmental preservation. Along with climate change and resource efficiency, digital inclusion is one of the three key areas of HT's sustainability efforts.

Digital inclusion and literacy

We believe that digital technologies have the power to improve everyone's lives and be a catalyst for positive change. Therefore, we continuously work on developing solutions that will be accessible to all our stakeholders, allowing them equal opportunities to engage with the world around them. There are three key factors that support the aim of providing equal access to digitalization for all members of society: high-speed network availability, accessibility of services and devices, and the development and promotion of digital competencies. HT Group addresses the technical aspects of broadband network access, ensuring the avail-

ability of affordable devices and services for all individuals, regardless of their financial status or level of digital literacy.

By expanding our network and the range of our products and services, we strive to ensure access to technology for everyone. This also means we have a responsibility not only to our customers but also to community members who are not yet connected. Our ambition is to connect everyone in Croatia to the opportunities digitalization provides, promoting equity, inclusion, and diversity in building a better future. However, digitalization can also bring risks, such as child safety, online abuse and hate speech, and deepening digital inequality among people. It is our duty to manage these risks during the digital transformation process and, by removing digital barriers, ensure a safe and inclusive digital environment for everyone, especially vulnerable groups. Our activities focus on preventing harmful consequences that arise from insufficient access to the benefits of digitalization or lack of control, with the goal of reducing the digital divide among people and creating a more equal, connected, and safer digital world for all.

We regularly review and update regulations, policies, and other internal documents related to digital inclusion, defining the selection and implementation of programs and activities in this domain according to societal needs. Alongside our [Code of Conduct](#), [Guiding Principles](#), and [Digital Ethics Guidelines on Artificial Intelligence](#) - commitments that ensure we respect human rights in our interactions with customers and on the internet - we adopted the HT Group [Code of Human Rights](#) at the beginning of 2024. This comprehensive document outlines our principles and expectations regarding customers and the society. This Code affirms our commitment to data protection, our customers' digital sovereignty, freedom of expression and information, the protection of children and youth, and digital responsibility and participation. We understand digital responsibility as the obligation to ensure the protection of digital human rights. Our goal is to implement technology based on humanistic values, and we are determined to contribute to shaping a digital society found-

ed on our core democratic values, where all individuals can participate safely, competently, and autonomously.

Digital inclusion is present in both our products and services. We identified the high cost of 5G devices as a significant barrier to accessing the benefits of connected technology. To address this issue, we introduced the T Phone and T Phone Pro 5G in 2022, affordable smartphones developed in partnership by DT and Google. In 2023, we further expanded our offer with the T Tablet and new, improved T Phone smartphones. These three devices, more affordable than other 5G devices on the market, will enable even more people to use our network—whether for education, entertainment, browsing, communication, or work. As part of our universal service, we offer a social package for individuals with disabilities, the socially disadvantaged, and veterans. For residential subscription customers, we provide a special offer for young people (aged 18 to 26), and for the elderly we offer devices with special features such as larger screens and buttons.

As one of the leading telecommunications companies at the national level, we also have a significant impact on the Croatian economy. Through partnerships with micro, small, and medium-sized enterprises, we strive to positively impact the balanced development of all entrepreneurs. We offer these small and medium-sized enterprises the opportunity to digitalize their operations and provide non-refundable digitalization vouchers funded by the Ministry of Economy and Sustainable Development of the Republic of Croatia through the National Recovery and Resilience Plan. HT offers a range of services to these companies that can be applied as eligible expenses to access non-refundable funds.

We are conducting a process of in-depth assessment of harmful impacts through which we have identified certain significant and potential harmful impacts that we aim to manage through a series of activities and campaigns. Violations of the Digital Ethics Guidelines on Artificial Intelligence and irresponsible AI applications are increasingly relevant topics

that require our attention. Through systematic internal training sessions that include leading experts in the field of responsible AI application, we aim to prepare people for innovations that will have a growing impact on their daily lives. Some of the experts involved in these programs include lecturers from the CroAI association and international specialists who have provided practical examples. In addition, we have launched a series of programs aimed at educating various stakeholder groups, especially vulnerable ones.

Experts estimate that by 2030, two-thirds of identity thefts will occur using AI and deepfake technology. As part of DT's "Share with Care" campaign, we released a video titled "A Message from Ella" where parents of nine-year-old Ella encounter deepfake technology. It illustrates how AI can easily create a false identity of their daughter using publicly available content such as photos, videos, and voice recordings. In this way, we raise awareness about sharing private content on websites, unaware of the implications of "sharenting" in an era of increasing data misuse and AI development.

OUR KEY GOALS AND MILESTONES RELATED TO DIGITAL INCLUSION ARE:

- Designing and delivering targeted educational programs for children, youth, and the elderly to develop essential skills for using digital tools and responsible behavior and safe navigation in the digital environment.

We implement and design a series of programs and initiatives aimed at individuals of all ages, from children in elementary schools to the elderly, providing them with state-of-the-art education opportunities to acquire and develop necessary digital skills and access to required equipment. Our mission is to ensure equal opportunities for all to be included in the digital society, leaving no one behind in the digital world. We carefully

monitor societal needs and demands, creating various programs and activities to meet specific needs and achieve an increase in the number of individuals and organizations benefiting from our socially responsible engagement.

We monitor our social contribution through internal goals that are aligned with DT's internal metrics. The goals and criteria are clearly defined, and one of them is that HT should not derive any material benefit from these activities. A four-year plan is in place to systematically increase the number of individuals who gain access through our activities. So far, HT has exceeded the set goals every year, and to enhance digital literacy, we conducted a series of activities with our stakeholders in 2023.

Tools for Modern Times

In today's digital age, where technology is an integral part of everyday life, it is essential to ensure that children and young people understand the importance of responsible and safe behavior online. As a socially responsible company, Hrvatski Telekom collaborates with the Faculty of Education and Rehabilitation Sciences at the University of Zagreb on the "Tools for Modern Times" program. Through this program, we aim to provide children and young people with relevant knowledge to recognize potential risks, protect them, and raise awareness about how to behave responsibly online. The program promotes digital literacy, critical thinking, and the development of positive online habits.

The starting point for the development of this program was scientific research indicating a concerning trend of risky behavior among adolescents online, resulting in serious negative consequences for mental health and real-world interactions. In collaboration with experts from the Faculty of Education and Rehabilitation Sciences, who have years of experience in researching youth behavior and understanding their interactions in virtual spaces, we conducted three-day training sessions to implement this preventive program with seventh and eighth grade students (ages 12 to 14). This program is the first structured and science-based initiative

aimed at preventing such behavior among adolescents in virtual environments. In its initial phase, the program will be implemented in schools across five cities, spanning 17 counties. It includes interactive lectures for teacher councils and parents involved in the project. We plan to expand coverage to additional counties in the future. Educating youth about safe and responsible use of digital tools and the internet is seen as an investment in the future.

Generation NOW

In 2023, the Generation NOW program celebrated its seventh generation. Hrvatski Telekom was one of the first companies to recognize and actively promote STEM education among youth. This program has engaged over 4,000 children and young people across Croatia, involving more than 360 educational institutions. The program themed “Green Technologies” included over 140 schools and other educational institutions in 2023, with more than 1,400 students participating. They had the opportunity to use modern technologies to enhance their skills in areas such as Internet of Things (IoT), digital technologies, problem-solving, teamwork, and presentation skills. Throughout the project in 2023, we trained over 150 mentors who imparted their knowledge to students on how to use technology to turn their ideas into device prototypes. This approach empowered students to become creators of their own solutions, rather than just consumers of technology.

