



2023

*Connecting worlds, **building the future***

DALEKOVOD GROUP SUSTAINABILITY REPORT



OUR MISSION

Developing and maintaining business relations with domestic and foreign partners, while ensuring high quality standards in the field of engineering, production and construction of power, road, railway and telecommunication infrastructure based on years of knowledge and tradition, innovation and strong social responsibility and trust in successful performance of all the works.

OUR VISION

To become an international company in providing a comprehensive and quality service of engineering, production and construction of power, road, railway and telecommunication infrastructure by, first and foremost, strengthening positions on foreign markets, contracting new work and penetrating new markets, all based on long-term tradition, knowledge, competitiveness, innovation and reliability.

OUR VALUES

Our fundamental values are based on: our employees, care for the environment, performing work and doing business in a legal and ethical manner and our relationship toward stakeholders.



PRESIDENT OF THE MANAGEMENT BOARD INTRODUCTORY


Dear Reader,

We at Dalekovod are first of all happy and proud that our basic products – design, construction and supply of materials for electric power lines and railway electrification – contribute directly to green transition and thus meet the preconditions for achieving a balance between the environment, society and our activities to meet the requirements of development, without endangering the prospects of the next generations.

Due to the nature of our work which encompasses working on unapproachable terrain, in all weather conditions, short deadlines for disconnecting voltage or closing traffic, using heavy machinery and needing to motivate younger generations to accept this kind of work, achieving such a balance is a challenging task.

However, this year, when we are celebrating the big 75-year anniversary of successful business operations, we look back with satisfaction. We are rightfully satisfied and proud of all the projects we have implemented, both the far-reaching ones, strategic on the national and international market, but also those daily ones focused on improving the satisfaction of people, their safety and well-being. We are proud of each step we took demonstrating the efforts invested in preserving the environment and nature.

We remained loyal and consistent with all the strategic business determinants by which we guarantee transparent, fair, stable and sustainable business. We continued cooperating with educational institutions, aware of the potential of young, educated and highly motivated people in regard to our company, but also the society and economy in Croatia.



The report we have been preparing for the second year in a row, in the text below, through details, statistical data and descriptions reflects our continued commitment to sustainability and stability in each business segment.

Once again, in 2023, our business was based on taking care of each other, developing projects dedicated to each detail and step in the process, while taking care of the environment and the community.

As with each transaction of major value, there have been plenty of challenges, but together, guided by the idea of team success and dedicated to excellence, we have proved that the values we nourish are the best pointer to a correct, proper and safe way to success and growth.

Our dedication to people and their well-being is reflected in creating a safe, stimulative and inclusive work environment. The strong team spirit we continuously nourish was thus the key precondition for realizing the set objectives and achieving results at all levels.

Investing in the development and safety of our employees, we not only ensure their future, but also the future of our company. We promote responsible and efficient resource management and use of energy, we invest in new technologies. Each of our projects have set deadlines, required quality and defined performance indicators, but the care for a better, safer, healthier and greener world does not follow a workflow, meaning our job in that sense is never done. There is always room for that additional step forward, some extra effort, which is why we remain dedicated to the idea of building a more responsible, positive and sustainable business. We don't see our responsibility toward nature as an obligation, but as an opportunity to create new values for all the actors and the society as a whole. We also described our commitment to sustainability in the Sustainability Strategy, which we started working on in 2023 and adopted in mid-2024.

The business successes we achieved last year are a result of strategic decisions, committed and transparent work and cooperation within the entire organization, and the results summarized below are only part of the puzzle we are working on together wishing for a greener, better and healthier future. The care for people, the community and the environment and fair management of all internal and external business processes were, are and will be the key determinants of business operations of Dalekovod Group. We believe that the mission and vision we were guided by in the last 75 years, with ESG principles we committed to abide by, will continue to lead Dalekovod in the right direction in the years to come.

Eugen Paić-Karega





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ABOUT THE DALEKOVOD GROUP

About the Dalekovod Group

FROM OUR BEGINNINGS TO THE PRESENT

We were founded in 1949, under the name Dalekovod, as a state-owned company for the construction and installation of transmission lines and substations. In those years, we performed reconstruction works on the existing distribution network and stations, carried out the construction of the 110 kV transmission line Vinodol – Rakitje and Vinodol – Matulji, as well as numerous other 35 and 10 kV transmission lines and low-voltage networks. Shortly after, in addition to performing construction and installation works, our company started to design and produce power facilities. At the start of the 60s, Dalekovod made significant advances in foreign markets in Togo, Cambodia, Pakistan and Guinea. A decade later, we became a part of the activities related to the commissioning of the strategically important 400 kV network called the “Nikola Tesla” ring. Our workers have continuously demonstrated their knowledge and ability from the very beginning – they also participated in the repair of the 400 kV Konjsko – Melina transmission line route, when Velebit, Kapela and parts of the Slovenian coast were affected by freezing rain that lasted several days in the 80s, and ice deposits collapsed and damaged more than 90 towers.

Dalekovod participated in the construction of the 400 kV transmission line Melina – Tumbri, a very important line for the functioning of the split electricity system at the beginning of the Croatian War of Independence. At the end of the 90s and the start of the new millennium, Dalekovod was engaged in the reconstruction of transmission lines and substations throughout Croatia and the construction of numerous capital power facilities. The projects abroad, in Norway and Greenland and Iceland, intensified shortly after, and we also participated in the construction of the 400 kV transmission line Tirana – Podgorica in Albania and Montenegro. The real venture was the design, construction and commissioning of the 390 km long 500 kV transmission line Agadyr – YukGres in Kazakhstan. Today, Norway and Sweden are the primary markets for the company and generate most of the revenue.

In addition to its activities in the primary energy sector, in the last 20 years, Dalekovod has made significant advances in the transport and ICT sector and has equipped numerous tunnels in Croatia, with a total length of 80,473 m – Sveti Rok, Mala Kapela and Sveti Ilija on Biokovo. Aside from equipping the tunnels, the experts at Dalekovod have carried out numerous other works on roads and motorways – ranging from relaying and protection of installations, installation of traffic equipment and signalling systems, power supplies and lighting to the installation of telecommunications equipment and the manufacturing and installation of guard rails and wire fences. Additionally, Dalekovod participated in the construction of the Kresimir Ćosić Hall in Zadar and Arena Spaladium in Split, as well as in the extension of the ambulance building in Zagreb and Dubrovnik Airport.

In 2009, Dalekovod's shares were included on the official list of the Zagreb Stock Exchange, and a year later, advances were made toward the design and construction of renewable energy sources, i.e. wind turbines.



ABOUT THE DALEKOVOD GROUP

In addition to the new sectors, Dalekovod has continued to achieve success in the primary energy sector. This was followed by a number of challenging years for Dalekovod. The period was marked by the beginning and successful completion of operational and financial restructuring, the decline of economic activity during the pandemic, the energy crisis and the unstable geopolitical situation. However, Dalekovod has always been able to come out on top. Our main strength lies in our workers, and their readiness to work and acquire new knowledge and skills, while improving the existing ones in line with rapid changes and new technologies in the energy, transport and ICT sectors.

THE DALEKOVOD GROUP IN 2022

GRI 2-1

In more than seven decades of its existence, Dalekovod has grown into a company whose quality has been recognized in more than 80 countries all over the world. In 2023, Dalekovod Group comprises companies that have their headquarters in Croatia: Dalekovod d.d., Dalekovod Projekt d.o.o., Dalekovod MK d.o.o.

(on 18 January 2024, the company Proizvodnja MK d.o.o. changed its name to Dalekovod MK d.o.o.), Dalekovod OSO d.o.o. (on 22 December, the company Proizvodnja OSO d.o.o. changed its name to Dalekovod OSO d.o.o.), Dalekovod EMU d.o.o. and Cinčaonica usluge d.o.o. u likvidaciji (under liquidation).

The Dalekovod Group also includes companies, subsidiaries and representative offices abroad.

<http://www.dalekovod.hr/u-svijetu.aspx>

Dalekovod's shares are located on the official market of the Zagreb Stock Exchange under the stock symbol DLKV. We are therefore obliged to do business not only in accordance with our positive management practices but also with the principles of the Zagreb Stock Exchange Corporate Governance Code.

After the completion of the financial restructuring procedure of Dalekovod and the election of new members of the Supervisory Board in March 2022, the conditions were created for acquiring supervision of the Dalekovod Group companies and inclusion in Končar's business activities and consolidated financial and non-financial statements. The company Napredna energetska rješenja d.o.o. became the majority owner of Dalekovod with more than 75 % share, and institutional investors registered and paid in HRK 100 million. After the company KONČAR - Ulaganja d.o.o. (in one-hundred percent ownership of Končar - Elektroindustrije d.d.) accepted the offer of the company Construction Line Limited (CL) for the repurchase of the share in the company Napredna energetska rješenja d.o.o., in October 2023, and after all the obligations foreseen by the relevant legislation, which are a precondition for concluding the transaction, have been met, CL and KONČAR - Ulaganja d.o.o. carried out the share transfer on 6 June 2024. In this manner, the company KONČAR - Ulaganja d.o.o. became the only member of the company Napredna energetska rješenja d.o.o., and thus also the holder of 75.16 % of the shares of Dalekovod d.d.

ABOUT THE DALEKOVOD GROUP

The transaction and the entry of the relevant change in the court register of the Commercial Court in Zagreb completed the process of the financial restructuring of Dalekovod Group and its integration into KONČAR Group.

Thus, Dalekovod continued its successful business in synergy with KONČAR Group and strengthens its position of a reliable partner in design, production and construction, renovation and modernization of the power transmission and distribution network as well as traffic - road and railway infrastructure.

The Dalekovod Group's companies with headquarters in the Republic of Croatia, form of ownership and markets

Name, legal form and ownership	Ownership	Headquarters	Markets
Dalekovod d.d.	Private after conversion	Marijana Čavića 4 Zagreb Republic of Croatia	In 2023, The Dalekovod Group’s companies operated in the markets of Croatia, Slovenia, Bosnia and Herzegovina, Norway, Sweden, Finland, Italy, Slovakia, Macedonia, Kosovo, Montenegro, Ukraine, Ireland, and Cyprus
Dalekovod Projekt d.o.o.	Wholly owned by Dalekovod d.d.	Vukomerička ulica 9 Velika Gorica Republic of Croatia	
Dalekovod MK d.o.o.			
Dalekovod OSO d.o.o.			
Cinčaonica usluge d.o.o. in liquidation			
Dalekovod EMU d.o.o.		43. ulica br. 36 Vela Luka Republic of Croatia	

SUSTAINABILITY REPORTING

GRI 2-2/2-3/2-4/2-5

Since 2007, Dalekovod d.d. has been a member of UN Global Compact, and since 2010, we have been publishing Social Responsibility Reportson our website. By becoming a member, we have committed to continuously adjust and improve our business with an emphasis on human rights, labour law, environmental protection and responsible corporate governance.

<https://www.dalekovod.hr/un-global-compact.aspx>

Taking into account the long-term history of Dalekovod's operation, the achievements in the domestic and foreign markets, the readiness of our employees to accept and solve challenges using new technologies and openness to acquiring new and improving existing knowledge and skills, in 2022, we decided to prepare a Report on Business and Sustainability of the Dalekovod Group.



ABOUT THE DALEKOVOD GROUP

As a continuation of our last year's report which, after years of various forms of non-financial reporting, was the first of its kind from Dalekovod Group, this Report on Business and Sustainability of Dalekovod Group for 2023 (hereinafter: the Report) contains updated information on changes and progress in relation to the previous period. We prepared the Report according to consolidated GRI standards from 2021 and published it on the Dalekovod Group's website.

The Office for Corporate Communications is responsible for the preparation and publication and inquiries about the Report, e-mail: glasnogovornik@dalekovod.hr

The Report includes the Dalekovod Group companies with headquarters in Croatia.

The audited Consolidated and Non-consolidated Financial Statement for 2023 also includes Dalekovod Ljubljana d.o.o. with headquarters in Ljubljana, Slovenia and Dalekovod Mostar d.o.o. with headquarters in Mostar, Bosnia and Herzegovina. The Report and the audited Consolidated and Unconsolidated Financial Report for 2023 shall refer to the same period from 1 January to 31 December 2023. The auditor of the Consolidated and Non-Consolidated Financial Report for 2023 has determined the compliance of the content of the Report on Business and Sustainability for 2023 with the content prescribed by Article 21 of the Law on Accounting.

PRODUCTS, SERVICES AND VALUE CHAIN

Products, services and value chain

GRI 2-6/2-7/2-8/2-29/2-30/401-1

PRODUCTS AND SERVICES

GRI 2-6

The Dalekovod Group's companies provide design, manufacturing and construction services in the energy, road and rail transport sectors.

Products and services of the Dalekovod Group

Products and services	Design	Manufacturing	Construction	EM field measurement and meter calibration
TRANSMISSION LINES (TL)	TL up to the voltage level of 750 kV	Suspension and jointing equipment up to 750 kV, steel structures, steel lattice and polygonal TL towers up to the voltage level of 750 kV	TL up to the voltage level of 750 kV	-
TRANSFORMERS (TS)	TS to voltage level of 400 kV	Busbars, jointing equipment, steel structures	TS to voltage level of 750 kV Installation, testing, equipment and commissioning	-
INFRASTRUCTURE	Electrical supply, cables, lighting Overhead contact line and railway power supply	Lighting columns and fences Portals and road equipment Portals and overhead contact line for railway infrastructure	Equipping tunnels, roads and highways Construction of power supplies and overhead contact line for railway infrastructure Construction of halls and industrial plants	Measurement and testing of low- and high-frequency electromagnetic fields Meter calibration



PRODUCTS, SERVICES AND VALUE CHAIN

DESIGN AND CONSTRUCTION

Dalekovod has constructed more than 15,000 kilometres of lines of up to 750 kV, OPGW (Optical Ground Wire) cables in a total length of more than 4,000 km, more than 700 base stations for GSM mobile phones, more than 500 km of projects for road and highway infrastructure and 23 tunnels.

Dalekovod d.d. is specialized in the performance of turnkey contracts. In Dalekovod d.d., coordinated activities include the development of technical documentation, offering, planning and managing construction projects to implementation, for all overhead and underground lines with the voltage level of 0.4 kV to 750 kV, substations up to 750 kV, antennas of all purposes and types and infrastructure facilities (roads, railways, gas, water) and industrial buildings.

Dalekovod Projekt d.o.o. performs design, supervision, consulting and engineering activities, and this includes the development of conceptual, main and execution designs, depending on the requirements of the investor.

Dalekovod Projekt is implementing projects related to the transmission and distribution of electricity, renewable energy sources, projects in the ICT sector and the road and rail transport sector in Croatia and abroad.

MANUFACTURING

Manufacturing activities are carried out in two companies Dalekovod MK d.o.o. and Dalekovod OSO d.o.o.

Manufacturing activities refer to the suspension and jointing equipment for power facilities, in particular, transmission lines from 0.4 to 1000 kV and metal structures for substations of all types and voltage levels up to 500 kV, telecommunication facilities and all types of networks and antennas, metal parts for roads – road lighting, security fences and signalling, metal parts for tunnel lighting, metal traffic management equipment and metal parts for equipment for the electrification of railway lines and trams in cities.

Until now, we have delivered more than 15,000 tons of metal structures and 3,500 tons of suspension and jointing equipment for the implementation of our projects in more than 40 countries around the world.