Digital Innovation Incubator

Hrvatski Telekom is a partner of the Digital Innovation Incubator, an online project that brings together students from all faculties to learn about creativity and innovation, while also helping them develop applicable innovations for specific industries. A total of 2,018 students participated in this project. In the student section of the incubator, 1,324 participants were involved, including professors and students from 120 high schools and elementary schools. The university section of the incubator was attended by 858 students from 73 different faculties.

Digital education

in nursing homes across Croatia

Generations Together

The elderly are one of the most vulnerable social groups when it comes to digital literacy, which is no longer considered a luxury but a necessity. Through the national program “Generations Together”, which we have been implementing in collaboration with the Volunteering Center Zagreb in past years, we aim to educate older adults about digital innovations helping them acquire digital skills. This empowers them to actively participate in daily activities that increasingly rely on technology and digital solutions. Through this digital education program for seniors, we have provided tablet devices and free Internet access to over 50 nursing homes, where residents have learned to use various digital tools. The program has been recognized as one of the best examples of social responsibility in the entire EMEA region and the best digital inclusion program within Deutsche Telekom.

BOOMER

As a partner, we are involved in the implementation of the EU project BOOMER (Booming digital literacy skills among elderly population), which gathers eight partners from five countries (Belgium, Croatia, Italy, Germany, and Spain). This project aims to enhance digital literacy and promote digital inclusion among the elderly. This project is a successful collaboration example with the research center CREDO at the University of Dubrovnik, which coordinates the project. In Croatia, besides HT, the consortium includes the Faculty of Economics and Business Zagreb and the Croatian Pensioners’ Association. BOOMER is the only Erasmus+ project funded by the Agency for Mobility and EU Programs under Key Action 220 - Cooperation partnerships in adult education. It has clear and specific goals to bridge the intergenerational gap, enable active participation in daily life for older citizens, and promote social inclusion of digitally vulnerable social groups.

Cooperation with local communities

As a major player at the national level, HT strives to invest in communities through various projects and activities while also promoting awareness,

knowledge, and literacy through educational programs. In this way, we contribute to improving the quality of life for our fellow citizens by actively disseminating essential knowledge and developing digital competencies necessary to fully harness the benefits of modern technology. Strengthening our collaboration with communities and fostering open communication helps eliminate misunderstandings and facilitates better cooperation, thereby increasing the number of successfully implemented technical projects in the field and accelerating their execution.

When establishing various types of relationships and collaborations with communities in the field of socially responsible action, we adhere to our Corporate Responsibility Policy and Sponsorship Policy. When designing activities for implementation within the community, we aim to embed values such as sustainability and corporate responsibility. Through social projects and activities under corporate volunteering initiatives, our goal is to contribute to local communities and educate society so that citizens can safely and reliably harness the benefits offered by modern technology.

HT Volunteers' Club

The HT Group Volunteers' Club currently has 334 members. In 2023, we organized several volunteer actions of various types of engagement. For example, in collaboration with the Volunteer Center Zagreb, we conducted a national program for digital education of elderly residents in nursing homes across Croatia for the fourth consecutive year. In 2023 we expanded the program by partnering with the Citizens' Education Association Split. This initiative enabled senior individuals to acquire valuable digital skills, opening a whole new world and making their daily lives more interesting. Additionally, our volunteers participated in food and supplies collection campaigns for the Maestral Children's Home, Autonomous Women's House, "Mali zmaj" association, tree planting initiatives, and year-round activities for collecting electronic waste. During the prestigious Volunteer Oscar awards ceremony held on International Volunteer Day, December 5, Hrvatski Telekom was recognized as a company that stood out for its volunteer efforts throughout the year. We received a spe-

cial award for exceptional volunteer contribution in the business sector in 2023.

Blood donations

During 2023, in collaboration with the Red Cross, Hrvatski Telekom organized nine volunteer blood donation drives across Croatia, with the participation of approximately 400 of our employees.

Idea Knockout 2023

HT strives to continuously offer customers interactive content that educates them about digital innovations and contributes to digital literacy. Together with the magazine Bug, we organized the 10th edition of the business idea competition "Idea Knockout 2023". Participating teams had the opportunity to present their ideas, devices, and prototypes, with the winners representing the Croatian technology scene at CES, the world's largest technology show, in Las Vegas.

The best team in the industry enables us to be the best partner

We are aware that the key to our success lies in the satisfaction and motivation of our employees. Therefore, we cultivate relationships with our employees based on mutual respect and responsibility, which contributes to the long-term success of our company. Through their effort, hard work, and engagement, we achieve our goals at the group level year after year. Our role, in return, is to provide conditions in which they can realize their full potential while feeling comfortable, accepted, and satisfied. We achieve our commitment to this goal by promoting our [Guiding Principles](#), ensuring a transparent hiring and advancement process, offering a work dynamic that allows flexible working hours, and implementing various protocols that ensure high level of labor rights. We recognize the importance of diversity in the corporate environment and consider it a core value of our society, striving to further enhance it on all organizational levels.

Total number of HT Group employees in Croatia in the past three years

Total number of HT Group employees in Croatia	2021		2022		2023	
	M	F	M	F	M	F
Total number of employees	2,871	1,687	2,808	1,689	2,733	1,683
Fixed-term contract	204	161	157	118	116	85
Permanent contract	2,667	1,526	2,651	1,571	2,617	1,598
Full-time employment	2,866	1,683	2,802	1,684	2,723	1,658
Part-time employment	5	4	6	5	10	25

In 2023 we employed a total of 4,886 employees of HT Group⁵. In Croatia we employed 4,416 people at Hrvatski Telekom, Combis, and Iskon and 1,355 external workers (24%), such as agency workers (12%) and student workers (12%). Agency workers are third party employees with whom Hrvatski Telekom has a contractual relationship, and who mainly perform frontline sales functions. Most of the students, whom we primarily hire in call center or administrative assistance positions, are employed only during periods of increased business demand and on a part-time basis.

Total number of Crnogorski Telekom employees in the past three years

Total number of Crnogorski Telekom employees	2021		2022		2023	
	M	F	M	F	M	F
Total number of employees	249	245	247	227	248	222
Fixed-term contract	9	9	8	11	12	14
Permanent contract	240	236	239	216	236	208
Full-time employment	249	244	247	226	248	221
Part-time employment	/	1	/	1	/	1

⁵ The total number of HT Group employees (4,886) published in this report differs from the total number of Group employees (4,917) published in the [Annual Management Board Report on the State and Business Operations of the Company and HT Group for the Business Year 2023](#) by 31 Combis employees (29 in Bosnia and Herzegovina and 2 in Serbia)

HT Group employees in Montenegro are employees of Crnogorski Telekom. Out of the total number of employees, five percent were agency workers employed mostly in sales and call center positions.