In 2023 Dalekovod MK d.o.o. manufactured and processed 3,380 tons of metal structures, i.e. about 16 per cent less than in 2022. The reduction in production and processing was influenced by a change in the product range (the share of the range with a higher share of work and value increased) in the total volume of production both on the domestic and foreign markets.

Dalekovod OSO d.o.o. produced and processed 1,987 tons of suspension and connection material which is a 40-percent increase in relation to the same period last year. An increase in quantitative indicators is a



PRODUCTS, SERVICES AND VALUE CHAIN

result of the Book of Contracted Works being completed well which has a favourable effect on income stability in the next period.

ELECTROMAGNETIC FIELD MEASUREMENT AND METER CALIBRATION

Activities of measuring and testing high- and low-frequency electromagnetic fields and calibration of electrical energy meters were carried out during 2023 in the company Dalekovod EMU d.o.o. The calibration of electrical energy meters was performed for companies possessing sources of high-frequency and low-frequency radiation, as well as for the calibration performed in the company's calibration station in Vela Luka for the needs of HEP- Operator distribucijskog sustava d.o.o..

QUALITY CONTROL

To deliver quality products to customers, Dalekovod conducts continuous quality control during the manufacturing process consisting of: control of input material that must meet the required specifications, interim control, final control of the finished product according to customer requests, testing at takeover when the product is controlled by the customer, and control of the documentation submitted to the customer, according to the prescribed operating procedures. The testing and quality control of our products is carried out by Dalekovod Laboratory for electromechanical and chemical testing. The Dalekovod Laboratory is fully structured according to HRN EN ISO/IEC 17025 and has all the necessary resources for operation..

OUR SUPPLIERS

GRI 2-6/2-29

Almost all of our suppliers in 2023 had headquarters in the countries of the European Union. The negative effects of the pandemic, which led to a decrease in the volume of business and occasional difficulties in the supply chain, were further exacerbated by the Russian-Ukrainian crisis, which caused the rise in prices of materials and raw materials and consequently increased inflationary pressures on other costs, which also reflected on the profitability of the Dalekovod Group. Economic indicators for 2023 are described in the chapter Performance Indicators and the Consolidated and Non-consolidated Financial Report for 2023 published on our website. Cooperation with suppliers is based on the principles and requirements of ISO standards related to continuous improvement of product quality and process management – ISO 9001:2015, environmental management – ISO 14001:2015, energy management – ISO 50001:2018 and health and safety management systems – ISO 45001:2018. Operational procedures for all business processes and procedures for the procurement of products and services necessary for the manufacturing and provision of services of the Dalekovod Group's companies are defined according to the principles and requirements of the abovementioned standards. The list of suppliers is defined by internal procedures, and the verification of existing and new suppliers is carried out by Dalekovod through a survey. All suppliers that have implemented certified systems according to ISO 9001, ISO 14001, ISO



PRODUCTS, SERVICES AND VALUE CHAIN

ISO 9001 and ISO 45001 are automatically included on the list of eligible suppliers. The questionnaire is intended for suppliers to complete data on the quality management system, business impacts on the environment, respect for labour and human rights, non-discrimination and provision of equal opportunities to all employees, management practices according to ethical principles against bribery and corruption and prevention of child labour. We evaluate significant suppliers at the end of each year, taking into account the quality of performance and delivery within the given deadlines. We determine significant suppliers based on the type of business relationship, participation in significant projects and the monetary value of payment for goods, services and works. The number of suppliers varies significantly from year to year and depends on the projects we carry out, as well as the goods, services and works we procure. The selection of suppliers often begins at the phase of project offering, when potential suppliers and tender conditions are defined, and investors also often define within the tender documentation in advance several suppliers whose equipment is used in the implementation of the project. The result of the work gained in the tender is the signing of contracts with the best suppliers of equipment for each individual project. Annual contracts are concluded with suppliers for scheduled procurements, which are repeated regardless of the projects themselves. Other annual contracts refer to services and certain materials the procurement of which is carried out independently of the projects themselves. The General Terms and Conditions of the Dalekovod Group are publicly available on our website.

Article 10

of the General Terms and Conditions regulates the information, material declaration, hazardous substances in electrical and electronic equipment (RoHS), packaging, hazardous cargo and environmental protection are regulated, and Article 11 regulates anti-bribery and anti-corruption procedures and the Code of Conduct for contractors. In 2023, we cooperated with 24 significant tier 1 direct suppliers and there were no new suppliers.

THE DALEKOVOD GROUP'S AND SUPPLIERS' WORKERS

GRI 2-7/2-8/2-30/401-1

THE DALEKOVOD GROUP'S WORKERS

GRI 2-7/2-30/401-1

On 31 December 2022, the Dalekovod Group's companies employed 1,006 workers – 882 men and 124 women. The place of work for 723 workers employed in Dalekovod and Dalekovod Projekt is Zagreb, 263 employees of Dalekovod MK and Dalekovod OSO work in Velika Gorica, and 10 workers of Dalekovod EMU work in Vela Luka. Depending on the needs of active projects, a significant number of workers, especially fitters, were posted to work in the field in Croatia and abroad.

Compared to 2022, when the Dalekovod Group's companies employed 1,1060 workers, the number of employees in 2023 decreased by 5,1%. In 2023, 95% of the workers were employed on a permanent basis, and 99% of the workers worked full-time. In doing so, the worker, the type of employment contract and

PRODUCTS, SERVICES AND VALUE CHAIN

working hours are defined according to the Collective Agreement that is in accordance with the Labour Act.

Workers according to the type of employment contract, working hours and gender in the Dalekovod Group in 2023/2022

	Dalekovod		Dalekovod Projekt		Dalekovod MK		Dalekovod OSO		Dalekovod EMU		TOTAL	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Permanent workers	642	586	88	89	107	103	157	162	10	10	1004	950
Men	580	519	63	64	104	99	137	139	7	7	891	828
Women	62	67	25	25	3	4	20	23	3	3	113	122
Temporary workers	44	45	5	3	2	6	5	2	0	0	56	56
Men	40	45	3	2	1	5	5	2	0	0	49	54
Women	4	0	2	1	1	1	0	0	0	0	7	2
UKUPNO	686	631	93	92	109	109	162	164	10	10	1060	1006
Full-time work	684	628	92	91	109	109	162	164	9	9	1056	1001
Men	619	562	65	65	105	104	142	141	7	7	938	879
Women	65	66	27	26	4	5	20	23	2	2	118	122
Full-time work	2	3	1	1	0	0	0	0	1	1	4	5
Men	1	2	1	1	0	0	0	0	0	0	2	3
Women	1	1	0	0	0	0	0	0	1	1	2	2
TOTAL	686	631	93	92	109	109	162	164	10	10	1060	1006

The Dalekovod Group's workers according to gender and age groups in 2023/2022

	Dalekovod		Dalekovod Projekt		Dalekovod MK		Dalekovod OSO		Dalekovod EMU		TOTAL	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Men	620	564	66	66	142	141	105	104	7	7	940	882
Women	66	67	27	26	20	23	4	5	3	3	120	124
TOTAL	686	631	93	92	162	164	109	109	10	10	1060	1006
<30	117	81	14	12	19	21	7	6	1	1	158	121
30-50	433	396	56	53	58	60	59	60	6	5	612	574
>50	136	154	23	27	85	83	43	43	3	4	290	311
UKUPNO	686	631	93	92	162	164	109	109	10	10	1060	1006

PRODUCTS, SERVICES AND VALUE CHAIN

The Dalekovod Group's workers according to professional qualifications 2023/2022

	Dalekovod		Dalekovod Projekt		Dalekovod MK		Dalekovod OSO		Dalekovod EMU		UKUPNO	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Master's degree	5	4	6	5	1	1	1	1	1	1	14	12
University degree	119	111	68	68	23	25	8	8	3	3	221	215
College degree	33	41	6	5	4	5	7	8	0	0	50	59
Higher vocational qualification	67	54	1	0	20	19	39	38	1	1	128	112
Secondary school education	440	398	12	14	102	100	48	48	4	4	606	564
Semi-skilled	0	0	0	0	2	2	2	2	0	0	4	4
Unskilled	22	23	0	0	10	12	4	4	1	1	37	40
UKUPNO	686	631	93	92	162	164	109	109	10	10	1060	1006

The data on the education and training of workers, differences and equal opportunities, benefits and parental leave can be found in the chapter our workers, which is also one of the total eight material topics of the dalekovod group in 2023.

COLLECTIVE AGREEMENT

GRI 2-30

The first collective agreement was concluded on 14 June 1996. The valid collective agreement was concluded between Dalekovod d.d. and the Croatian Construction Industry Trade Union, it applies to all workers, and the last amendments were adopted in September 2023. The collective agreement regulates working hours, leaves, occupational health and safety, wages, benefits and other cash and non-cash receipts of workers, severance payments, inventions and technical improvements, employer's liability for damage caused to the worker and prohibition of competition. Notices relating to significant changes in business operations are published in accordance with the Labour Act and are not specifically mentioned in the collective agreement, but are given to the works council, i.e., if in a particular company of the Dalekovod Group the council has not been formed, to the chief union commissioner. Freedom of association and collective bargaining are present in all companies and all business activities of the Dalekovod Group, so collective agreements can be concluded even abroad, depending on the place of implementation of an individual project.



PRODUCTS, SERVICES AND VALUE CHAIN

The following subjects are active at the level of the Dalekovod Group: Union of Metal Workers – Industrial Union (SMH-IS), SMH-IS Union Branch “Dalekovod MK” d.o.o. and the Union of Metal Workers – Industrial Union, SMH-IS Union Branch “Dalekovod OSO”.

SUPPLIERS’ WORKERS

GRI 2-8

All suppliers of the Dalekovod Group fill out a supplier verification questionnaire, in which, among other things, they provide information on the number of employees. In 2023, the employees of significant suppliers of the Dalekovod Group are engaged in transportation and installation of equipment and infrastructure construction for the energy, transport and ICT sectors, as well as in insurance, maintenance, repair and rental of vehicles and organization of official trips. When conducting the procurement process, the Dalekovod Group sends questionnaires to suppliers asking for information on the impact of their operations on the environment, society and human rights in 2023. The results of the collected data from that questionnaire, as well as the results from the questionnaire on the quality of services, are scored and added up in to the supplier evaluation table, and supplier evaluations are assigned, which can then influence the selection.

Corporate Governance

GRI 2-9/2-10/2-11/2-12/2-13/2-14/2-15/2-16/2-17/2-18/2-19/2-20/2-21/3-3

GOVERNANCE STRUCTURE

GRI 2-9/2-10/2-11/2-15

The governance structure of the Dalekovod Group consists of the General Assembly, the Supervisory Board and the Management Board of Dalekovod d.d.

GENERAL ASSEMBLY

The General Assembly shall be convened in cases specified by the Companies Act and the Statute of Dalekovod d.d., and it must be convened when the interests of the company so require. The General Assembly shall be convened in the first eight months of the business year. It is convened by the Management Board or the Supervisory Board. The members of the Management Board and the Supervisory Board must participate in the work of the General Assembly. The General Assembly may make valid decisions if shareholders personally, their proxies or legal representatives of shareholders who jointly hold shares whose total nominal value is at least 75 per cent of the share capital of Dalekovod d.d. are represented at it. Shareholders who meet the prescribed conditions may participate in the General Assembly. Each share confers the right to one vote. The General Assembly shall be chaired by the President of the Supervisory Board or by a person designated by them.

THE SUPERVISORY BOARD

The work of the Supervisory Board is regulated by the Rules of Procedure of the Supervisory Board of Dalekovod d.d., which was adopted by the Supervisory Board on the basis of the Companies Act and the Statute of Dalekovod d.d. The Rules of Procedure shall regulate issues relevant to the constitution, competence, organization, method of working and decision-making of the Supervisory Board and to the working bodies, commissions or boards under the Supervisory Board and to the keeping of business secrets.

The Supervisory Board has seven members, one of whom is appointed by the shareholder Napredna Energetska Rješenja d.o.o.; one employee representative in the Supervisory Board is appointed in accordance with the provisions of the Labour Act, and the others are elected by the General Assembly. The Supervisory Board, as well as any member of the Supervisory Board, is obliged to perform the tasks of the Supervisory Board: act in the best interest of Dalekovod d.d., act in accordance with generally accepted codes such as the Code of Corporate Governance, advocate for the prevention of conflicts of interest, advocate for procedures that prevent illegal activity and keep a business secret in accordance with the regulations and general acts of Dalekovod d.d.



CORPORATE GOVERNANCE

The Supervisory Board supervises the management of the activities of Dalekovod d.d., gives an order to the auditor for the examination of annual financial reports of Dalekovod d.d. and the Dalekovod Group, examines whether the operations are conducted in accordance with the laws, acts of Dalekovod d.d. and decisions of the General Assembly, examines the results of the business, the correctness of the presentation of the financial and business situation in the business books of Dalekovod d.d. and submits a written report to the General Assembly, decides on giving consent on the proposal of the Management Board on the use of profit, etc. The Supervisory Board decides on the establishment of a board. The Audit Board, the Appointment and Remuneration Board and the Corporate Governance Board fall within the competence of the Supervisory Board.

Members of the Supervisory Board in 2023.

- Gordan Kolak – predsjednik od 31.3.2022.
- Josip Jurčević – zamjenik predsjednika od 1.3.2022.
- Josip Lasić – član od 31.3.2022.
- Božidar Poldrugač – član od 31.3.2022.
- Damir Spudić – član od 31.3.2022.
- Dražen Buljić – odlukom Radničkog vijeća imenovan za člana Nadzornog odbora od 1.1.2020.
- Pavao Vujnovac – član dioničar od 31.3.2022.

THE MANAGEMENT BOARD

The Management Board of Dalekovod d.d. shall be appointed by the Supervisory Board at the constitutive session. Members of the Management Board of Dalekovod d.d. are:

- Tomislav Rosandić – predsjednik Uprave od 1. ožujka 2019. godine i direktor Dalekovod d.d.
- Eugen Paić-Karega – član Uprave i direktor Dalekovod d.d. od 1. travnja 2022. godine
- Tvrtko Zlopaša – član Uprave i direktor Dalekovod d.d. od 1. travnja 2022. godine
- član Uprave – direktor društva – Ivan Kurobasa do 31.3.2023.

The Management Board manages the business operations according to the Companies Act, the Statute and managerial contracts as defined in the Rules of Procedure of the Management Board of Dalekovod d.d. The Rules of Procedure were adopted at the session by the Supervisory Board and published publicly. The Rules of Procedure specify the distribution of competences and the scope of activities of the President and members of the Management Board. The Management Board coordinates, directs, supervises and monitors the work in the subsidiaries of the Dalekovod Group through membership in supervisory boards, the assembly and other acts established with subsidiaries, The President of the Management Board is responsible for adopting decisions on the management of impacts related to society and human rights, the economy and the environment. The Rules of Procedure also prescribe the rules for the prevention of conflicts of interest of the members of the Management Board according to which members are not allowed to be guided by personal interest or to use business opportunities for personal purposes. The members of



CORPORATE GOVERNANCE

the Management Board are also obliged to inform the Supervisory Board and other members of the Management Board without delay about personal interest in the affairs of Dalekovod d.d

THE ROLE OF THE MANAGEMENT BOARD IN MANAGING IMPACTS ON THE ENVIRONMENT, SOCIETY, HUMAN RIGHTS AND THE ECONOMY

GRI 2-12/2-13/2-17

Sustainability goals refer to society and human rights, economy and environment, and therefore each of the Management Board members directs, coordinates and monitors the fulfilment of strategic business goals and reports to other Management Board members and proposes the adoption of decisions at sessions by means of activities for which they are responsible. The Management Board delegates responsibilities for meeting business objectives, including sustainability goals. The areas of sustainability are managed in the Department of Business Excellence, which is under the direct competence of the Management Board.

This department comprises the Protection at Work Service, the Quality Assurance and Control Service, and the Service for Management Systems and Environmental Protection. The Financial and Support Sector comprises the Human Resources Management Department. These organizational units with all other sectors, departments and services present an inseparable whole in achieving long-term business sustainability. Role of the Management Board in sustainability reporting.

ROLE OF THE MANAGEMENT BOARD IN SUSTAINABILITY REPORTING

GRI 2-14/2-17

The Management Board is directly involved in the process of preparing the Report on Business and Sustainability for 2023. The initiative for preparing the Report for 2022 was launched by the Management Board. The members of the Management Board were an integral part of the working group that defined material topics at the workshop held on 17 February 2022 based on the analysis of the impact of the Dalekovod Group's business on sustainability. The Management Board also participated in the process of determining significant shareholders who participated in the evaluation of the material topics of the Dalekovod Group and provided information on their impact on the environment, society, human rights and the economy. Before the publication of the Report, the content was approved by the directors of the organizational units involved in the preparation of the Report. The Dalekovod Group's Management Board adopted the Report on the Business and Sustainability for 2023.

REMUNERATION POLICIES, IMPACT ASSESSMENT OF THE MANAGEMENT BOARD AND ANNUAL FEE RATIO

GRI 2-18/2-19/2-20/2-21



CORPORATE GOVERNANCE

The remuneration system of the Dalekovod Group's Management Board members is governed by the Remuneration Policy published on our website. The Policy defines the rights of the members of the Management Board, monetary and non-monetary remunerations, fixed and variable remunerations and other rights. Fixed remunerations reflect the relevant professional experience, competence and organizational responsibility of the Management Board members. The variable part of the salary is related to the realization of the annual business plan of the Dalekovod Group concerning realized business income, the amount of normalized EBITDA, the amount of contracted jobs, the implementation of strategic business objectives which include issues related to the development of human resources, capital markets, strengthening the manufacturing and sales portfolio and specific objectives in the preparation of annual plans according to the guidelines of the Supervisory Board.

When adopting the Remuneration Policy for the members of the Management Board, the conditions of workers' remunerations and working conditions of the circle of workers of similar qualifications, knowledge, skills, competences and experience were taken into account, but with a lower level of responsibility, i.e. the remunerations and working conditions of the middle management were taken into account.

The Supervisory Board has established the Appointment and Remuneration Board intending to express a competent and independent opinion on remuneration policies and practices and on the incentives established for risk management. The opinion of shareholders is taken into account through the policy confirmation institute by the Supervisory Board selected by the shareholders. The Dalekovod Group applies internal acts defining salaries, bonuses, benefits and other remunerations.

The annual compensation ratio was calculated by dividing the amount of the total annual compensation for the highest-paid individual in the Dalekovod Group, which in 2023 amounted to EUR 95.560 (gross), with the average annual compensation of all employees of the Dalekovod Group excluding the highest paid employee, which in 2023 amounted to EUR 15.654.754,16 (gross). Compensation for the best-paid worker and compensation for other workers consist of a basic and a variable part of the salary. The total annual fee ratio in 2023 was 0.0061.

REPORTING OF THE MANAGEMENT BOARD ON INTERNAL PROBLEMATIC ISSUES

GRI 2-16

Reporting of the Management Board of the Dalekovod Group and the directors of the companies refers to reporting complaints on issues regulated by the Code of Conduct and events related to workers' rights under the Labour Act.

COMPLIANCE OF BUSINESS WITH LEGAL REGULATIONS

GRI 2-27

In 2023, there were no cases of non-compliance with legal regulations or any form of non-compliance with legal regulations in the Dalekovod Group's companies.

MEMBERSHIP IN ASSOCIATIONS



CORPORATE GOVERNANCE

GRI 2-28

Dalekovod has been a member of the UN Global Compact since 2007, and since 2005, a member of the Community for Corporate Social Responsibility, which operates under the Croatian Chamber of Economy (HGK). Dalekovod is also a member of the American Chamber of Commerce in Croatia and the Nordic Chamber of Commerce in Croatia.

The Dalekovod Group, individual companies within the Group or our workers as natural persons are members of a number of associations and organizations in Croatia and abroad. Thanks to their membership in organizations and associations, our employees participate in professional conferences where they transfer and exchange knowledge and experience related to the methods, solutions and products of the Dalekovod Group in the form of works and public presentations. Dalekovod directly helps and supports the work of associations and organizations through sponsorships and active participation in the preparation and organization of conferences held in Croatia.

Associations and organizations of which we are members:

- Croatian Exporters
- Croatian Chamber of Commerce
- CIGRE (The International Council on Large Electric System, fr. Conseil International des Grands Réseaux Électriques)
- HO CIRED (Croatian Committee of the International Conference on Electricity Distribution)
- MIPRO (Croatian Society for Information, Communication and Electronic Technology)
- IEEE (Institute of Electrical and Electronics Engineers)
- PMI (Project Management Institute)
- Croatian Standards Institute
- HDTZ (Croatian Society for Welding Technique)
- The Croatian Society for Quality
- Croatian Employers' Association
- Croatian Chamber of Architects and Engineers in Construction
- Association for Metal and Metal Products Manufacturing
- Association for Electrical and Optical Equipment Manufacturing
- Association for Energy – Renewable Energy Sources Community.
- HED (Croatian Energy Association – Member of the World Energy Council umbrella association)

INVOLVEMENT OF SHAREHOLDERS

GRI 2-29

The key shareholders of the Dalekovod Group are internal and external shareholders. Internal shareholders are workers and workers engaged in projects and manufacturing processes through agencies and subcontractors and their associations. External shareholders are customers, local communities, shareholders, investors and suppliers. The Dalekovod Group's companies often operate within consortiums



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that are organized for individual projects, which can consequently lead to a reduction of direct contact of the company with customers and/or the community. Therefore, key shareholders, in addition to customers, are workers, including workers' associations, suppliers and the public sector, who plays a dual role as contracting authority and regulator of operating conditions. Key shareholders of the Dalekovod Group were determined by the analysis of business processes and the associated circumstances and risks that relate to individual shareholders.

Communication with key shareholders continuously takes place in meetings, and their legitimate interests are always taken into account in the process of the realization of work.

Također postoji posebna interna stranica za radnike putem koje se razmjenjuju interne informacije informacija. Ključne teme koje proizlaze iz komunikacije s dionicima obuhvaćaju budući razvoj tvrtke i sigurnost radnih mjesta, profesionalni razvoj radnika, ispunjavanje sve većeg broja zahtjeva vezanih za tržišne, okolišne i regulatorne standarde koje vrijede na domaćim i inozemnim tržištima na kojima poslujemo Communication with numerous civil society representatives and individuals is being established within activities related to corporate social responsibility. To achieve full implementation of activities related to corporate social responsibility, communication with these shareholders takes place in various ways: through direct communication in business relations, regular meetings, special topical debates and meetings, fairs and professional conferences.

Communication with all of them takes place depending on the key issues and interests. In addition to the usual reporting system, the communication takes place in other ways depending on the needs for all relevant business activities (mail newsletters, website, stock exchange reports and media reports). The main issues in the past period were related to the company's restructuring process, the impact of the COVID-19 pandemic on business, key investment projects and business results with shareholders and important contracts in Croatia and abroad.

Communication with employees takes place via e-mail, the internal social network Jenz and various notices and decisions of the company. Websites are an important means of communication with partners in the country and abroad, but also with the public in general. We use the following websites: www.dalekovod.com, www.dalekovod-proizvodnja.com and www.dalekovod-projekt.com. In accordance with marketing requirements and needs, the websites of Dalekovod d.d. and all the listed companies that comprise the Dalekovod Group are translated into English. The content of our main page www.dalekovod.com is partially available in both Norwegian and Swedish.

There is also a special internal site for employees, which contains multiple directories with documents that allow the exchange of information. Key issues arising from communication with shareholders include the future development of the company and job security, professional development of employees, meeting the growing market, environmental and regulatory standards applicable in various (especially international) markets.

Strategies, policies and business practices

GRI 2-22/2-23/2-24/2-25/2-26/3-3

MANAGING THE IMPACT OF BUSINESS ON THE ECONOMY, SOCIETY, HUMAN RIGHTS AND THE ENVIRONMENT

GRI 2-22/2-23/2-24

The Dalekovod Group operates in accordance with the Companies Act, the Statute of Dalekovod d.d., the Rules of Procedure of the Supervisory Board of Dalekovod d.d., the Rules of Procedure of the Management Board of Dalekovod d.d., the Code of Conduct, the Zagreb Stock Exchange Corporate Governance Code, the Remuneration Policy, the Risk Management Policy according to the principles of ISO 310000, established and certified quality management systems, health and safety protection, environment and energy according to ISO standards and the UN Global Compact principles. The Rules of Procedure of the Supervisory Board of Dalekovod d.d., the Rules of Procedure of the Management Board of Dalekovod d.d. and the Remuneration Policy are described in the chapter Corporate Governance

STATUTE

The Statute od Dalekovod d.d. is publicly published on our website, and regulates the organization and manner of business, subject of business, share capital, the duration of the company, shares, the company organs, the business secret and disclosures of the company's data and communications

ZAGREB STOCK EXCHANGE CORPORATE GOVERNANCE CODE

The Zagreb Stock Exchange Corporate Governance Code promotes effective management and responsibilities in companies whose shares are listed on the regulated market of the Zagreb Stock Exchange, including shares of Dalekovod d.d. Once a year, Dalekovod d.d. will complete a questionnaire stating whether the company complied with each provision of the Code (compliance questionnaire) and a questionnaire providing more detailed information on corporate governance practices (governance practices questionnaire). Both questionnaires are submitted to Hanfa, and Dalekovod d.d. submitted the *compliance questionnaire* on time. The Code regulates the purpose and principles of management, duties of members of the Management Board and Supervisory Board, appointment of members of the Management Board and Supervisory Board and its boards, remuneration of members of the Management Board and Supervisory Board, risks, internal control and audit, disclosure and transparency, shareholders and the general assembly, inclusion and communication with shareholders and corporate social responsibility



STRATEGIES, POLICIES AND BUSINESS PRACTICES

CODE OF CONDUCT OF THE DALEKOVOD GROUP

The Code of Conduct is publicly published on our website, and it regulates the general and individual responsibilities of workers, managers' responsibilities and ethical violations. The Code also defines and regulates issues related to company assets, gifts, representation and payments, conflict of interest, cross-border business, competition practices, environmental protection and sustainability, human rights, external communication and internal communication. The reporting of internal irregularities shall be carried out in accordance with the Policy on the Procedure for Internal Reporting of Irregularities and the Appointment of a Confidential Person.

RISK MANAGEMENT POLICY

The Risk Management Policy is based on the principles of HRN ISO 31000 – Risk Management. The Policy was adopted by the Management Board and published on our website. The Management Board of Dalekovod d.d. and the Dalekovod Group's companies identify and evaluate risks that can significantly affect the business and the establishment of risk-mitigating controls. In this way, the achievement of the strategic goals of the Dalekovod Group is supported, it ensures financial stability and protection of the reputation of the Dalekovod Group and the interests of all shareholders involved in the business. Risk management is applied at different levels – strategic, operational, programme and project, and activities important for business and achievement of goals.

QUALITY, ENVIRONMENTAL, ENERGY AND HEALTH AND SAFETY MANAGEMENT SYSTEMS

The Dalekovod Group's companies have implemented and certified quality, environmental, energy and health and safety management systems according to ISO standards. The field of the certification, the company to which the system and certificate refer and the date of validity of the certificate are listed on our website in the chapter *Certificates and Standards..*

The quality management system according to ISO 90001:2015 is described in the material topic Project Management. The chapter Health and Safety Protection contains information on the Occupational Health and Safety Management System according to ISO 45001:2018. Energy Management System according to ISO 50001:2018 and the Environmental Management System according to ISO 14001:2015 are described within material topics in the chapter Environment.



STRATEGIES, POLICIES AND BUSINESS PRACTICES

OPERATION IN ACCORDANCE WITH THE UN GLOBAL COMPACT PRINCIPLES

Dalekovod d.d. has, as a member since 2010, committed to operate according to the principles of the UN Global Compact in the field of human rights, labour law, environmental protection and anti-corruption, and regularly reports on this in the *Social Responsibility Reports*

THE CONTRIBUTION OF DALEKOVOD GROUP BUSINESS OPERATIONS TO THE DEVELOPMENT OF SUSTAINABLE CROATIAN AND EU ECONOMIES

GRI 2-22/2-23/2-24

The Paris Agreement, the European Green Deal and the "Fit for 55" package define the decarbonisation goals for global and EU economies, including Croatia as well. The European Green Deal sets out the objectives for almost all sectors of the economy among which the most relevant for Dalekovod Group are those that have to be achieved by 2030 or 2050 in the areas of energy, transport and building. Through its business activities, i.e. technical designing, production and construction of transmission lines and sub-stations for transmission and distribution networks in Croatia, EU Member States and in the world, Dalekovod Group provides for their modernisation and increase of the management capacity for the growing number of renewable energy sources. The transmission line polls are produced by taking into account, among other factors, climate and weather conditions of the areas where they are installed, contributing thus to the resilience and adaptation of transmission and distribution networks to climate changes. Furthermore, Dalekovod Projekt company deals with development projects focussed on renewable energy sources offering thus, in cooperation with a network of consultants, experts, companies, faculties, institutes and construction and installation producers, specialised services for windmill projects, solar power stations, biomass exploitation projects and small hydroelectric power plants. Dalekovod projekt also provides comprehensive services of energy system modernisation aimed at increasing energy efficiency. This is how Dalekovod Group contributes to the targets of the Energy Development Strategy of the Republic of Croatia until 2030 with a view to 2050, of the Integrated National Energy and Climate Plan of the Republic of Croatia and of the Climate Change Adaptation Strategy of the Republic of Croatia until 2040, with a view to 2070.

It is by technical designing, production and construction of road, highway and railway infrastructure that Dalekovod Group contributes to road transport safety, to the linking of European road and railway networks and traffic lines and the existing network of the Republic of Croatia, as well to the smooth traffic flow, which reduces traffic jams and contributes to a reduced environmental impact, especially in terms of reduction of the emission of pollutants. Modernisation of railway traffic also contributes to the decarbonisation of traffic in Croatia. By implementing projects in the area of transport, Dalekovod Group contributes to the realisation of the targets of the Traffic Development Strategy of the Republic of Croatia until 2030.



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In order to use materials with lower environmental impact, in the analysis of new suppliers of materials and products such as concrete, insulators, metal constructions, suspension and connection equipment, electrical and electronic equipment, fuel, oil, paints and varnishes, we use questionnaires to collect information on the environmental impact of materials and products during their lifetime. Article 10 of *General Terms and Conditions*, which are published on our Web pages, sets out our contractors' obligation to submit information and declarations for the materials and products which have to be aligned with the EU and Croatian legislation in the area of use, classification and use of chemicals (REACH), prohibition to use certain harmful and hazardous substances for electrical and electronic equipment (RoHS), hazardous waste management and waste packaging. The contractors are also obliged to be aware of the policies of the systems of quality, environment, energy and health protection and safety at work management of Dalekovod Group, and act accordingly. By implementing such business practices, we encourage reduced use of harmful and dangerous substances in the suppliers' chain, impact the reduction of hazardous waste generation and the reduction of the amount of waste disposed of in landfills, as foreseen by the objectives of the Waste Management Plan of the Republic of Croatia.