Culture of diversity and non-discrimination

We take great care in nurturing an inclusive company culture because we believe that the environment in which a person works is a key factor in fostering collaboration, personal development, and collective success. Additionally, we see diversity as a source of ideas, innovation, and novelty that stimulates discussion, proactivity, and creative solutions while simultaneously enhancing our business operations. Therefore, creating a work environment of equal opportunities, inclusivity, and zero tolerance for all forms of discrimination is of utmost importance to us. The values that ensure the achievement of these goals are defined in six Guiding Principles with which the entire organization is familiar. Each of the Guiding Principles has a clear description of specific behaviors, and every individual is expected to understand and apply them in their work. Two of our six Guiding Principles specifically relate to respect for others and a sense of belonging.

We have adopted various codes, policies, and regulations affirm our commitment to respecting diversity and inclusion. We were among the first signatories of the Diversity Charter Croatia, which raises awareness of the importance of diversity in the business world and society as a fundamental value of modern society. These values are also embedded in our [Social Charter](#), [Code of Conduct](#), and Collective Agreement. In early 2024, we made an additional step forward in developing the culture of diversity, inclusion, and equal opportunities we strive for by adopting the [Code of Human Rights](#) promoting respect for employees' rights and the [Diversity, Equity, and Inclusion \(DE&I\) Policy](#). By adopting the latter policy, we commit ourselves to respecting international instruments such as the Universal Declaration of Human Rights, ILO's Declaration on Fundamental

Principles and Rights at Work, Multinational Principles, and Social Policies, the OECD Guidelines for Multinational Enterprises, the Principles of the UN Global Compact, and the UN Guiding Principles on Business and Human Rights.

Crnogorski Telekom also strives to effectively manage this area through a series of regulations. Some of these include the Code of Conduct Implementation Guide for Crnogorski Telekom and Guidelines on respecting the values of diversity, equal opportunities, and inclusion. Additionally, CT is in the process of adopting the Code of Human Rights, while currently adhering to the Directive on Employee Relations at the company level.

In addition to policies, at Hrvatski Telekom we proactively manage this area through a series of activities aimed at educating and raising awareness about unconscious bias and sensitizing individuals towards each other. We educate our managers about our Guiding Principles through programs such as “Leadership Anchors - the Modification of Principles for Managerial Perspectives” to ensure organizational values are successfully applied in their work. Employees undergo education on the Guiding Principles through development programs that are part of their career path, contributing further to the development of the work environment. Additionally, we raise awareness through our “Diversity and Inclusion” website with articles and videos, including the series “Everyone can be themselves here”, which features testimonials and stories from employees who are different in some way from the majority.

Our HR department statistically monitors the representation of all groups in key processes to ensure the adequate inclusion of all employee groups. Specific examples of activities taken to promote inclusivity at HT in 2023 include the following:

- Education “Boosting high potential” which includes three modules directed towards raising inclusivity, which had 150 participants
- “Unconscious bias” and “Inclusivity starts with me” webinars, which had 500 participants

- Leadership Academy, which contains modules on leadership without bias, which had 60 participants
- Educational program for upper middle management which contains several modules relating to EQ, leading with respect and integrity, and building a feedback culture, which had 150 participants
- “Ethical leadership”, a mandatory course for managers
- “Everyone can be themselves here” video series with testimonials from colleagues (6 videos)

At Crnogorski Telekom, we continuously communicate company values and our stance on discrimination issues to employees through Employee Notices on the prevention of harassment, rights, duties, and responsibilities related to harassment, methods of recognizing it, and options for protection from harassment.

We regularly conduct surveys to proactively collect data on the satisfaction of our employees. The results of the satisfaction surveys have shown that the satisfaction level is stable, with minor fluctuations. Specifically, regarding diversity and non-discrimination issues, we consistently receive high scores. Nearly all our employees believe that at Hrvatski Telekom, everyone has equal opportunities for employment and career development, regardless of age, gender and gender identity, sexual orientation, physical and mental abilities, nationality, social and ethnic origin, political beliefs, religion, and worldview. HT provides a safe working environment for everyone, where inappropriate behavior is not tolerated, regardless of the aforementioned categories.

If any of our employees feel threatened, perceive discriminatory practices against them, or are aware of such actions within Hrvatski Telekom, they can utilize the grievance mechanism through the “Tell me!” website or submit an anonymous report via the Ethics Line. They may also directly contact authorized persons responsible for receiving and resolving complaints related to the protection of workers' dignity. According to

internal policies, if a complaint of discrimination on any grounds is found to be justified, the designated person handling complaints related to the protection of workers' dignity is obliged to alert the Company of the need for urgent measures to prevent further harassment or sexual harassment. In 2023, we received one mobbing complaint, following which an internal investigation confirmed the allegations. Subsequently, appropriate measures were taken for sanctions and improvement of existing processes.

Diversity in leadership positions

To ensure that diversity-related influences are properly managed and do not manifest in our work environment, we implement a series of activities aimed at preventing them. We also set goals to determine the direction in which we want to progress and use them to measure our success.

OUR KEY GOALS AND MILESTONES RELATED TO DIVERSITY, INCLUSIVITY, AND EQUAL OPPORTUNITIES ARE:

- Maintain and increase the percentage of women in management positions above 40 percent,
- High level of perception of inclusiveness measured through a regular employee satisfaction survey.

In our organization, we promote gender equality, inclusion, and women's rights. At HT, we have a high percentage of women in leadership positions, and one of the goals of our sustainability strategy is to maintain and increase this percentage above 40 percent. The percentage of women on the Management Board remains the same as the previous year, at 29 percent, which is above the average of the SELECTIO Women Index. This index has been measuring the proportion of women in management boards of companies listed in the CROBEX index for 20 years, and in 2023 it was at 22.2 percent.

Number and percentage of women on the Hrvatski Telekom Management Board in the past three years

Women on the Hrvatski Telekom Management Board	M	F	Total	% of women
2021	4	1	5	20
2022	5	2	7	29
2023	5	2	7	29

Number and percentage of women in managing positions at HT Group in Croatia in the past three years

Women in management positions at HT Group in Croatia	M	F	Total	% of women
2021	104	71	175	41
2022	100	66	166	40
2023	107	68	175	39

Number and percentage of women in managing positions at Crnogorski Telekom in the past three years

Women in management positions at Crnogorski Telekom	M	F	Total	% of women
2021	13	8	21	38
2022	14	8	22	37
2023	15	8	23	35

We strive to demonstrate the strength and equality of women at HT in various ways. For instance, we marked the International Day of Women and Girls in ICT, emphasizing and raising awareness about the importance of encouraging young women in STEM education.