Dalekovod Group projects mostly include interventions which require environmental impact assessment procedures and procedures of assessment of the impact on NATURA 2000 ecological network, as foreseen by the Regulation on environmental acceptability of interventions for which the documentation is drafted by authorised entities, holders of a licence issued by the competent Ministry of Economy and Sustainable Development (MINGOR). Decisions on environmental acceptability of interventions or decisions on the acceptability in relation to the ecological network prescribe, if applicable, measures that have to be implemented during construction preparation and the construction itself, during the use and completion of works and restoration of the environment to its original conditions. By implementing the measures referred to in the aforementioned decisions in its capacity as contractor, Dalekovod contributes to the reduction of negative impact on the air and climate, waters and sea, contributing thus also to the maintenance of biological diversity.

THE CONTRIBUTION OF DALEKOVOD GROUP BUSINESS OPERATIONS TO UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

GRI 2-22/2-23/2-24

Sustainable development is a principle from the Treaty on the European Union and represents a primary objective of EU internal and external policies. The United Nations' Agenda 2030 comprises 17 sustainable development goals. The seventeen global sustainable development goals represent universal the goals and the indicators that the United Nations Member States are expected to use in the development of their programmes and policies by 2030. All sectors within single states should focus their policies on the achievement of these sustainable development goals. We have used a European Commission's tool, SDG

STRATEGIES, POLICIES AND BUSINESS PRACTICES

Mapper, to identify the United Nations' sustainable development goals, to whose achievement Dalekovod Group also gives its contribution.

Based on the analysis, we have identified six UN sustainable development goals and targets to which Dalekovod Group directly contributes: GOAL 7: Ensure access to reliable, sustainable and modern energy at prices that are affordable to all, GOAL 8: Promote inclusive and sustainable economic growth, employment and decent work for all, GOAL 11: Make cities and human settlements inclusive, safe, adaptable and sustainable, GOAL 12: Ensure sustainable consumption and production patterns GOAL 13: Take urgent action to combat climate change and its impacts GOAL 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss and GOAL 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

We linked the UN sustainable development goals and targets with Dalekovod Group business objectives and material topics and indicators of the achievement of objectives according to the 2021 Consolidated GRI standards (ESG).


Contribution of Dalekovod Group business operations to UN sustainable development goals (UN SDGs)

UN Sustainable Development Goal	UN Sustainable Development Targets	Dalekovod Group Business Objectives	Material Topic	GRI Standard Indicators (ESG indicators)
 7 PRISTUPAČNA ENERGIJA IZ ČISTIH IZVORA	- 7.2 – by the end of 2030: increase the sustainability of renewable energy share in the global energy mix	- Business operations in line with the policies and goals defined in the framework of quality, environment, energy, risk management systems	- project management - business results	GRI 3-3/201-1/201-2/201-3/201-4/203-1/205-1
 8 DOSTOJANSTVEN RADI EKONOMSKI RAST	8.4 – by the end of 2030: progressively improve global efficiency in the consumption and production of resources and endeavour to separate economic growth from nature and environment degradation, as foreseen by the 10-year framework of the programmes dealing with sustainable consumption and production, with the leading role of developed countries 8.8 – protect labour rights and promote safe working environment for all workers	- Conducting business in accordance with Corporate Governance Code of the Zagreb Stock Exchange and Code of Conduct of Dalekovod Group - Conducting business in accordance with policies and goals defined in the framework of the quality, risk and safety at work and security management systems according to ISO standards	-our employees -health protection and safety -accountability of suppliers' chain in relation to the society and human rights	GRI 3-3/401-1/401-2/401-3/403-1/403-2/403-3/403-4/403-5/403-7/403-8/403-9/404-1/404-2/404-3/405-1/405-2/414-1

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	<p>9.1 – develop a quality, reliable, sustainable and adaptable infrastructure, including regional and transborder infrastructure, in order to support economic growth and human well-being, with a focus on cheap and equal access for all</p>	<ul style="list-style-type: none"> - Conducting business in accordance with policies and goals defined in the framework of quality, environment, energy, risk and safety at work and security management systems according to ISO standards 	<ul style="list-style-type: none"> - project management - business results 	<p>GRI 201-1/201-2/201-3/201-4/203-1/414-1-</p>
	<p>12.2 – by the end of 2030: achieve sustainable management and efficient use of natural resources 12.5 – by the end of 2030:</p>	<ul style="list-style-type: none"> - conducting business in line with the policies and goals defined under quality, environment, energy management systems according to ISO standards - check of new suppliers in terms of management of environment, society and human rights impacts 	<ul style="list-style-type: none"> - project management - material and raw materials - suppliers' chain accountability - environment 	<p>GRI 3-3/301-1/301-2/306-3/306-4/306-5/308-1</p>
	<p>13.1 – enhance adaptability and capacity to adapt to the risks connected with climate conditions and natural disasters in all countries</p>	<ul style="list-style-type: none"> - conducting business in line with the policies and goals defined under environment and energy management systems according to ISO standards - Check of new suppliers in terms of management of environment, society and human rights impacts 	<ul style="list-style-type: none"> - project management - energy consumption - suppliers' chain accountability - environment 	<p>GRI 3-3/305-1/305-2/305-3/305-4</p>
	<p>15.1 – by the end of 2020: ensure preservation, renewal and sustainable use of terrestrial freshwater ecosystems and their environment, especially forests, wetland and mountains</p>	<ul style="list-style-type: none"> - Conducting business in line with the policies and goals defined under environment management systems according to ISO standards - check of new suppliers in terms of management of environment, society and human rights impacts - Implementation of all measures prescribed by decisions on environmental 	<ul style="list-style-type: none"> - project management - energy consumption - suppliers' chain accountability - environment 	<p>GRI 3-3/303-3/303-4/303-5/304-2/308-1</p>

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		acceptability of interventions or by decisions on their acceptability in relation to ecological network, when applicable to the companies belonging to Dalekovod Group		
	16.5 – significant reduction of all forms of corruption and bribery 16.6 – develop efficient, responsible and transparent institutions at all levels	- Conducting business in accordance with the Zagreb Stock Exchange Corporate Governance Code and the Code of Conduct of Dalekovod Group	-business results -project management	GRI 2-7/2-16/2-23/2-26/2-30



MATERIAL TOPICS

Material topics

GRI 3-1/3-2

The determining and listing of material topics graded by internal and external stakeholders are described in the chapters Determination of material topics and List and assessment of Dalekovod Group material topics in 2022. The management of material topics has been described in each of the sustainability sectors, i.e. In the chapters entitled Economy, Society and human rights and Environment, with select indicators named in the table The contribution of Dalekovod Group operations to the UN Sustainable Development Goals (UN SDGs).

DETERMINATION OF MATERIAL TOPICS

GRI 3-1

Dalekovod Group 2022 material topics were determined in accordance with guidelines for the determination of material topics described in chapter GRI 3: Material Topics in Consolidated GRI Standards from 2021. For the purpose of determining significant material topics for Dalekovod Group in 2022, a workshop was held that was attended by representatives of the Board, representatives of offices and departments controlled by the Board, representatives of sectors and departments and services within the sector of Dalekovod d.d. and representatives of the companies of Dalekovod Group included in the Report. External consultants with experience in reporting on sustainability in accordance with GRI standards were included in the material topic determination process.

In accordance with principles outlined in the Code of Ethics and the Code of Corporate Governance of the Zagreb Stock Exchange, Dalekovod Group manages impacts on the economy, society and human rights, as well as the environment, through established and certified systems according to ISO standards for quality management, environment, health and safety, energy, and business. We also manage influences via a suppliers' chain by choosing suppliers who have demonstrated business activity in accordance with sustainability principles before being included on our list. When determining the material topics, we were guided by the principles of effective risk management in accordance with HRN ISO standard 31000 - Risk Management. Dalekovod Group's risks have been divided into financial risks and business-related risks. Financial risks include insolvency risks, currency risks, interest rate risks, credit risks and risks related to technology and development. Business-related risks include market risks, risks related to changes in input prices (raw materials, other material, work and energy), risks related to business seasonality (dependence on weather), personnel risks and IT security risks.



MATERIAL TOPICS

A total of eight material topics for 2022 were selected, and the material topics were grouped together according to sustainability sectors, i.e. the impacts of Dalekovod Group's operations on the economy, society and human rights and the environment. The material topics were given grades ranging from 1 to 5. The grade of one stood for the least amount of impact, while five stood for the greatest amount of impact of the material topic on Dalekovod Group's business activity, taking into consideration financial risks and business risks. Ten employees were involved in material topic assessment.

A list of significant suppliers for 2022 was compiled for the purpose of including significant external stakeholders in the process of determining and assessing material topics. The stakeholders' significance was determined by taking into consideration the number of financial resources paid in accordance with signed agreements and participation in projects during the reporting period and projects related to the reporting period.

We included 24 suppliers in the assessment of material topics; these suppliers were sent questionnaires for assessing material topics on a scale from 1 to 5. At the same time, we asked the suppliers to add material topics they consider important, but which were not included in the list. A grade of one stood for the lowest significance of a material topic to the stakeholder assessing the material topic, while a grade of five stood for the highest significance. The suppliers came from the sector of design, production and distribution of equipment for the transmission and distribution network and transformers (4 suppliers), sale and distribution of electrical materials, insulators, cables and lighting equipment (5 suppliers), maintenance and rehabilitation of transmission lines (1 supplier), rental of means of transport, machines and equipment for the construction of transmission and distribution networks and installation of transformers (4 suppliers), from the construction sector (2 suppliers), electricity provision (1 supplier), IT and telecommunications (2 suppliers), insurance (2 suppliers), vehicle maintenance and repair (1 supplier), vehicle rental (1 supplier) and the organisation of business trips (1 supplier). The assessments of the material topics were delivered by 5 suppliers, i.e. 21 percent of those contacted. External stakeholders did not add new material topics to those they were asked to assess.

MATERIAL TOPICS

LIST AND ASSESSMENT OF DALEKOVOD GROUP MATERIAL TOPICS IN 2022

GRI 3-2

The following table contains a list of Dalekovod Group material topics for 2022, classified in accordance with sustainability sectors – economy, society and human rights and the environment, as well as assessments by internal stakeholders i.e. Dalekovod Group employees and external stakeholders, i.e. suppliers.

Material Topics	Internal stakeholders' assessment (employees)
Economy	
Project management	3,8
Business results	3,5
Society and human rights	
Our employees	3,6
Health protection and safety	2,3
Impact of suppliers' chain on society and human rights	1,4
Environment	
Material and raw material	3,3
Energy consumption	2,9
Environmental impact of suppliers' chain	1,8

Material Topics	External stakeholders' assessment (suppliers)
Economy	
Project management	2,9
Business results	3,0
Society and human rights	
Our employees	2,5
Health protection and safety	2,4
Impact of suppliers' chain on society and human rights	2,3
Environment	
Material and raw material	2,2
Energy consumption	2,3
Environmental impact of suppliers' chain	2,3

2022 BUSINESS PERFORMANCE INDICATORS

2022 business performance indicators

Business performance indicators for 2022 are classified according to three sustainability sectors, i.e. the impact of Dalekovod Group's business performance on the economy, society and human rights and the environment, but also the impact of the economy, society and environment on our performance.

ECONOMY

RI 201-1/201-2/201-3/201-4/203-1/205-1/3-3



In the area of sustainability related to the economy in 2022, a total of 2 material topics have been determined - Project Management and Business Results.

GEOPOLITICAL UNCERTAINTY AND IMPACT OF PREVIOUS PANDEMIC YEARS

Dalekovod Group's business performance in 2022 took place in complicated, almost crisis conditions. The effects of the preceding pandemic years and geopolitical instability led to disruptions and/or temporary disruptions in suppliers' chains and to significant increases in the prices of works, goods and services, with a special focus on the increase in energy, electric energy and transport service prices. Additionally, the lack of construction workers on the domestic market is increasingly becoming a problem which could also affect the realisation of the projects; however, all of the previously listed challenges are common to the economy of the Republic of Croatia.

SUCCESSFUL COMPLETION OF FINANCIAL RESTRUCTURING AND INCREASE IN SHARE CAPITAL

On the other hand, in 2022 Dalekovod Group brought to an end a challenging multiannual period. Dalekovod completed the process of financial restructuring via successful recapitalisation and was strengthened by new capital for business development. In accordance with the stakeholders' Decision on increasing Dalekovod's share capital, 410 million kuna was paid, that is to say 41,000,000 new ordinary shares were subscribed of an individual nominal amount of 10.00 kuna, increasing share capital to the amount of 412,471,930.00 kuna.

The recapitalisation process marks the final step in Dalekovod's recovery, and is a prerequisite for long-term sustainable business operations and financial stability. With its recapitalisation, Dalekovod successfully completed the pre-bankruptcy settlement and settled all creditors by carrying out a comprehensive transformation of business operations without incurring additional debt. The completed financial restructuring process ended the pre-bankruptcy settlement nine years before the initial deadline.



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PROJECT MANAGEMENT

GRI 3-3/203-1/205-1

Effective project management forms the basis of Dalekovod Group's successful business operations. Projects are managed in accordance with internal procedures, and are divided into energy projects and infrastructure projects. In order to optimize the involvement of employees who participate in the planning and implementation of a particular project, as well as effective management of time, financial resources and mitigation of external influences such as previous pandemic years and geopolitical instability at the operational and management levels, Dalekovod Group continuously monitors all phases of each project. In the realisation of projects, we manage risks in accordance with the *Risk Management Policy* based on the principles of standard HRN ISO 31000.

The course of the realisation of projects in the energy and infrastructure sectors is monitored at weekly extended operational meetings attended by project managers and coordinators, construction engineers, assembly group managers, sales representatives, operational logistics managers and representatives of companies in charge of the design (Dalekovod project) and production of parts used for the realisation of the project (Proizvodnja MK and Proizvodnja OSO).

Operational courses are held every other week; these courses are also attended by members of the Dalekovod Group Management Board, and operational courses that include financial information are held once a month. The monthly operational including financial data can be replaced, depending on the realisation of a particular project, by a quarterly meeting at which the Board is informed about the realisation of the project with the financial results and the results of individual companies. Once a year, representatives of international branches abroad also participate in these operational courses, along with the Board. At the end of each quarter, the Board reports on the operations of Dalekovod Group to representatives of project teams, members of the project implementation board, representatives of branches and trade union representatives.

In order to monitor operations and realise the plans of Dalekovod Group members, weekly meetings and meetings related to cash flow management are held, attended by representatives of realisation, operational logistics, procurement, treasury, MK and OSO production and a member of the Board in charge of for finance. A written report on cash flow management is submitted to the Board once in two weeks. Other parts of Dalekovod Group, depending on their responsibilities, such as sales, corporate communications, procurement, operational logistics, human resources management, business excellence, business process improvement, legal affairs and other group members outside of core activities, inform the Board on the results according to the prescribed dynamics.

Project implementation and management processes are an integral part of the procedures within the framework of the Quality Management System according to ISO standard 9001:2015. The system relates to quality management in sales and construction activities, power lines and power plants up to 750 kV,



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railway infrastructure, roads, buildings, sports facilities, lighting, telecommunication lines and poles, lighting poles and halls, steel and other load-bearing structures, equipment of civil engineering works and electrical installation, suspension and connection material and provision of anti-corrosion metal protection services.

Quality Management Policy and *certificate* valid until 3 November, 2024, were published on our website. When implementing projects, we manage environmental impacts, the rational use of energy, and employee protection and safety in accordance with the established and certified systems according to ISO standards described in the chapters Society and human rights and Environment. Projects are also implemented in accordance with the Code of Conduct of the Dalekovod Group and the Code of Corporate Governance of the Zagreb Stock Exchange.

2022 PROJECTS

GRI 203-1

Works relating to the design and construction of power lines on twenty big projects were implemented in 2022, one in Norway, six in Sweden, five within our region, two in Germany and six in Croatia, as well as on eight smaller projects. Also, in 2022, projects for the construction of twelve large substations were implemented, five of which are located in Croatia, three in Norway and four in Macedonia.

In 2022, the most significant infrastructure projects were the design and construction of the Križevci – Botovo, Dugo Selo – Križevci, Zaprešić – Savski Marof and Vinkovci – Vukovar railway lines. The implementation of ten projects was also in progress, and works are taking place on nine open construction sites. In the last quarter of 2022, a project of the construction of a contact network on the Karlovac – Hrvatski Leskovac railway line was contracted, and at the beginning of 2023, a project for equipping road tunnels on the Omiš bypass, section DC70 – Cetina bridge – Omiš – East, was contracted. The internal organization of the Dalekovod Group enabled the successful implementation of projects in 2022, but business results were affected by previous pandemic years and geopolitical instability, as described in the chapter Business results.

BUSINESS RESULTS

GRI 201-1/201-2/201-3/201-4/3-3

The financial business results for 2022 are described in detail in *Consolidated and Non-Consolidated Annual Report* of Dalekovod Group, which has been made publicly available. This report presents data on economic indicators in accordance with the Consolidated GRI Standards from 2021.

DIRECTLY GENERATED AND DISTRIBUTED ECONOMIC VALUE

GRI 201-1

The operating revenues of Dalekovod Group in 2022 amounted to 1,052 million kuna and have seen a 24 percent decrease in relation to the same period during the previous year. The net profit in 2022 was 7.4 million kuna, consisting of profit from regular operations in the amount of 8.2 million kuna, and loss from discontinued operations (related to the sale of the galvanizing segment) in the amount of 768 thousand kuna.

2022 BUSINESS PERFORMANCE INDICATORS

This result was caused by the key events that marked the year 2022, that is to say, the ongoing impact of the pandemic on the activities of investors and, consequently, the low level of the Book of Contracts heading into 2022, as well as the challenges related to the Russo-Ukrainian crisis that affected the level of business costs, and which failed to be fully collected from the investors.

Positive indicators and trends of business recovery, especially in contracting, but also in implementation, already became visible during the third and fourth quarter of 2022, which has a favourable impact on the stability of income and business in the following period and represents the basis for an optimistic view ahead.

DALEKOVOD GROUP in 000 kn		
	2021	2022
I Total revenue	1.395.196	1.057.773
Operating income	1.383.920	1.050.268
Financial income	11.276	7.504
II Total expenditure	1.370.693	1.045.420
Operating expenditure	1.340.045	1.034.282
– Change in production in process and final product inventories	2.128	184
– Material expenses	858.707	621.404
– Personnel expenses	289.982	248.572
– Amortisation	31.730	29.982
– Other expenses	35.435	36.936
– Value adjustments	2.974	526
– Provisions	4.055	1.761
Other operating costs	115.034	94.707
Financial expenditure	30.648	11.138
III Profit or loss before taxation	24.324	11.584
Apr Corporate tax	8.274	6.368
V Profit or loss of the period	16.050	5.611

In accordance with its development strategy as a socially responsible company, Dalekovod d.d. Zagreb has been active for years in the fields of science and education, culture and art, sports, sustainable development and health. The company also has a significant impact on humanitarian activities. Our goal is to create a society of knowledge and to establish various perspectives for young people.

FINANCIAL CONSEQUENCES AND OTHER RISKS AND OPPORTUNITIES CAUSED BY CLIMATE CHANGE

GRI 201-2

OBLIGATIONS FROM THE DEFINED PENSION BENEFITS AND OTHER PENSION SCHEMES

GRI 201-3

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The Republic of Croatia has prescribed mandatory and optional contributions for pension schemes. In accordance with the relevant national laws, these contributions are borne either by employees (where the employer does the calculation and withholds the appropriate amount from the employee's gross salary) or by companies as employers (where the employer calculates an additional amount on the gross income).

Contribution paid by employees	Contribution paid by employers
Pension Scheme - Generational Solidarity (1st pillar) – 15%	Pension Scheme – Voluntary (3rd pillar)
Pension Scheme – Personal capitalised savings (2nd pillar) – 5%	

In addition to the regular mandatory payments of contributions for pension insurance, the Dalekovod Group has an organized voluntary pension fund AZ Dalekovod closed voluntary fund for the employees of the Group. The fund was established on December 2, 2004, and is managed by Allianz ZB d.o.o. company for the management of mandatory and voluntary pension funds. The pension fund is a special type of fund that does not have legal personality and was established as a voluntary pension fund for employees of Dalekovod d.d. for the purpose of investing members' funds with the aim of increasing the value and protection of the Fund's assets in order to ensure the payment of pension benefits to its members. The group encourages its members to invest through its subsidy of 29.25% on the monthly paid amount, state incentives and earnings through the fund yield. Net assets of the Fund as of December 31, 2022. was HRK 25.9 million, and the number of Fund members as of December 31, 2022. was 314 members.

FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT OF THE REPUBLIC OF CROATIA

GRI 201-4

In 2022, the Dalekovod Group did not receive financial assistance from the Republic of Croatia.

ASSESSMENT OF THE SUSTAINABILITY OF OUR ACTIVITIES ACCORDING TO THE EU TAXONOMY

GRI 201-2

The goal of the European Union is to direct investments in sustainable activities in order to achieve the goals of the European Green Plan and achieve climate neutrality in Europe by 2050. To assess the sustainability of activities, the EU adopted Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment, known also as the Taxonomy Regulation and implementing regulations setting out criteria for an assessment of activity sustainability

in accordance with six environmental objectives - climate change mitigation, adaptation of activities to climate change, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. In addition to activity compliance with the six environmental objectives, compliance with the minimum safeguards related to the protection of human rights and protection at work according to the UN Guiding Principles on Business and Human Rights, including the principles and rights from the International



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Labour Organization's declaration on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights.

After assessing the activities according to technical criteria and complying with minimum safeguards, the activities are categorized into those listed among the implementing regulations of taxonomic activities, then to taxonomic activities aligned with technical criteria and to non-taxonomic activities for which the European Commission has not yet set out criteria for sustainability assessment. In the next step, key performance indicators are determined for each activity, i.e. fluctuation, capital expenditure (CapEx) and operating expenses (OpEx) according to the methodology prescribed in Annex I. Implementing Regulation 2021/2178 specifying the content and presentation of information concerning environmentally sustainable economic activities.

THE POTENTIAL FOR THE CONTRIBUTION OF THE ECONOMIC ACTIVITIES OF THE DALEKOVOD GROUP TO THE EU GREEN PLAN

Following the obligations arising from the regulatory framework of EU sustainable finance, in the non-financial report for 2022, the Dalekovod Group assessed for the first time whether the activities performed by individual components of the group are acceptable, i.e. aligned with the EU Taxonomy. To contribute to the goal of the EU Green Plan and to ensure compliance with the EU regulatory framework, for this year's report, the Dalekovod Group, with the support of expert consultants, conducted a detailed analysis of each business segment, which involved various professional services from each sector, whose are detailed below.

ANALYSIS OF TAXONOMICALLY ACCEPTABLE AND COMPLIANT ACTIVITIES

The Dalekovod Group analyzed its taxonomically acceptable and harmonized economic activities following a methodology aligned with the Regulation on Taxonomy 1 and technical verification criteria 2. To meet the conditions prescribed by the Delegated Act on Disclosures 3, the Dalekovod Group first identified its taxonomically acceptable activities by examining in detail whether the descriptions of individual activities contained in the technical verification criteria match the activities that the companies perform (not only those for which they are registered). The result of this analysis, i.e. the activities of the Dalekovod Group identified as taxonomically acceptable, are shown in the tables below.

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Taxonomy eligible activities of the Dalekovod Group

Field	Activities (M) – mitigation of climate change (A) – adaptation to climate change	Activity name
3. Processing industry	3.1 (M)	Production of technologies for energy from renewable sources
6. Transport	6.5 (M)	Transportation by motorcycles, cars and light commercial vehicles
	6.6 (M)	Services of road transport of goods
	6.15 (A)	Infrastructure for road and public transport
7. Construction activities and real estate business	7.1 (M)	Construction of new buildings

¹ REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework for facilitating sustainable investments and amending Regulation (EU) 2019/2088

² DELEGATED REGULATION OF THE COMMISSION (EU) 2021/2139 of June 4, 2021 on the amendment of Regulation (EU) 2020/852 of the European Parliament and of the Council by determining the technical verification criteria based on which it is determined under what conditions economic activity is considered to significantly contribute to mitigating climate change or adaptation to climate change and whether this economic activity causes significant damage to any other environmental goal

³ DELEGATED REGULATION OF THE COMMISSION (EU) 2021/2178 of July 6, 2021 on the amendment of Regulation (EU) 2020/852 of the European Parliament and of the Council by determining the content and presentation of information on environmentally sustainable economic activities published by companies to which Article 19.a applies or article 29.a of the Directive 2013/34/EU and determining the methodology of mandatory publication of information

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In the next phase, Dalekovod Group analyzed which of the taxonomically acceptable activities can be considered taxonomically compatible. The taxonomic compliance check was carried out in three steps, as prescribed by the requirements of the EU Taxonomy:

- for each taxonomically acceptable activity at the level of the Dalekovod Group, it was checked if it contributes significantly to one of the two climate goals, defined in Article 9 of the Regulation on Taxonomy,
- then was checked to see if an individual taxonomically acceptable activity meets the criterion of not causing significant damage in relation to the remaining five environmental objectives.
- Finally, compliance with minimum protective measures was checked. The following are recognized as taxonomically harmonized activities:

3.1. The production of technologies for energy from renewable sources related to the construction of transmission lines to renewable energy sources through economic activities classified under C25, C26 and C27 - according to the NACE classification. For the mentioned activity, the technical criterion is met in which the economic activity is connected with the production of technologies for the production of energy from renewable sources. The activity also meets the DNSH criteria, for which the Dalekovod Group has created an Assessment of Climate Risks and Vulnerability to Climate Change (CRVA). For the other recognized acceptable activities, it was concluded that the verification of all the mentioned criteria is difficult to verify, that is, within individual activities it is difficult to determine which part of the activity is potentially compliant and which is not. The primary activity of the Dalekovod Group depends on the client's activity, and it is expected that with the increase in energy production from renewable sources, the share of complied activities of the Dalekovod Group will also increase.

The following are identified as taxonomically acceptable activities:

- 6.5. Transportation by motorcycles, cars and light commercial vehicles,
- 6.6. Services of road transport of goods,
- 6.16. Infrastructure for road and public transport,
- 7.1. Construction of new buildings.

Furthermore, as part of the compliance analysis, the Dalekovod Group also analyzed the current state of the minimum protective measures established in Article 18 of the Regulation on Taxonomy, which was announced in more detail in the final report of the Platform for Sustainable Financing from October 2022⁵. The Dalekovod Group operates according to the Code of Conduct, which, among other things, contains rules and provisions on data protection, honesty in work and business, avoidance of conflicts of interest, and respect for human rights. To manage protection and safety at work, we have implemented a system according to the ISO 45001:2018 standard. Furthermore, when managing human resources and making important business decisions, the principles of equality and uniform criteria are respected. The Dalekovod Group operates in compliance with positive legal regulations that prohibit child labor and forced or compulsory labor. Within all companies of the Dalekovod Group and in all business activities, there is freedom of association and collective, and this also applies to business activities outside Croatia.

⁴ The regulation on taxonomy defines six environmental goals (mitigation of climate change, adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, and protection and restoration of biodiversity and ecosystems), but currently due to the lack of regulation apply technical verification criteria only for the first two (climate) objectives.

⁵ Available at https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

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ACCOUNTING POLICIES AND KEY PERFORMANCE INDICATORS

After the analysis of taxonomically acceptable and harmonized activities, Dalekovod Group collected data for the calculation of key performance indicators (KPI) concerning the identified activities, namely: income, capital expenditures, and operating expenditures.

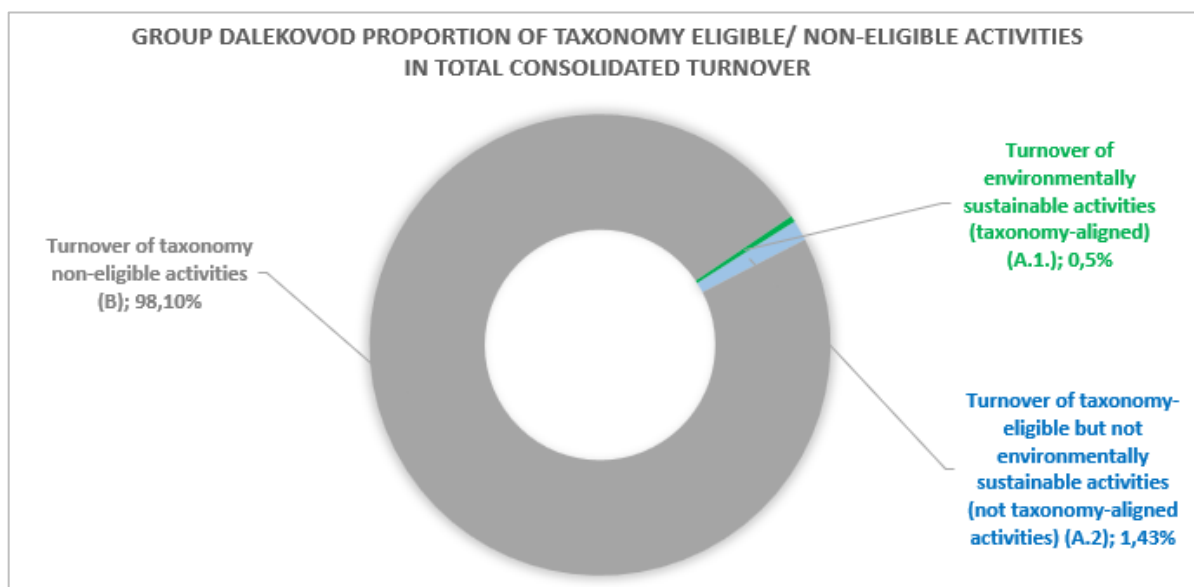
For the calculation of KPIs, the Dalekovod Group analyzed its own financial data in order to include complete and accurate data in the calculation of each KPI and to properly report on them in accordance with the Delegated Act on Publications. As prescribed, when calculating taxonomically acceptable KPIs, the Dalekovod Group took into account that an individual item can be included in only one activity, that is, they were guided by the principle of "avoidance of double counting" of the same data in different KPIs, while estimates were used described later in the text.