New Collective Agreements signed for Hrvatski Telekom and Crnogorski Telekom

The new Collective Agreement for Hrvatski Telekom was signed on December 13th for a period of three years (until December 31, 2026), maintaining the high level of employee rights from the previous agreement, including the inflation adjustment. With the new agreement, we have significantly raised the pay grade boundaries, ensuring an 8.5 percent increase in the wage budget, and raised the minimum wages by as much as 23 percent. Consequently, from January 1, 2024, more than 800 of our employees received a wage increase, and we have additionally secured a budget for wage increases for at least 3,000 of our frontline and non-frontline employees. The new Collective Agreement guarantees our employees the following additional rights:

Abolition of eight pay grades and reclassification of employees into four job categories
Adjustment of wage and other rights in accordance with the new job category
Minimum wage increase to €900
Easter bonus increase to €130
Increase of the statutory minimum severance pay from 1/3 of the wage to 1/2 of the wage
Signing of the Wage Agreement along with the Collective Agreement, valid until December 31, 2025

Workers not covered by the Hrvatski Telekom Collective Agreement may fall into the category of HT managers and employees of HT Group companies. The rights of Combis employees are regulated by a separate Collective Agreement that covers all Combis employees, while the rights of Iskon employees are regulated by the Work Regulations, which apply to all Iskon employees and are fully aligned with the prescribed requirements of the Croatian Labor Law, often exceeding them. In 2023, the Collective Agreement at Crnogorski Telekom was also signed for a period

of three years, accompanied by a wage agreement for a shorter period in order to allow annual adjustments based on the inflation rate. Agency workers are not covered by the Collective Agreement and do not receive the rights prescribed by it.

The rights we provide to our employees vary depending on the company they work for and are appropriately tailored to job and employee type. Their rights are governed by regulations published in official bulletins or on the Intranet, at least eight days before they are enforced. Regarding flexible working conditions, the Croatian Labor Law introduced the possibility and differentiation between remote work and work at a designated workplace, with a requirement for a contract to be signed. We have concluded such contracts with a total of 3,515 HT Group employees during 2023.

Fair working conditions and compensation

Hrvatski Telekom demonstrates equality through equal pay for equal work, providing benefits to its employees regardless of gender, political, ethnic, religious, or any other diversity categories. Our positions are systematized and categorized into corresponding wage grades outlined in our Regulations on Organizational Structure and Job Systematization, while wage ratios are defined in our Wage Regulations and Collective Agreement.

The gender pay ratio for both managerial and non-managerial positions at HT in 2023 is an excellent indicator that HT lives up to its values. An analysis conducted at HT has shown that our efforts to reduce the gender pay gap have been successful, with no gap exceeding five percent anywhere in the company. In recognition for achieving this goal, we received the “Equal Pay Champion” certificate, awarded through a process completed at the end of 2023.

Gender pay ratio in HT Group in the past three years

Gender pay ratio		2021	2022	2023	2023 interpretation
HT	Non-management	0.95	0.97	0.95	Women on average earn 5% less
	Management	1.01	1.01	1	Equal pay
Combis	Non-management	0.97	0.97	0.97	Women on average earn 3% less
	Management	0.85	1	0.95	Women on average earn 5% less
Iskon	Non-management	0.95	0.95	0.95	Women on average earn 5% less
	Management	1	1	1	Equal pay

In addition to pay equality, we are proud of the salaries we offer, which enable our employees to maintain a high quality of life while keeping us competitive in the job market. At Crnogorski Telekom, the minimum wage exceeds the national average minimum by as much as 90 percent, at HT by 20 percent, and at Combis and Iskon by 10 percent.

Ratio of lowest starting wage at HT Group in Croatia compared to the minimum wage in the Republic of Croatia in the past three years

Ratio of standard entry level wage compared to local minimum wage	2021		2022		2023	
	M	F	M	F	M	F
HT	1.2	1.2	1.2	1.2	1.2	1.2
Combis	1.2	1.2	1.3	1.3	1.1	1.1
Iskon	1.2	1.2	1.1	1.1	1.1	1.1

Ratio of lowest starting wage at Crnogorski Telekom compared to the minimum wage in Montenegro in the past three years

Ratio of standard entry level wage compared to local minimum wage	2021		2022		2023	
	M	F	M	F	M	F
CT	2.4	2.4	1.7	1.7	1.9	1.9

The total annual pay of the highest-paid individual at HT Group is 24 times higher than the median annual pay of HT Group employees (excluding the highest-paid individual). The methodology used to calculate the median did not include employees on long-term sick leave, maternity leave, employees who received payouts or bonuses for the previous year but did not work in the observed year, or those who were not in full-time equivalent (FTE) positions.

Hiring policy

Our hiring policy aims to promote diversity and equal opportunities through various initiatives. In our job postings, we strive to communicate that all candidates are welcome and will be provided with equal opportunities based on their knowledge and the positions they apply for. We transparently offer potential employees opportunities for development, advancement, financial benefits, and flexible working conditions. In addition to educated and qualified candidates, we also aim to provide opportunities for gaining work experience through programs such as Magenta LogIn for interns, which we relaunched in 2023. This program is designed for recent graduates who are eager to make significant strides at the beginning of their careers, acquiring essential knowledge and skills necessary for navigating and advancing in the ICT world. Out of 200 applicants in the first round, nine were selected.

Additionally, we regularly participate in student fairs where we educate young generations about the opportunities HT offers as an employer.

By collaborating with vocational high schools specializing in telecommunications, we provide young people with insights into the jobs that await them and the opportunities we can offer as their future employer if they choose us for their first employer. For new employees, we offer a range of online education sessions, involvement in work processes, and various other programs aimed at making their onboarding process smooth, fast, and pleasant.

At Hrvatski Telekom, we have embraced diversity across all categories. Within our ranks, we employ 90 individuals with disabilities. We also take pride in the age diversity among our employees, which reflects the proportion of the working-age population.

In 2023, the number of our employees over 50 years of age has increased compared to previous years. We consider this a positive sign and a result not only of our initiatives aimed at promoting inclusivity but also of the satisfaction our employees get from the conditions we offer.

HT Group employees in Croatia by gender and age in the past three years

Total employee diversity	2021		2022		2023	
	M	F	M	F	M	F
< 30 years of age	491	275	441	260	400	241
30–50 years of age	1,803	1,166	1,764	1,155	1,598	1,095
> 50 years of age	577	246	603	274	735	347

Crnogorski Telekom employees by gender and age in the past three years

Total employee diversity	2021		2022		2023	
	M	F	M	F	M	F
< 30 years of age	18	18	17	14	22	14
30–50 years of age	172	162	167	152	154	139
> 50 years of age	59	65	63	61	72	69

Measures for ensuring diversity in the workplace

One of the ways we provide equal opportunities for our employees to advance is by offering the possibility of taking parental leave on an equal footing, which our employees have utilized again this year.

Parental leave rights at HT Group in Croatia in the past three years

Parental leave rights	2021		2022		2023	
	M	F	M	F	M	F
Total number of employees eligible for parental leave	115	110	130	116	180	139
Total number of employees who have utilized parental leave	10	95	21	109	58	139
Total number of employees who returned to work after the end of parental leave	10	90	21	106	58	139
*Return rate of employees who have utilized parental leave	100%	95%	100%	97%	100%	100%
Total number of employees who returned to work after the end of parental leave, and who remained employed 12 months after returning to work	8	85	18	101	51	136
**Retention rate of employees who have utilized parental leave	80%	94%	86%	95%	88%	96%

*Return to work rate = Total number of employees that did return to work after parental leave / Total number of employees due to return to work after taking parental leave x 100

**Retention rate = Total number of employees retained 12 months after returning to work following a period of parental leave / Total number of employees returning from parental leave in the prior reporting period(s) x 100

Parental leave rights at Crnogorski Telekom in the past three years

Parental leave rights	2021		2022		2023	
	M	F	M	F	M	F
Total number of employees eligible for parental leave	1	20	1	15	1	13
Total number of employees who have utilized parental leave	1	20	1	15	1	13
Total number of employees who returned to work after the end of parental leave	1	20	1	15	1	13
*Return rate of employees who have utilized parental leave	100%	100%	100%	100%	100%	100%
Total number of employees who returned to work after the end of parental leave, and who remained employed 12 months after returning to work	1	20	1	15	1	13
**Retention rate of employees who have utilized parental leave	100%	100%	100%	100%	100%	100%

*Return to work rate = Total number of employees that did return to work after parental leave / Total number of employees due to return to work after taking parental leave x 100

**Retention rate = Total number of employees retained 12 months after returning to work following a period of parental leave / Total number of employees returning from parental leave in the prior reporting period(s) x 100

Awards and recognition

Thanks to numerous initiatives addressing key employee issues, in 2023 we were the most awarded employer, winning eight “Best Employer Brand” awards for best practices, projects, and activities that result in exceptional employee satisfaction, experience, and engagement, thereby improving customer experience.

For excellence in human resources management and continuous improvement of work processes while tracking global trends in 2023, we

received the Employer Partner status for the ninth consecutive year. Additionally, for the second year in a row, we achieved the “Above and Beyond” excellence award in the areas of Impact, Innovation, and Future, solidifying our position among the top 10 percent of employers in Croatia where human resources management is concerned.

Employees’ health, safety, and wellbeing

The key to a productive employee is their health. Hrvatski Telekom recognizes the importance of both physical and mental health of our employees and the connection of these aspects to individual productivity and result achievement. This is why we strive to ensure and continuously contribute to the safety, health, and work-life balance of our employees. Managing this topic is of strategic importance to HT and is governed by various policies such as the Occupational Health and Safety Regulations, Job Risk Assessments, Health, and Safety Protection Policy at Work, as well as various training manuals for safe working practices and fire safety, and guidelines for safe working practices across all work sites. Certain documentation related to occupational health and safety was updated in 2023. We regularly update the latest changes to these documents and communicate them to our employees through internal web pages. The changes made included training programs, evacuation and rescue plans, procedures for handling workplace injuries, programs and procedures, and instructions for working at heights.

In addition to the aforementioned policies, we also adhere to the national legislative framework which includes European guidelines, directives, and recommendations from the European Centre for Disease Prevention and Control (ECDC), recommendations and guidelines from the Croatian Institute of Public Health (HZJZ), guidelines and directives from the World Health Organization (WHO), and the international standard for occupational health and safety management, ISO 45001:2018.

CT also follows a series of policies and guidelines which ensure high-quality management of the health and well-being of our employees. We adhere to the Directive on Occupational Safety and Health, the Risk Assessment Act, the Internal Procedure for Safe Work, and the Training Program for Safe Work. At the national level, we comply with the Montenegro Law on Occupational Health and Safety, the Law on Protection and Rescue, the Law on Limiting Use of Tobacco Products, the Law on Road Traffic Safety, the Regulation on Signs for Occupational Health and Safety, and the Regulation on the Use of Equipment and Safety at Work. In 2023, CT appointed an employee representative for occupational safety and health.

As part of the “Healthy Living” project conducted in collaboration with the Croatian Institute of Public Health, we achieved the “Health-friendly Company” certification. This certification is designed to promote and implement healthy lifestyle habits, advocate workplace health promotion, and demonstrate care for employees' health. Our next steps include finalizing the digitalization project and improving the accessibility of information on customer websites.

When managing this topic, we rely on a range of indicators to assess the functionality of our occupational health and safety systems. One of these indicators is the implementation status of workplace safety, based on internal audits of compliance with workplace safety rules and findings from inspection authorities. We also monitor the frequency and causes of workplace injuries, occupational diseases, work-related illnesses, and accidents at work, as well as the severity of their consequences. Additionally, we consider the analysis of decisions and conclusions from committee meetings, and track employee satisfaction indicators related to occupational health and safety aspects through satisfaction surveys. The effectiveness of our safety system is also evaluated at the Management Board level.

Activities in this segment are defined by a member of the Management Board and the Chief Human Resources Officer (CHRO), who appoint and assign employees from the Human Resources Services Department to

perform specialized tasks related to occupational health and safety. They receive support from other sectors or departments as needed, depending on the nature of the work, managers, team leaders, worker representatives for occupational safety, and contracted specialist occupational medicine doctors. At the regional level, there are four occupational safety committees and a Central Occupational Safety Committee that serves as an advisory body for improving occupational safety. These committees meet at least once every six months.

We provide our employees with annual medical check-ups and discounts on various health services offered by our partners. We also make continuous efforts to encourage our employees to take advantage of these services, periodically reminding them through our internal channels. In 2023, we expanded our collaboration with healthcare professionals and broadened the range of health services available to employees of the HT Group, encompassing both physical and mental health domains. We also offer a variety of educational content on physical and mental health, including articles, webinars, face-to-face (F2F) sessions, and workshops, accessible to all employees.

We have contracted occupational health services in accordance with regulations on specific healthcare and health insurance in all regions. We ensure appropriate health monitoring for our employees, tailored to the risks, hazards, and stresses they may encounter during their work.

All members of the HT Group are obligated to provide all employees with accident insurance coverage, 24 hours a day, both domestically and internationally. This means that all employees are insured with a 24-hour policy regardless of whether an accident occurs at work or outside of work. The accident insurance policy with an authorized insurance company covers all employees in case of death caused by an accident or permanent disability resulting from an accident. We have also arranged for daily allowances for temporary incapacity for work and coverage of hospitalization costs.

Health services offered to HT employees:

Guaranteed annual medical check-ups for all employees, free of charge
Various vaccinations
Eye examination
Accident insurance
Relaxation exercises available on our websites
B2Run race
Discounts on various health services
Occupational medicine services

New health services offered by CT to their employees in 2023 are:

Guaranteed annual medical check-ups for all employees, free of charge
Guaranteed annual medical check-up for employees with higher-risk occupations, free of charge
Covered costs resulting from outpatient treatment at agreed private healthcare institutions, up to a specified limit
Covered private healthcare for pregnant women and childbirth up to a specified limit (including regular and specialist ultrasound examinations, laboratory analyses, prenatal diagnostics, and the cost of epidural anesthesia during childbirth)

In 2023, there were no fatalities due to work-related incidents, and the number of injuries is shown in the tables below.

Workplace injury rate at HT Group in Croatia in the past three years

Workplace injury rate	Number of injuries / LTI rate						Lost work hours			Lost work days		
	2021		2022		2023		2021	2022	2023	2021	2022	2023
	No.	LTIR	No.	LTIR	No.	LTIR	No.	No.	No.	No.	No.	No.
Total number of workplace injuries	18	2.61	16	2.46	21	3.25	5,736	3,816	6,336	717	477	792
In the work process	13	1.89	10	1.54	14	2.17	4,976	1,656	4,424	622	207	553
Out of work process	5	0.72	6	0.92	7	1.08	760	2,160	1,912	95	270	239

Workplace injury rate at Crnogorski Telekom in the past three years

Workplace injury rate	Number of injuries / LTI rate						Lost work hours			Lost work days		
	2021		2022		2023		2021	2022	2023	2021	2022	2023
	No.	LTIR	No.	LTIR	No.	LTIR	No.	No.	No.	No.	No.	No.
Total number of workplace injuries	6	5.8	7	7.1	5	5.1	2,560	3,388	1,296	320	423	162
In the work process	5	4.9	6	6.1	3	3.1	2,104	3,123	1,296	263	390	162
Out of work process	1	0.97	1	1.01	2	2.04	456	264	0	57	33	0

HT regularly conducts training in the field of health and safety at work to ensure that every employee knows how to behave responsibly and safely, and to reduce the number of workplace accidents. Some of the training sessions conducted in 2023 included the following:

Training for safe work practices (during employment, job changes, changes in work technology, or during the review of Risk Assessment)
Fire extinguishing training (during employment, periodically)
Evacuation and rescue team leader training
Occupational health and safety representative training
Employee first aid training
Training for safely performing work at heights
Education on health protection (during the organization of health protection campaigns). All employees are trained in occupational health and safety and fire protection.