For this report, each KPI is expressed consolidated at the Dalekovod Group level, and an overview of qualitative information is provided for each KPI. Listed below are identified taxonomically acceptable - non-compliant activities, as well as compliant activities of the Dalekovod Group, with an overview of the calculated KPU for revenues, capital, and operating expenses for acceptable and non-compliant, compliant, and unacceptable activities, following the EU Taxonomy.

REVENUES

For the purposes of calculating KPU related to income, companies put in the ratio the net income generated from services and products related to taxonomically acceptable activities (numerator) and total net income (denominator) as determined in point 1.1.1. Annex I of the Delegated Act on Publications.

Share of taxonomy eligible/non-eligible activities in total consolidated turnover



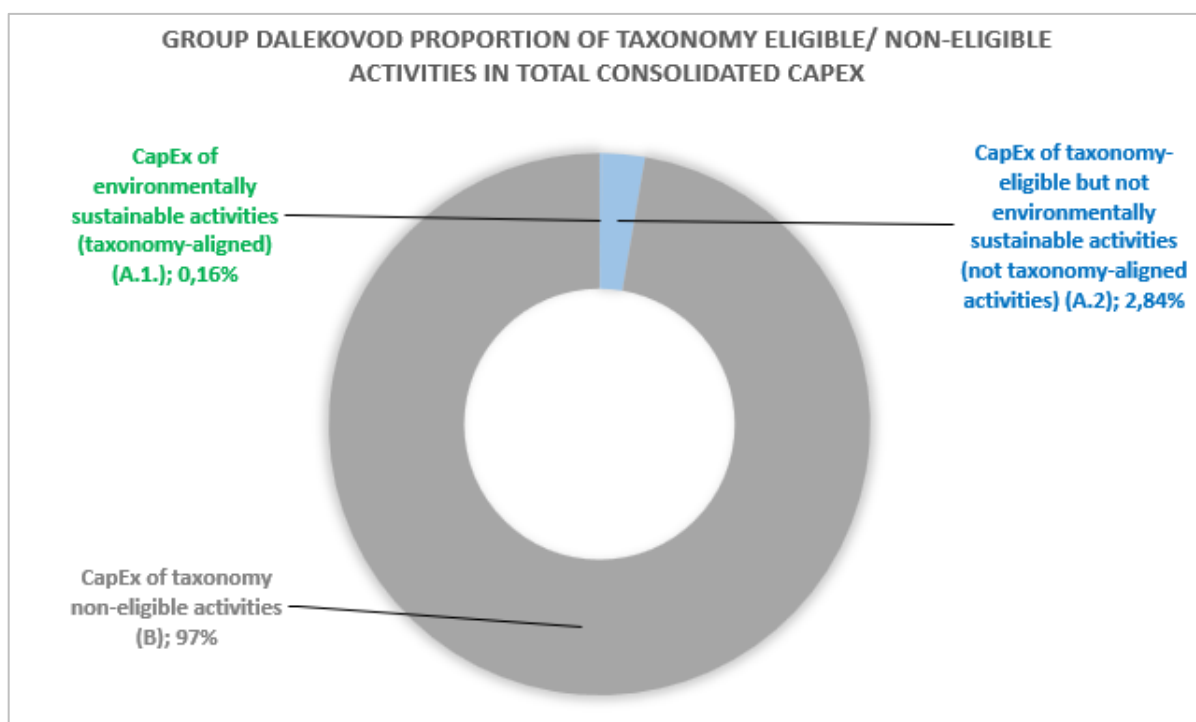
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At the level of the entire group, the analysis of the activities included in the KPI revenue numerator was carried out at the account level, and where there is insufficient analysis at the account level, individual items and basic services were taken into account through the BI reporting system. Income through taxonomically aligned activities Dalekovod Group achieved through activity 3.1. Production of technologies for energy from renewable sources, which refers to the construction of transmission lines for renewable energy sources. The share of taxonomically harmonized revenues was 0.5% (HRK 4.98 million). The share of taxonomically acceptable income is 1.90% (HRK 19.99 million), whereby it was determined that the activity 6.15. Road and public transport infrastructure contributes with 0.84% (HRK 8.78 million) and 7.1, Construction of new buildings with 0.59% (HRK 6.22 million). The above-mentioned activities generated most of the income through works during the construction of tunnels and construction of buildings. Non-compliant activities account for 98.10% (HRK 1.03 billion).

CAPITAL EXPENSES (CAPEX)

To calculate the KPI related to CapEx, the companies put the numerator and the denominator in the ratio as determined in points 1.1.2.1. and 1.1.2.2. Annex I of the Delegated Act on Publications.

Proportion of taxonomy eligible/non-eligible activities in total consolidated capex



At the level of the entire group, the analysis of the activities included in the numerator was done in cooperation with the departments for operational logistics, implementation of energy projects, and implementation of infrastructure projects. The finance department analyzed data at the level of the entire group through a business application, through which they monitor asset movements, and thus mutual capital investments from affiliated companies were excluded. The denominator includes increases in tangible and intangible assets in 2022, before their amortization and remeasurements, including increases

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resulting from revaluations and impairments, for the relevant financial year and excluding changes in fair value (IAS 16 Property, plant and equipment, item 73 sub-item (e) sub-points i and iii, IAS 38 Intangible assets, point 118 sub-point (e) sub-point i, IAS 40 Investments in real estate, point 79 sub-point (d) sub-points i and iii (for the cost model) and the amount of the increase in long-term leases (IFRS 16 Leases, item 53, sub-point (h)).

For the analysis of the data from 2022, a detailed approach to the matter was applied, where it was determined that there is still a need for further improvement of the process so that the data are as good as possible in future reporting periods, that is, the data on the distribution of capital costs should not be estimated. During 2022, the most important drivers of KPU in the mentioned activities were investments in freight vehicles, and funds intended for production related to the construction of transmission lines, equipment for tunnels, and the construction of new buildings.

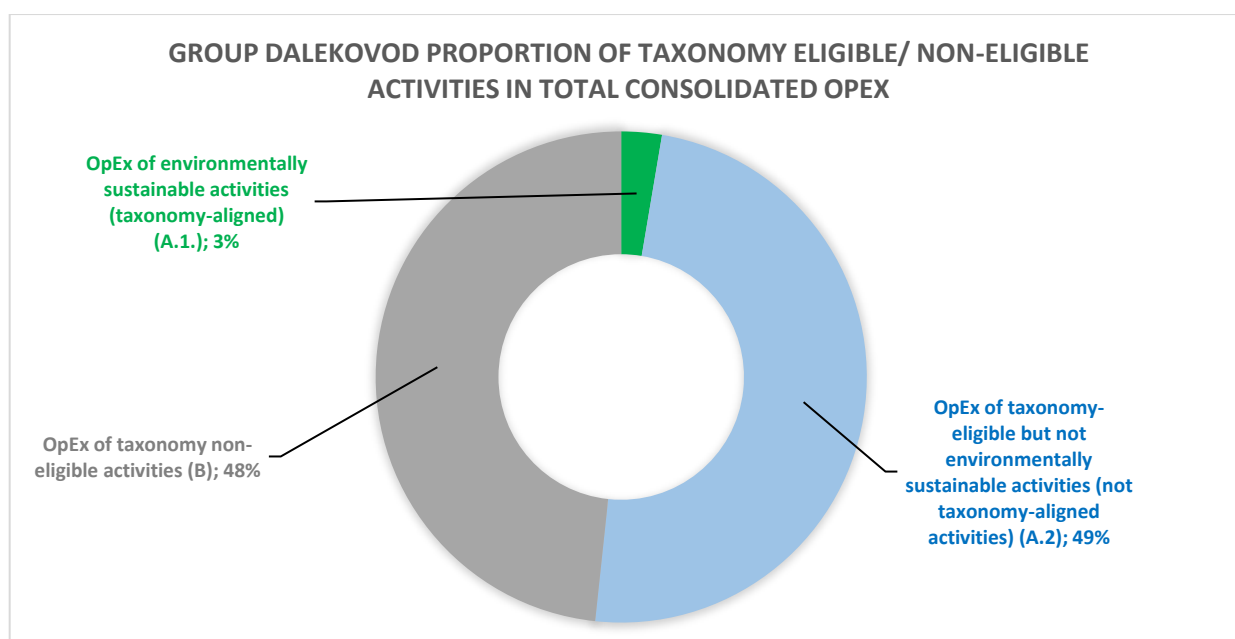
The above-identified investments related to taxonomically acceptable activities are part of the numerator of the KPI calculation for CapEx, while the denominator consists of all investments in intangible, tangible assets, investments in real estate and assets with the right of use and refer to the increase line as shown in the notes within the financial of the Group's report.

As a result of the above-mentioned investments in freight vehicles, the share of taxonomically acceptable activities amounts to 3% (14.51 million HRK), of which the largest part refers to the activity 6.6. Road transport of goods in capital expenditures, i.e. 2.05% (11.67 mil hrk). The share of taxonomically harmonized activities in capital expenditures is 0.16% (HRK 0.93 million), which refers to investments in equipment for performing activities 3.1. Production of technologies for energy from renewable sources.

OPERATING EXPENSES (OPEX)

To calculate the KPI related to OpEx, the companies put the numerator and the denominator in the ratio as determined in points 1.1.3.1. and 1.1.3.2. Annex I of the Delegated Act on Publications.

Proportion of taxonomy eligible/non-eligible activities in total consolidated opex





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The analysis of the activities included in the numerator was carried out at the account and cost center level, and where there is no sufficient analysis at the account level, in cooperation with the maintenance department and the production department, the analysis was carried out at the supplier level. To avoid showing data with related companies, the analysis by accounts was performed up to the supplier level.

Similar to CapEx, a detailed approach was used, however in this case it was determined that there is a need for further improvement so that the data is as detailed as possible in the next reporting period so that the separation of costs by activities should not be estimated. During 2022, the most important driver of KPU operating expenses were costs related to freight vehicles and real estate - the costs of regular maintenance (services and repair of equipment, mainly mechanical and electrical and other) and cleaning of real estate. In addition to regular maintenance, due to sudden breakdowns, mostly of mechanical equipment, it was necessary to spend additional funds for its repair.

The above-identified operating expenses associated with taxonomically acceptable activities enter the numerator of the KPI calculation for OpEx, while the denominator consists of all building renovation costs, maintenance and repair costs (including cleaning costs), and short-term leases.

Operating expenses related to vehicles could be accurately determined concerning the separation of such costs, until, on the other hand, due to the impossibility of separating operating costs by activities that generate income on the basis of production, an estimate was made. In the future, the system will adapt to classification according to taxonomic requirements as much as possible.

The share of taxonomically acceptable activities in operating expenses at the Dalekovod Group level is 52% (HRK 10.15 million), of which taxonomically harmonized activities account for 3% (0.53 million HRK). The biggest part of operating costs for acceptable activities refers to activity 6.6. Goods transportation services, or 30.61% (6.01 million HRK), while the overall operating cost for harmonized activities refers to activity 3.1. Production of technologies for energy from renewable sources. The share of taxonomically unacceptable activities in operating expenses is 48% (HRK 9.48 million).

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Photo 4. Dalekovod Group: Share of taxonomically eligible/non-eligible activities in total revenues at the consolidated level, following Annex II. of the Delegated act on publications.

Economic activities (1)	Code (6) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria						DNSH criteria ('Does not significantly harm')						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category (enabling activity)	Category ('transitional activity') (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		HRK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities				%																
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
3.1 (M)	Manufacture of renewable energy technologies	4.981.347	0,5%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y			E	
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1.)		4.981.347	0,5%	%	%	%	%	%	%								%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
3.1 (M)	Manufacture of renewable energy technologies	0	0,00%																	
6.5 (M)	Transport by motorbikes, passenger cars and light commercial vehicles	0	0,00%																	
6.6 (M)	Freight transport services by road	0	0,00%																	
6.15 (A)	Infrastructure enabling low-carbon road transport and public transport	8.781.904	0,84%																	
7.1 (M)	Construction of new buildings	6.223.682	0,59%																	
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		15.005.586	1,43%																	
Total (A.1. + A.2)		19.986.933	1,90%																	
B. Taxonomy non-eligible activities																				
Turnover of taxonomy non-eligible activities (B)		1.030.282.015	98,10%																	
Total (A + B)		1.050.268.948	100%																	

2022 BUSINESS PERFORMANCE INDICATORS

Photo 5. Dalekovod Group: Share of taxonomically eligible/non-eligible activities in total capital expenditures at the consolidated level, following Annex II. of the Delegated act on publications.

Economic activities (1)	Code (6) (2)	Absolute turnover (3) HRK	Proportion of turnover (4) %	Substantial contribution criteria						DNSH criteria ('Does not significantly harm')							Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover, year 2022 (18) %	Taxonomy-aligned proportion of turnover, year 2021 (19) %	Category (enabling activity) (20) E	Category '(transition al activity)' (21) T	
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N							
A. Taxonomy-eligible activities																	%					
A.1. Environmentally sustainable activities (taxonomy-aligned)																						
3.1 (M)	Manufacture of renewable energy technologies		932.323	0,16%	100%						N/A	Y	Y	Y	Y	Y		N/A	E			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)			932.323	0,16%	%	%	%	%	%	%							%					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																						
3.1 (M)	Manufacture of renewable energy technologies			0,00%																		
6.5 (M)	Transport by motorbikes, passenger cars and light commercial vehicles		29.660	0,01%																		
6.6 (M)	Freight transport services by road		11.673.632	2,05%																		
6.15 (A)	Infrastructure enabling low-carbon road transport and public transport		1.643.646	0,29%																		
7.1 (M)	Construction of new buildings		1.164.842	0,20%																		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)			14.511.779	3%																		
Total (A.1. + A.2)			15.444.102	3%																		
B. Taxonomy non-eligible activities																						
CapEx of taxonomy non-eligible activities (B)			554.491.931	97%																		
Total (A + B)			569.936.034	100%																		

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Photo 6. Dalekovod Group: Share of taxonomically eligible/non-eligible activities in total operating expenses at the consolidated level, following Annex II. of the delegated act on publications.

Economic activities (1)	Code (5) (2)	Absolute turnover (3) HRK	Proportion of turnover (4) %	Substantial contribution criteria							DNSH criteria ('Does not significantly harm')							Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover, year 2022 (18) %	Taxonomy-aligned proportion of turnover, year 2021 (19) %	Category (enabling activity) (20) E	Category '(transition activity)' (21) T	
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N								
A. Taxonomy-eligible activities																		%					
A.1. Environmentally sustainable activities (taxonomy-aligned)																							
3.1 (M)	Manufacture of renewable energy technologies	522.613	3%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	100%	N/A	E				
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)		522.613	3%	%	%	%	%	%	%								3%						
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																							
3.1 (M)	Manufacture of renewable energy technologies	-	0,00%																				
6.5 (M)	Transport by motorbikes, passenger cars and light	2.041.228	10,40%																				
6.6 (M)	Freight transport services by road	6.009.470	30,61%																				
6.15 (A)	Infrastructure enabling low-carbon road transport and public	921.345	4,69%																				
7.1 (M)	Construction of new buildings	652.952	3,33%																				
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		9.624.995	49%																				
Total (A.1. + A.2)		10.147.608	52%					Y															
B. Taxonomy non-eligible activities																							
OpEx of taxonomy non-eligible activities (B)		9.482.197	48%																				
Total (A + B)		19.629.805	100%																				

2022 BUSINESS PERFORMANCE INDICATORS

SOCIETY AND HUMAN RIGHTS

GRI 3-3/401-1/401-2/401-3/404-1/404-2/404-3/405-1/405-2



In the sector of sustainability, which relates to society and human rights in 2022, a total of 3 material topics were determined - our employees, health protection and safety and the responsibility of the suppliers' chain - society and human rights.