At Crnogorski Telekom, in 2023, we conducted occupational health and safety training that was attended by 85 employees, which represents 18 percent of the total number of CT employees. Additionally, 23 external workers (interns and agency workers) also completed the training.

According to HT's efforts to promote health among our employees, we conduct various activities and projects aimed at raising awareness among our employees about taking care of their own health.

Projects for health and safety protection

Administering COVID-19 and/or meningococcal vaccinations/booster shots for HT employees in Croatia
Administering flu vaccinations for HT employees across all regions
Marking Health Month, April 2023
"Health-friendly Company" certificate
Health campaigns: World Hypertension Day, World First Aid Day, World Day for Occupational Health and Safety, Nutrition/Exercise/Fun is Health, and other health campaigns
Ergonomic training sessions (stretching and relaxation exercises for work or home) in collaboration with renowned trainers
Mental wellbeing webinar
Implementation of first aid training across all regions in collaboration with the Croatian Red Cross
Conducting practical evacuation and rescue exercises for emergencies

In 2023 CT carried out activities such as promoting the "Montenegro Business Run" event to encourage physical activity as a healthy lifestyle and supported the "Race for the Cure" event held in over 25 countries and 150 cities worldwide to raise awareness about breast cancer prevention and support women in their treatment process.

In 2023, HT and CT did not receive any complaints through grievance mechanisms related to occupational health and safety. Employees have the option to submit complaints if they feel their rights have been violated, and they are also encouraged to submit suggestions for implementing occupational health and safety activities. The list and contacts of HT's occupational health and fire protection experts are accessible to everyone on the intranet. For direct reporting, questions, or comments

regarding occupational health and safety matters, employees can use direct e-mail contacts for the occupational health or fire protection departments or other digital tools like the HPSM Service Management Desk.

We manage recognized impacts and additionally monitor negatives through various activities aimed at mitigating and preventing them. Identifying significant negative impacts, as well as risks and opportunities, is crucial for developing plans and implementing measures to systematically monitor their implementation.

The plan of preventive measures refers to rules, measures, procedures, and activities aimed at preventing and reducing risks to ensure a higher level of occupational health protection. We periodically review the implementation of the plan of measures, considering set deadlines, key implementers, and processes for measure control. This plan takes into account the following indicators:

- Implementation status of occupational health protection based on findings from internal audits of the application of occupational health and safety rules at workplaces, as well as findings from inspection authorities,
- The frequency of workplace injuries, occupational diseases, work-related illnesses, and workplace accidents, considering their sources, causes, and severity of consequences,
- Employees' complaints and observations, and workers' safety representatives' feedback on the implementation of occupational health and safety measures, along with their suggestions regarding the identification of hazards, harmful factors, and strains in the workplace,
- Analysis of the implementation of decisions and conclusions from occupational health and safety committee meetings,
- Indicators of employee satisfaction with occupational health and safety aspects measured through employee satisfaction surveys.

We identify risks based on the Risk Assessment process. If a risk is identified as high or significant, we implement a series of measures, such

as disease prevention education and health campaigns, to mitigate or eliminate it. Through periodic checks such as tests, examinations, internal audits, and inspections, we continuously assess our system of preventive measures to ensure its adequate implementation, applicability, and effectiveness. All our employees (including agency workers and students) are covered by our health and safety management system.

Attracting talent, retaining, and developing employees

956
employees
promoted
through
career path
in 2023

To attract new talent and retain quality people who will be interested in their work and willing to go the extra mile, we strive to provide a motivating work environment. Equal opportunities are a key factor contributing to employee satisfaction and engagement. For this reason, we aim to facilitate a straightforward path for career advancement for our employees. Our selection processes are transparent and conducted through structured questionnaires to ensure everyone has equal opportunities when applying. The Employee Performance and Career Management Regulation precisely describes the performance evaluation process and criteria for entering specific career paths, as well as opportunities for advancement, position changes, raises, and development possibilities. We educate our managers on leadership and unconscious bias during employee evaluations to ensure they are objective and fair. Additionally, our “I Know What I Want” platform allows all employees to apply for their desired career changes at any time. This way, ambitious employees are not dependent on nominations or evaluations by their managers. Our “Boosting High Potential” development program supports employees in their career journeys. In 2023, the first generation of participants successfully completed this program. To ensure our employees are satisfied with their conditions, career paths, and the opportunities offered, and to ensure mutual expectations are met, we conduct performance evaluations with all our employees.

Unlike Hrvatski Telekom, Crnogorski Telekom's performance evaluations cover 20 percent of its employees. This includes frontline employees, the sales department for large enterprises and government institutions, the sales department for small and medium enterprises, and the technical support for business customers. This year, negotiations began with the Crnogorski Telekom Union to align the performance evaluation system and extend it to all employees.

The goals set in this domain include achieving 30 percent digital specialists within the HT Group, filling 50 percent of internal positions with our own employees, and ensuring equal opportunities among others. According to our Collective Agreement for Career Advancement, HT as an employer will allocate € 3 million each year for the next two years (a total of € 6 million) to enable wage increases for at least 3,000 employees. As part of the regular process, we align salaries with market rates, which contributes to wage growth. Additionally, each employee receives a monthly inflationary supplement to ensure their quality of life in the current global situation.

Employees who achieve significant success, exceed set expectations, and thereby substantially contribute to HT's goals, are given opportunities for advancement to higher positions and/or wage increases. Simultaneously, all our employees are included in some form of bonus system. Frontline employees receive monthly or quarterly bonuses (depending on the system), while non-frontline employees receive an annual bonus.

When it comes to employee departures and arrivals, in 2023 we did not observe significant anomalies, and all existing changes in the composition of employees can be attributed to normal turnover rates.