OUR EMPLOYEES

GRI 3-3/401-1/401-2/401-3/404-1/404-2/404-3/405-1/405-2

Basic information about the number of employees according to contract type, working hours and professional qualifications is outlined in the chapter Dalekovod Group Employees. As our employees are one of the eight material topics for 2022, in this chapter we have described human resource management practices, investments into training, transfer of knowledge and progress tracking, as well as operating in accordance with the principles of diversity and equal opportunity and parental leave.

Satisfied employees in a stimulating business environment in which their potential is recognised and directed towards the achievement of sustainable business goals are the greatest possession, but also the greatest challenge of every company, including Dalekovod Group. In determining labour relations and internal organisation, Dalekovod Group companies act in accordance with applicable regulations and collective and individual agreements and protect the human and civil rights, dignity and reputation of each employee. Any discrimination or harassment of employees based on their gender, race, religious, national or political affiliation, physical defects, age, family status, personal characteristics or beliefs is not allowed. The principle of equal pay for equal work is applied throughout the organisation. For human resources management in Dalekovod Group is responsible The Department for Human Resources Management.

Taking into account the activities of Dalekovod Group, in 2022 the share of employees in engineering positions and in positions related to production amounted to 79 percent of the total number of employees. Administrative positions in 2022 were held by 21 percent of employees. The biggest change in relation to 2021 relates to the decrease in the number of employees holding engineering and production positions, the main reason being is the structure of currently active projects and personal career development and finding a new job on the labor market or migration.

2022 BUSINESS PERFORMANCE INDICATORS

Number of employees of Dalekovod Group in 2022 per type of job performed

	Dalekovod	Dalekovod Projekt	Proizvodnja MK	Proizvodnja OSO	Dalekovd EMU	TOTAL
Administration	126	19	24	49	3	221
Engineering and production	560	74	85	113	7	839
2022 TOTAL	686	93	109	162	10	1.060
Administration	133	21	23	48	3	228
Engineering and production	663	68	89	112	7	939
2021 TOTAL	796	89	112	160	10	1.167

NEW EMPLOYEES AND EMPLOYEE FLUCTUATION

GRI 401-1

In 2022 a total of 100 employees were employed in the companies of Dalekovod Group. Of the total number of employees, 27 percent were female and 73 percent male. Nearly half of all new employees, i.e. 49 percent, were employees under the age of 30. These are mostly highly educated employees and employees who possess specialist knowledge (electrical fitters, locksmiths, carpenters).

Meanwhile, 192 Dalekovod Group employees left work in 2022, 94 percent male and 6 percent female. Of the employees leaving in 2022, 106 employees i.e. 55 percent were aged between 30 and 50, 27 percent were under 30 and 8 percent were over 50. In 2022, the trend of employee departures, which in 2021 rose to 57 percent, decreased.

The number of employees who started work in 2021 was 135, that is to say 35 more employees than in 2022. In 2021, 187 employees left work, 5 fewer than in 2022.

New employees in 2022, employee fluctuation and comparison to 2021

	Dalekovod	Dalekovod Projekt	Proizvodnja MK	Proizvodnja OSO	TOTAL
Start of work in 2022	54	13	5	28	100
Men	44	9	4	16	73
<30	26	6	1	9	42
30-50	18	3	3	3	27
>50	0	1	0	4	5
Women	10	4	1	12	27
<30	2	2	1	2	7
30-50	8	1	0	6	15

2022 BUSINESS PERFORMANCE INDICATORS

>50	0	0	0	4	4
End of work in 2022.	147	11	8	26	192
Men	142	6	7	25	180
<30	40	2	2	5	49
30-50	84	4	3	10	101
>50	18	0	2	10	30
Women	5	5	1	1	12
<30	1	1	0	1	3
30-50	2	2	1	0	5
>50	2	2	0	0	4
Start of work in 2021	100	12	10	13	135
Men	92	7	9	11	119
<30	54	5	5	4	68
30-50	32	2	2	6	42
>50	6	0	2	1	9
Women	8	5	1	2	16
<30	5	2	1	1	9
30-50	3	2	0	1	6
>50	0	1	0	1	2
End of work in 2021	164	8	4	11	187
Men	157	5	2	10	174
<30	57	0	1	1	59
30-50	85	5	1	3	94
>50	15	0	0	6	21
Women	7	3	2	1	13
<30	3	1	1	0	5
30-50	3	2	1	1	7
>50	1	0	0	0	1

BENEFITS FOR EMPLOYEES WITH INDEFINITE-TERM CONTRACTS

GRI 401-2

In the companies of the Dalekovod Group, all workers, regardless of whether they are employed for a fixed or indefinite period of time, have the same privileges.

2022 BUSINESS PERFORMANCE INDICATORS

PARENTAL LEAVE

GRI 401-3

In 2022, a total of 20 employees of the companies Dalekovod, Dalekovod Projekt and Proizvodnja OSO used parental leave. Employees of the companies Proizvodnja MK and Dalekovod EMU did not use parental leave. Of the 20 employees using their parental leave, 9 were male and 11 were female. Of a total of 20 employees using their parental leave, 9 of them, that is to say 45 percent, returned to work in 2022. One year after returning from parental leave, 45 percent, i.e. 9 employees remained at their positions.

Final data on the employees who used parental leave will be available on 1 January 2025, i.e. at the lapse of one year and an additional year since their return to work for all employees who used parental leave in 2022.

Number of employees using parental leave in 2022 and their return to the workplace

	Dalekovod	Dalekovod Projekt	Proizvodnja OSO	TOTAL
Employees who used parental leave	11	3	6	20
Men	5	0	4	9
Women	6	3	2	11
Employees who returned from parental leave	5	2	2	9
Men	3	0	2	5
Women	2	2	0	4
Employees who have been working one year after parental leave	5	2	2	9
Men	3	0	2	5
Women	2	2	0	4

TRAININGS, TRANSFER OF KNOWLEDGE AND PROGRESS MONITORING EVALUATION

GRI 404-1/404-2/404-3

Dalekovod Group recognises the importance of the continuous acquisition of new knowledge and skills, as well as of the improvement of existing ones. Our employees pride themselves on a high level of knowledge and expertise and they are committed to achieving the set tasks and goals in a timely and thorough way. Our employment needs are planned on an annual basis. Throughout the process, we take into consideration the number of employees according to the type of competences they possess and we compare it to our needs for the implementation of the planned projects. Employees are hired on the basis of a selection process, and they apply to vacancies posted on employment websites, our own website, social media and via recommendations by existing employees in Croatia and abroad. We cooperate with vocational schools and universities with the aim of locating future employees with the necessary knowledge and skills. Taking into account the general employee shortage on the domestic market, we also cooperate with temporary employment agencies, also employing non-EU citizens.

2022 BUSINESS PERFORMANCE INDICATORS

In addition to specialised externally provided trainings, we also organise internally provided trainings, and in 2022 we inaugurated a competency development programme for management, which are under direct authority of the Board (M-1 and M-2 categories). Our long-standing practice of English language learning continued in 2022. Our employees also improve their knowledge by attending conferences, symposiums and seminars. Dalekovod Group does not log data on the number of hours of training per employee according to sex and job title; instead, it logs data on the number of employees undergoing some type of training and the overall training cost per company.

In 2022, 52 percent of the total number of Dalekovod Group employees were included in some form of externally or internally provided trainings, which maintains nearly the same standard as in 2021.

Number of employees who attended internal or external trainings in 2022 and comparison with 2021

	Dalekovod	Dalekovod Projekt	Proizvodnja MK	Proizvodnja OSO	Dalekovod EMU	TOTAL
Number of employees who attended trainings in 2022	507	19	9	12	0	547
Total number of employees in 2022	686	93	109	162	10	1060
Share of employees who attended trainings in 2022 /%	74	20	8	7	0	52
Training cost in 2022 / kuna	615.200,36	173.099,25	54.883,87	33.291,93	0,00	876.475,41
Number of employees who attended trainings in 2021	595	7	4	9	0	615
Total number of employees in 2021	796	89	112	160	10	1167
Share of employees who attended trainings in 2021 /%	75	8	4	6	0	53
Training cost in 2021 / kuna	801.310,65	51.185,56	49.424,54	60.352,11	0	962.272,86

The total number of employees with regular review of career effects and development in Dalekovod Group was 8. All the employees hold management positions and all of them are men. Two of them are aged between 30 and 50, while the other six are over 50 years old. The implementation of performance assessment for M-1 and M-2 categories started on 1 January 2023, and the results will be reported in 2024.

DIVERSITY AND INCLUSION

GRI 405-1/405-2

In 2022, there were a total of 6 women and 59 men in management positions in Dalekovod Group companies, i.e. women held 9 percent of management positions out of a total of 65. The management level includes senior, middle and lower management. Members of the Management Board are not included in

2022 BUSINESS PERFORMANCE INDICATORS

senior management, and the composition of the Management Board is presented in the *Corporate Governance chapter*. The ratio of the basic salary of men and women is identical in all categories of workers - management and operational level and within the operational level engineering-production and administrative positions.

The companies Dalekovod and Proizvodnja OSO employ four men with disabilities at management level who are included in vulnerable groups according to Consolidated GRI Standards. The companies of Dalekovod Group employed a total of 16 workers with disabilities.

Number of women and men at management and operational positions

	Dalekovod			Dalekovod Projekt		Proizvodnja MK			Proizvodnja OSO			Dalekovod EMU	
	A	B	C %	A	B	A	B	C %	A	B	C %	A	B
Women – management level	5	0	0	0	0	1	0	0	0	0	0	0	0
Under 30	0	0	0	0	0	0	0	0	0	0	0	0	0
30-50 years of age	4	0	0	0	0	1	0	0	0	0	0	0	0
Over 50	1	0	0	0	0	0	0	0	0	0	0	0	0
Women – operational level	61	3	4,9	27	0	3	0	0	20	1	5,0	3	0
Under 30	5	0	0	4	0	2	0	0	2	0	0	0	0
30-50 years of age	36	2	5,6	14	0	1	0	0	9	0	0	1	0
Over 50	20	1	5,0	9	0	0	0	0	9	1	11,1	2	0
Men – management level	17	1	5,9	13	0	11	0	0	17	3	17,6	1	0
Under 30	0	0	0	0	0	0	0	0	0	0	0	0	0
30-50 years of age	13	1	7,7	6	0	7	0	0	9	1	11,1	1	0
Over 50	4	0	0	7	0	4	0	0	8	2	25	0	0
Men – operational level	603	6	1,0	58	0	94	2	2,1	124	0	0	6	0
Under 30	96	0	0	11	0	5	0	0	16	0	0	1	0
30-50 years of age	361	2	0,55	36	0	50	0	0	40	0	0	3	0
Over 50	146	4	2,7	11	0	39	2	5,1	68	0	0	2	0
TOTAL	686	10	1,5	98	0	109	2	1,8	161	4	2,5	10	0

¹A=total number of employees

²B=number of employees from vulnerable group of the total number of employees

³C=number of employees from vulnerable group in the total number of employees

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HEALTH PROTECTION AND SAFETY

GRI 3-3/403-1/403-2/403-3/403-4/403-5/403-7/403-8/403-9

HEALTH AND SAFETY MANAGEMENT SYSTEM

GRI 3-3/403-1/403-2/403-8

Health and safety protection in the companies Dalekovod d.d., Proizvodnja MK and Proizvodnja OSO is managed according to the introduced and certified system in accordance with the ISO 45001:2018 standard, and the certificate is valid until December 1, 2025. The Dalekovod Project is certified separately according to the occupational health and safety system, and the certificate is valid until December 15, 2025. All certificates and policies are published on our website. The system policy contains objectives related to continuous improvements in health and safety protection, depending on the identified and planned risks. The system manages the risks to which employees of the Dalekovod Group and other interested parties are exposed, as well as the constant improvement of the security of all business processes. At the same time, all processes are planned, prepared and organized in accordance with the valid and applicable for the Dalekovod Group, legal and by-law regulations in the field of safety and health protection. Dalekovod d.d. also implements the "Safety Culture" campaign, which defines the rules for workers at the workplace.

Opportunities for improvement

In 2022, a total of 67 improvement measures were adopted:

- 13 measures for the Committees of affiliated companies
- 28 based on the assessment of the Management Board,
- 8 internal judgments
- 10 opportunities for improvement i
- 8 risk assessment

ORGANIZATION OF BOARD FOR OCCUPATIONAL SAFETY WITHIN DALEKOVOD GROUP

GRI 3-3/403-3/403-4/403-5/403-7

Each affiliated company has its own Board for occupational safety. There are four occupational safety committees operating in the Dalekovod Group: the Dalekovod Occupational Safety Committee, the Dalekovod Project Occupational Safety Committee, the MK Production Occupational Safety Committee and the OSO Occupational Safety Committee.

Members of Board for occupational safety are: President - employer representative, Deputy President - expert for occupational safety, authorized persons representing business units, employee representatives or coordinator - elected employee representatives, competent authority for occupational safety, occupational medicine physician (contracted occupational medicine institution). Board President or its deputy calls a meeting at least once every six months and defines meeting agenda depending on the current

2022 BUSINESS PERFORMANCE INDICATORS

problems with regard to safety and occupational safety, with emphasis on planning and supervision of implementation of occupational safety rules. If the President fails to call a meeting in the prescribed timeline, employee representative or representative coordinator, i.e. workers' council or union representative with rights and obligations of the workers' council has the right to call a Board meeting.

The chairman of the board in cooperation with the occupational safety expert is responsible for coordinating activities related to the organization of board meetings, the collection of input data, as well as the preparation of minutes. The minutes of the board meetings are delivered to all board members and the deadlines and persons responsible for resolution that are part of the minutes are sent to the chairman of the board for approval.

In Dalekovod, Proizvodnja MK, Proizvodnja OSO and Dalekovod Project, a total of 9 board meetings were held in 2022, in the work of which, in addition to board members, representatives of the Workers' Council, trade unions, directors of individual sectors, and members of the Management Board/directors participated in Dalekovod

Goals and activities of the Board

Goals of the Board	Activities to achieve goals
<ul style="list-style-type: none">- recommend preventive activities to influence prevention of occurrence of incident situations, work processes disturbances and workplace injuries and professional illnesses in connection to work performed- recommend activities to strive to constant improvement of work conditions and advancement of occupational safety- stimulate reduction of risk in all work processes and local- contribute to implementation of permanent health protection of all employees- plan and supervise trainings and notifications for employees on occupational safety	<ul style="list-style-type: none">- define the goals for occupational health and safety and define plans and programs for their fulfillment within the scope of implementation of legal regulations for occupational health and safety- define activities to measure system efficiency and surveillance over implementation of corrective and preventive activities adopted at occupational safety board meetings- define priorities for undertaking necessary activities- improve cooperation of heads of departments and work units for solving observed problems within the Occupational health and safety management system- recommend method for continuous improvement of work conditions, i.e. carry out preventive activities with the aim of reducing the risk for work related injuries and professional work related illnesses and monitor their implementation

Surveillance and communication

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Bord for Occupational Safety	Surveillance and communication
Board at Dalekovod d.d.	<ul style="list-style-type: none"> - direct surveillance over employees who work at location Dalekovod d.d. Marijana Čavića 4 in Zagreb, counting 169 employees - Other employees, 672, who work on domestic and foreign sites communicate through elected workers' commissioners with the commissioners' coordinator at the headquarters. - Given the complexity and the number of projects, employees of Dalekovod d.d. at foreign location project choose a workers' commissioner (representative) for each project
Bord at Proizvodnja MK and Bord at Proizvodnja OSO	<ul style="list-style-type: none"> - Employees of Proizvodnja MK d.o.o., Proizvodnja OSO d.o.o. directly communicate with their representatives at location
Bord at Dalekovod Projekt	<ul style="list-style-type: none"> - Employees of Dalekovod Projekt d.o.o. - are under direct Board surveillance because work is carried out at location Marijana Čavića 4, Zagreb

INJURIES AT WORKPLACE

GRI 403-9

During 2022, there were no deaths caused by a work-related injury, nor a high-severity injury defined as an injury from which the worker cannot recover or cannot be expected to recover to the pre-injury state within 6 months of the injury occurring.