HT Group new employee hires and employee turnover in Croatia in the past three years (New employee hires)

New employee hires	2021		2022 ⁶		2023	
	M	F	M	F	M	F
< 30 years of age	99	59	141	91	127	82
30–50 years of age	155	68	155	101	107	83
> 50 years of age	11	2	28	6	21	6

HT Group new employee hires and employee turnover in Croatia in the past three years (Employee turnover)

Employee turnover	2021		2022		2023	
	M	F	M	F	M	F
< 30 years of age	58	46	80	33	63	28
30–50 years of age	258	155	180	105	187	85
> 50 years of age	108	63	65	20	110	34

Crnogorski Telekom new employee hires and employee turnover in the past three years (New employee hires)

New employee hires	2021		2022		2023	
	M	F	M	F	M	F
< 30 years of age	5	4	6	2	10	6
30–50 years of age	3	2	2	1	0	2
> 50 years of age	0	0	0	0	0	0

Crnogorski Telekom new employee hires and employee turnover in the past three years (Employee turnover)

Employee turnover	2021		2022		2023	
	M	F	M	F	M	F
< 30 years of age	1	0	3	1	2	2
30–50 years of age	5	11	4	11	4	8
> 50 years of age	2	2	3	9	3	3

⁶ Due to employee calculation methodology harmonization carried out in 2023 and used in this report, there was a change in the number of new employee hires in 2022 compared to the figures reported in HT Group Sustainability Report 2022

In 2023, HT conducted the Pulse survey once again to gauge employee satisfaction. The survey included 80 percent of employees, and the results showed stability compared to previous surveys, with fluctuations of up to three percent in either direction. The survey indicated that overall employee engagement is at 80 percent, exceeding the set target, while overall satisfaction stands at 78 percent.

CT also conducted an employee satisfaction survey in which 66 percent of employees participated, revealing an increase in satisfaction in 2023 compared to the previous year, reaching 79 percent. We identified an increase in satisfaction across all aspects except for career development, which remained unchanged from the previous year. We will focus specifically on addressing this in 2024.

The opportunity for development and a continuous sense of progress that we strive to incorporate into our work environment largely depends on learning opportunities. That is why HT conducted many training sessions for our employees and management in 2023. As much as 80 percent of our employees participate in at least one educational activity annually, with an average satisfaction rating of 4.8 out of 5.

Education hours per HT employee in the past three years

Hours of education		2021		2022		2023	
		M	F	M	F	M	F
Management	Average	30	31	30	32	31	32
	Total	2,100	1,900	2,350	2,300	2,300	2,180
Employees	Average	31	36	32	37	37	38
	Total	64,500	62,500	64,800	63,100	84,600	82,000

The types of education we offer are designed for our specialists and leaders, or those aspiring to become ones. These programs provide interactive learning with access to various channels and platforms available to participants. Additionally, these activities promote networking among our employees, which undoubtedly aids in their ongoing career and interpersonal development. The numbers in the table indicate the number of participants in these programs since their beginning.

For experts		For leaders	
<i>Boosting high potential</i>	150	<i>Level Up</i>	150
<i>Different view think weeks</i>	130	<i>Leadership Academy</i>	170
<i>Compass</i>	700	<i>Board Challenger</i>	10
<i>Eightfold</i>	950	<i>30under30</i>	2
		<i>Level Up Next Gen</i>	20

We also provide internal online platforms which are accessible 24/7, such as Percipio and Learning together, offering over 100 different educational activities annually. These types of education are available to most employees, providing precise and concise insights into specific topics that can be accessed at any time, making them more flexible.

The number of education hours conducted at Crnogorski Telekom in recent years is displayed in the table, showing that CT systematically works on increasing training hours for all its employees.

Education hours per CT employee in the past three years

Education	Number of hours	2021		2022		2023	
		M	F	M	F	M	F
Management	Average	16	16	23	23	27	27
	Total	208	128	345	184	432	216
Employees	Average	10	10	15	16	18	18
	Total	2,435	2,563	3,643	3,758	4,571	4,046

In 2023, CT's focus was on enhancing employee education, skill development, and personal responsibility. We achieved this by promoting digital platforms, and developing technical and digital skills to better understand digital changes and transformations such as Artificial Intelligence, Data Analytics, Software Development, Machine Learning, and Customer Centric Communication. We also conducted a series of educational and interactive initiatives such as “The Strength of a Successful Team”, “Good to Great Program”, “Frontline Academy – Achieving Extraordinary Results through Excellent Service”, and we implemented the “Flourish application for emotional intelligence development”.

We strive to keep our employees motivated, and to meet this goal we offer a variety of monetary and non-monetary rewards. Some of the rewards we provide include bonuses and wage supplements for various significant life events of our employees, such as assistance for childbirth, subsidized parental leave, and severance packages that exceed the legally mandated minimum. As for non-monetary rewards, we offer employee discounts, accident insurance, regular health check-ups, contributions to third-pillar pension plans, and many others.

	Monetary benefits	Non-monetary benefits
HT and CT	Severance payments above the legal minimum	Subsidized sport activities (HT Olympics, Multisport card, etc.)
	A gift for a child	Accident insurance beyond the legal minimum
	More favorable banking affair conditions	General medical examination (beyond the legal requirement)
	One-time assistance for the birth of a child	Multisport card
	Financial assistance (in case of death, serious illness of an employee or a close family member, assistance for the education of children of single parents and children of deceased workers)	Paid leave (for example for additional education)
	Transportation fee	Employee discounts
	Reward programs outside the bonus scheme and variable wage (eg. “Hvala Ti!”, ad-hoc bonuses, etc.)	Company products
	Subsidizing parental leave	Third pension pillar
	Credit cards	Mobile phone for personal purposes
	Fixed fee for €66.36	More favorable bank loans (own HT loans)
HT	Christmas Bonus	Small incentives (movie theater and event tickets, bookstores, birthday presents...)
	Reimbursement	Subsidized meals (lower prices in the company restaurant)
	Fee for a hot meal	
CT		Right to a greater number of annual leave days
		Subsidized pediatric examinations
		Free Flourish mobile app for emotional intelligence development

We promote motivation and the development of relationships between people and departments through sports. This year, we organized the HT Olympics, with 1,000 employees participating. Qualifications were held in six disciplines, and the final involved 600 employees competing in 13 different sports over two full days dedicated to sports and entertainment.

GRI indicators

GRI standard	Disclosure	Page	Chapter
GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
GRI 2: General Disclosures 2021	2-1 Organizational details	9–10	02. About Us
	2-2 Entities included in the organization's sustain-ability reporting	9	02. About Us
	2-3 Reporting period, frequency and contact point	53	05. Corporate Governance
	2-4 Restatements of information	171	/
	2-5 External assurance	/	/
Activities and workers			
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	9–13	02. About Us
	2-7 Employees	148–149	10. The Best Team in the Industry
	2-8 Workers who are not employees	148–149	10. The Best Team in the Industry
Governance			
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	14–17	02. About Us
	2-10 Nomination and selection of the highest governance body	14–16	02. About Us
	2-11 Chair of the highest governance body	15	02. About Us
	2-12 Role of the highest governance body in overseeing the management of impacts	50–52	05. Corporate Governance
	2-13 Delegation of responsibility for managing impacts	50–51	05. Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	50–53	05. Corporate Governance
	2-15 Conflicts of interest	63	05. Corporate Governance

2-16 Communication of critical concerns	60–63	05. Corporate Governance
2-17 Collective knowledge of the highest	51–52	05. Corporate Governance
2-18 PEvaluation of the performance of the highest governance body	51	05. Corporate Governance
2-19 Remuneration policies	51, 155–157	10. The Best Team in the Industry
2-20 Process to determine remuneration	/	Annual Management Board Report on the State and Business Operations of the Company and HT Group for the Business Year 2023
2-21 Annual total compensation ratio	157	10. The Best Team in the Industry

Strategy, policies and practices			
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	5-7, 41-47	04. Sustainability Strategy
	2-23 Policy commitments	49-50, 61, 63-65, 82, 98, 103, 138, 144, 149, 161, 169	05. Corporate Governance 07. The Best Customer Experience 08. Towards a Greener Future 09. Equal opportunity Digital Society 10. The Best Team in the Industry
	2-24 Embedding policy commitments	37-39, 49-51, 64-66, 129, 138, 147, 161	03. The Sustainability Context in 2023 05. Corporate Governance 08. Towards a Greener Future 09. Equal opportunity Digital Society 10. The Best Team in the Industry
	2-25 Processes to remediate negative impacts	35, 60-63, 75-76, 82-83, 100, 151, 167-168	03. The Sustainability Context in 2023 05. Corporate Governance 06. Digital Infrastructure for a Better Future 07. The Best Customer Experience

GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	62, 76, 82-83, 100, 151, 167-168	05. Corporate Governance 06. Digital Infrastructure for a Better Future 07. The Best Customer Experience 10. The Best Team in the Industry
	2-27 Compliance with laws and regulations	49-50	05. Corporate Governance
	2-28 Membership associations	13-14	02. About Us
	2-29 Approach to stakeholder engagement	31-35	03. The Sustainability Context in 2023
GRI 2: General Disclosures 2021	2-30 Collective bargaining agreements	154-155	10. The Best Team in the Industry

GRI standard	Disclosure	Page	Chapter
Material topics			
GRI 3: Material Topics 2021	3–1 Process to determine material topics	27–35	03. The Sustainability Context in 2023
	3–2 List of material topics	36	03. The Sustainability Context in 2023
Business ethics, compliance, and cooperation with suppliers			
GRI 3: Material Topics 2021	3–3 Management of material topics	60–61	05. Corporate Governance
GRI 204: Procurement Practices 2016	204–1 Proportion of spending on local suppliers	67	05. Corporate Governance
GRI 205: Anti-Corruption 2016	205–1 Operations assessed for risks related to corruption	62	05. Corporate Governance
	205–2 Communication and training about anti-corruption policies and procedures	61–63	05. Corporate Governance
	205–3 Confirmed incidents of corruption and actions taken	63	05. Corporate Governance
GRI 307: Environmental Compliance 2016	307–1 Non-compliance with environmental laws and regulations	120	08. Towards a Greener Future
Network expansion, maintenance and infrastructure management			
GRI 3: Material Topics 2021	3–3 Management of material topics	69	06. Digital Infrastructure for a Better Future
GRI 201: Economic performance 2016	201–4 Financial assistance received from government	70	06. Digital Infrastructure for a Better Future
GRI 203: Significant indirect economic impacts 2016	203–1 Infrastructure investments and services supported	70, 73–74	06. Digital Infrastructure for a Better Future
	203–2 Significant indirect economic impacts	71–75	06. Digital Infrastructure for a Better Future
Sustainable Digital Solutions			
GRI 3: Material Topics 2021	3–3 Management of material topics	84	07. The Best Customer Experience

GRI 203: Significant indirect economic impacts 2016	203–1 Infrastructure investments and services supported	84–86	07. The Best Customer Experience
	203–2 Significant indirect economic impacts	87–91	07. The Best Customer Experience
Data protection, cyber- and IT security			
GRI 3: Material Topics 2021	3–3 Management of material topics	92–95	07. The Best Customer Experience
Data privacy			
GRI 3: Material Topics 2021	3–3 Management of material topics	98–99	07. The Best Customer Experience
GRI 418: Customer Privacy 2016	418–1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	100–101	07. The Best Customer Experience
Quality of service and customer relations, collaboration and customer satisfaction			
GRI 3: Material Topics 2021	3–3 Management of material topics	79–83	07. The Best Customer Experience
Limiting the impact of climate change (energy efficiency and GHG emissions)			
GRI 3: Material Topics 2021	3–3 Management of material topics	103–105	08. Towards a Greener Future
GRI 302: Energy 2016	302–1 Energy consumption within the organization	108, 110	08. Towards a Greener Future
	302–4 Reduction of energy consumption	106–110	08. Towards a Greener Future
GRI 305: Emissions 2016	305–1 Direct (Scope 1) GHG emissions	112–113	08. Towards a Greener Future
	305–2 Energy indirect (Scope 2) GHG emissions	112–113	08. Towards a Greener Future
	305–3 Other indirect (Scope 3) GHG emissions	114–115	08. Towards a Greener Future
	305–5 Reduction of GHG emissions	110–114	08. Towards a Greener Future
	305–7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	114	08. Towards a Greener Future
Circular economy and resource efficiency			
GRI 3: Material Topics 2021	3–3 Management of material topics	116–118	08. Towards a Greener Future
GRI 301: Materials 2016	301–3 Reclaimed products and their packaging materials	117–119	08. Towards a Greener Future

GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	116	08. Towards a Greener Future
	306-2 Management of significant waste related impacts	119-121	08. Towards a Greener Future
	306-3 Waste generated	121	08. Towards a Greener Future
	306-4 Waste diverted from disposal	121	08. Towards a Greener Future
	306-5 Waste directed to disposal	121	08. Towards a Greener Future
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	120	08. Towards a Greener Future
Digital inclusion and literacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	137-138	09. Equal opportunity Digital Society
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	139-141	09. Equal opportunity Digital Society
Culture fostering diversity and non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	147-148	10. The Best Team in the Industry
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	156-157	10. The Best Team in the Industry
GRI 402: Labor management relations 2016	402-1 Minimum notice periods regarding operational changes	155	10. The Best Team in the Industry
GRI 404: Training and education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	150-151	10. The Best Team in the Industry
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	152-153	10. The Best Team in the Industry
	405-2 Ratio of basic salary and remuneration of women to men	155-156	10. The Best Team in the Industry
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	151-152	10. The Best Team in the Industry
Employees' health, safety and wellbeing			
GRI 3: Material Topics 2021	3-3 Management of material topics	161-162	10. The Best Team in the Industry

GRI 403: GRI Occupational Health and Safety 2018	403-1 Occupational health and safety management system	161	10. The Best Team in the Industry
	403-2 Hazard identification, risk assessment, and incident investigation	168	10. The Best Team in the Industry
	403-3 Occupational health services	164	10. The Best Team in the Industry
	403-4 Worker participation, consultation, and communication on occupational health and safety	162-163	10. The Best Team in the Industry
	403-5 Worker training on occupational health and safety	166-168	10. The Best Team in the Industry
	403-6 Promotion of worker health	162-164, 175	10. The Best Team in the Industry
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	167-168	10. The Best Team in the Industry
	403-8 Workers covered by an occupational health and safety management system	161	10. The Best Team in the Industry
	403-9 Work-related injuries	165	10. The Best Team in the Industry
	403-10 Work-related ill health	165	10. The Best Team in the Industry
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GRI 3: Material Topics 2021	3-3 Management of material topics	169-170	10. The Best Team in the Industry
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	170-171	10. The Best Team in the Industry
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	175	10. The Best Team in the Industry

GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	172-174	10. The Best Team in the Industry
	404-2 Programs for upgrading employee skills and transition assistance programs	173	10. The Best Team in the Industry
	404-3 Percentage of employees receiving regular performance and career development reviews	169	10. The Best Team in the Industry