Total number of sick leave days and injuries at workplace in 2022

In 2022 COVID, sick leaves, injuries at workplace	Dalekovod	Dalekovod projekt	Proizvodnja MK	Proizvodnja OSO	Dalekovod EMU
Number of employees who worked remotely	160	49	0	8	0
Total number of sick leave days	6979	486	1615	2722	20
Number of deaths caused by injury at work	0	0	0	0	0

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Number of serious injuries at work, excluding death	0	0	0	0	0
Number of injuries at workplace	22	0	2	1	0
Sick leave caused by an injury	8	0	2	2	0
Injuries processed in a medical institution	14	0	0	0	0
Main types of injuries at workplace	Fracture of bones		Fracture of bones	Fracture of bones	

¹personal sick leave and sick leave for the care of children/relatives, excluding parental leave

²injuries from which the worker cannot recover or cannot be expected to recover to the pre-injury condition within 6 months of the injury occurring

The total number of lost working hours due to work-related injuries in 2022 was 8,201, which remained at almost the same level as in 2021.

Lost work hours due to work-related injuries in 2022 and comparison with 2021.

	Dalekovod	Dalekovod Projekt	Proizvodnja MK	Proizvodnja OSO
Working hours lost due to occupational injuries in 2022	7.393	0	368	440
Working hours lost due to occupational injuries in 2021	8.412	0	0	0

THE INFLUENCE OF SUPPLY CHAIN ON COMPANY AND HUMAN RIGHTS

GRI 414-1

Dalekovod Group is aware of the potential effect suppliers have on the company and human rights. Some of our suppliers chose investors and we have no influence on those suppliers. Suppliers selected by companies within Dalekovod Group directly enter our list of suitable suppliers if they have implemented systems for quality management, environment control, energy and occupational health and safety. Suppliers who have not implemented said systems are analyzed before being listed as approved on the basis of a questionnaire in which they deliver information on managing influence on the company and human rights. Conditions that the suppliers have to fulfill when entering into agreements with companies within Dalekovod Group and in connection with influence management on company and human rights are listed in General terms and conditions at our web site.

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With the aim of collecting data on the influence of our suppliers on the company and human rights in 2022, we have compiled additional questionnaires in line with Consolidated GRI Standards from 2021. We have requested submission of data from 24 significant suppliers and 5 suppliers have submitted their response..

Representation of collected data on the supplier influence on the company and human rights in 2022.

Questions	Comment for submitted data
Number of employees and fluctuation of employee number in 2022	4 out of 5 suppliers submitted data on employee numbers and 2 out of 5 on employee fluctuations.
Setting up Occupational health and safety management system (formally and informally)	2 out of 5 suppliers have implemented and certified Occupational health and safety management system in line with ISO 45001:2018, one supplier has implemented system that is not certified and 2 suppliers have not provided data.
Average training hours per employee	3 out of 5 suppliers have submitted data about average training hours per employee in 2022.
Danger of child labour	3 out of 5 suppliers have reported that there is no danger of child labour at their premises.
Danger of forced labour	2 out of 5 suppliers have reported that there is no danger of forced labour at their premises.
Including criteria of respecting human rights, avoiding forced and child labour when choosing suppliers	2 out of 5 suppliers include these criteria when choosing suppliers and 1 supplier includes criteria of ban on child labour.

ENVIRONMENT

GRI 3-3/301-1/301-2/302-1/302-2/302-3/302-4/303-3/303-4/303-5/304-2/305-1/305-2/305-3/305-4/305-5/306-3/306-4/306-5/308-1



Environmental influences of Dalekovod Group are divided into influences arising from metal constructions and suspension equipment production within companies Proizvodnja MK and Proizvodnja OSO, activities of companies Dalekovod and Dalekovod Projekt and environmental influence of the supplier chain. Suppliers are those which have been selected by Dalekovod Group on the basis of set criteria and suppliers selected by investor.

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Environmental influences are managed by a set and certified Environment management system in line with standard ISO 14001:2015, valid until February 25, 2025., [Environment management policy](#) and [certificate](#) Dalekovod. All policies and certificates are available on our web site. [Environment management policy](#) and [certificate](#) Dalekovod d.d. i Dalekovod Projekta d.o.o., [Environment management policy](#) and [certificate](#) Proizvodnje MK d.o.o., [Environment management policy](#) and [certificate](#) Proizvodnje OSO d.o.o.

We have determined the following important environmental topics for 2022: materials and raw materials, power consumption and supply chain responsibility - environment.

MATERIALS AND RAW MATERIALS

GRI 3-3/301-1/301-2

Depiction of data in connection with materials and raw materials includes metals, alloys and chemicals used for production of metal structures and suspension and jointing equipment.

TYPES AND QUANTITIES OF MATERIALS AND RAW MATERIALS

GRI 301-1

Materials used for the production of metal structures, suspension and jointing equipment are iron, zinc, aluminum and brass. Metals and alloys are procured from the Czech Republic, Italy, Poland, Spain and Turkey, and chemicals are procured from suppliers from Croatia. Life span of our products is 50 to 70 years. Close to 85% of manufactured metal structures, suspension and jointing equipment is exported to more than 80 countries world wide. Dalekovod Group generates around 80% of income from foreign projects. Transmission lines and substations projects carried out abroad include products from suppliers that investor chose or from suppliers that meet quality requirements and set deadlines. Apart from the above mentioned, selected suppliers have to provide proof of managing its environmental influence, power consumption and that they have implemented occupational health and safety system.

During 2022, 4,052.1 tons of iron, 50 tons of zinc, 212.9 tons of aluminum, and 12.8 tons of copper were used in Proizvodnja MK and Proizvodnja OSO for the production of metal structures, suspension and connecting equipment. In 2022, a total of 73,364 kilograms of chemicals were used in Proizvodnja MK, Proizvodnja OSO and Dalekovod d.d.

ENERGY CONSUMPTION

GRI 302-1/302-2/302-3/302-4

The sudden price increase for power and energy sources during 2022 pose as additional stimulation, along with the desire to reduce environmental influence and consumption of primary raw materials, and implement measures to increase energy efficiency for production and business processes.

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ENERGY MANAGEMENT IN LINE WITH ISO 50001:2018

GRI 3-3/302-1

Companies Dalekovod and Dalekovod Projekt have implemented and certified energy management system in line with ISO 50001:2018. Energy management policy for companies Dalekovod and Dalekovod Projekt and certificate that is valid until August 8, 2024 are publicly available at our web site. The companies Proizvodnja MK and Proizvodnja OSO have introduced and certified separate energy management systems. Energy management policy of Proizvodnja MK and certificate valid until December 28, 2024. are published on our website, as well as the Energy Management Policy of Proizvodnja OSO and the certificate valid until February 28, 2024.

GOALS FOR REDUCING ENERGY CONSUMPTION IN DALEKOVOD GROUP

GRI 3-3/302-1/302-4

Within the framework of the established energy management systems in the companies of the Dalekovod Group, consumption is monitored and energy saving measures are implemented. Monitoring of energy consumption includes consumption of electric and thermal energy and petrol consumption for official vehicles and leased vehicles. Electric power is purchased from suppliers. Thermal energy is purchased partially from suppliers, and companies Proizvodnja MK and Proizvodnja OSO on locations in Velika Gorica produce it themselves in own boiler rooms with liquid fossil fuel as propellant.

Data on the consumption of electrical and thermal energy purchased from suppliers is based on electricity and heating bills. Data on consumption of thermal energy produced in boiler room at location in Velika Gorica are based on calculation of fuel consumption and energy efficiency of the boiler room.

Energy consumption in 2022.

Type of energy/ company	Dalekovod ¹	Dalekovod Projekt ¹	Proizvodnja MK	Proizvodnja OSO	TOTAL
Electrical energy/ MWh	470,00		1.405,11	2.013,71	3.888,82
Thermal energy/ MWh	1.911,93		708,80	832,07	3.452,80
Petrol for transportation/ MWh	10.749,10	206,73	328,89	55,20	11.339,82
TOTAL	13.337,76		2.442,84	2.900,98	18.681,44

¹Consumption of electrical and thermal energy for companies Dalekovod and Dalekovod Projekt is indicated jointly because both companies are situated at the same location

Energy consumption in 2021.

Type of energy/ company	Dalekovod ¹	Dalekovod Projekt ¹	Proizvodnja MK	Proizvodnja OSO	TOTAL
Electrical energy/ MWh	428,92		1.432,42	2.028,38	3.889,72
Thermal energy/ MWh	2.043,5		928,62	1.090,12	4.062,24

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Petrol for transportation/ MWh	16.226,61	172,75	334,08	39,8	16.226,61
TOTAL	18.871,78		2.659,13	3.158,30	24.725,20

¹Consumption of electrical and thermal energy for companies Dalekovod and Dalekovod Projekt is indicated jointly because both companies are situated at the same location.

The total energy consumption, which includes electricity and thermal energy, as well as fuel consumption for the operation of official vehicles, rental vehicles, work machines and mechanization in the Dalekovod Group, must be viewed in the context of the structure of active construction projects and the total scope of work in certain periods. In 2022, consumption will decrease by 24.44 percent compared to 2021. All companies individually reduced their total energy consumption in 2022 compared to 2021.

By comparing individual indicators of energy savings, it is evident that the total consumption of electricity in 2022 remained at the same level as the consumption in 2021, while the total consumption of thermal energy in 2022 was reduced by 15 percent. Total consumption of fuel for transport by 32.39 percent. Savings were made by replacing the existing lighting with LED lighting in the MK Production and OSO Production plants and the vehicle mechanization maintenance workshop at the location of the Dalekovod Group headquarters in Zagreb. Workers who have a significant impact on energy consumption are trained for energy occupations such as central heating operators, pressure vessel operators and switchgear operators of power plants in industry. Campaigns are also carried out to increase workers' awareness of the importance of saving energy in offices when operating machines, machinery and vehicles. Fuel savings for driving vehicles were achieved by purchasing 6 new trucks with the EURO VI standard.

ENERGY INTENSITY

GRI 302-3

Calculation of intensity of energy consumption is based on total energy consumption in Dalekovod Group.. As total energy consumption in 2022 is reduced by 24,44% and total profit decreased by 24.04%, the intensity of energy consumption remained the same. Energy intensity for Dalekovod Group was 0.00003 Mwh/kn of total profit in 2022, i.e. 0.03 kWh/kn.

Energy intensity for Dalekovod Group in 2022 and comparison with 2021

	2022	2021	2022/2021 %
Energy intensity MWh/ kn	0,00003	0,00003	-
Total energy consumption/ MWh	37.138,31	44.452,70	-16,45
Profit/x1000 kn	1.059.757	1.395.196	-24,04

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GREENHOUSE GAS EMISSIONS, WATER CONSUMPTION AND WASTE PRODUCTION

GRI 3-3/303-3/303-4/303-5/304-2/305-1/305-2/305-3/305-4/306-3/306-4/306-5/308-1

Apart from material subjects regarding environment: materials and raw materials, energy consumption and supply chain responsibility, this chapter presents data on greenhouse gas emissions into air, the use of water, quantity of produced waste and the influence on biodiversity..

GREENHOUSE GAS EMISSIONS

GRI 3-3/305-1/305-2/305-3/305-4/305-5

The process of production of metal structures and suspension equipment generates larger quantities of waste, more water and more electricity is spent in comparison to office activities.

CARBON FOOTPRINT AND GREENHOUSE GAS EMISSION INTENSITY

GRI 305-1/305-2/305-3/305-4

Total greenhouse gas emission is the sum of direct emissions originating from production processes and Dalekovod Group activities: Scope 1: direct emissions from the production of electrical and thermal energy purchased from suppliers; Scope 2: emissions that originate from the supplier chain; Scope 3: reporting company can have larger or smaller influence, as in Dalekovod Group case.

Scope 1 includes carbon dioxide emissions (CO₂) originating from fuel combustion for production of thermal energy in boiler room at Velika Gorica location and combustion emission of petrol for official and leased vehicles. Calculation of CO₂ emissions from Velika Gorica boiler room used data on petrol consumption, energy efficiency of boiler room and national factors for emissions and removal of greenhouse gases for thermal energy. Emissions of CO₂ from petrol consumption for official and leased vehicles are calculated based on information on the type of vehicle, type of petrol, traveled distance and national factors for emissions factors and removal of greenhouse gases for traffic.

Scope 2 includes CO₂ emissions for production of electrical and thermal energy purchased from suppliers on the basis of paid energy bills and emission intensity received from suppliers.

Emissions in Scope 3 are not relevant for presentation of total emissions and carbon footprint calculation for Dalekovod Group because supply chain environmental influence questionnaires answered 5 suppliers out of 23 and only 3 suppliers submitted data on greenhouse gases emissions per product or provided service.

Carbon footprint for Dalekovod Group in 2022 amounted to 4,902.01 tons of CO₂, i.e. 25.9% lower than in 2021 when it amounted to 6,615.83 tons. The reduction of CO₂ emissions is directly related to the reduction of energy consumption in 2022 and the implementation of energy saving measures.

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Carbon footprint in 2022.

	Dalekovod	Dalekovod Projekt1	Proizvodnja MK	Proizvodnja OSO	TOTAL
Direct emissions - Scope 1/ t	3.020,50	58,09	305,07	265,13	3.648,79
Indirect emissions - Scope 2/ t	709,63	0	223,41	320,18	1.253,22
TOTAL	3.730,13	58,09	528,48	585,31	4.902,01

Carbon footprint in 2021

	Dalekovod	Dalekovod Projekt1	Proizvodnja MK	Proizvodnja OSO	TOTAL
Direct emissions - Scope 1/ t	4.559,68	48,54	372,46	338,22	5.318,90
Indirect emissions - Scope 2/ t	746,66	0	227,76	322,51	1.296,93
TOTAL	5.306,34	48,54	600,22	660,73	6.615,83

The intensity of greenhouse gas emissions was 0.00001 t CO₂/kn of total profit in 2022, i.e. 10 g CO₂/kn. Even though greenhouse gas emissions were reduced in 2022, the intensity emissions were 9 g CO₂/kn of total profit in 2021. Total profit for Dalekovod Group in 2022 was influenced by the Russian-Ukrainian crisis that reflected on the level of business expenses that were not collected from investors in full. Therefore, intensity emissions for greenhouse gas in 2022 compared to 2021 do not show actual situation.

Emission intensity for greenhouse gas in 2022 and comparison with 2021

	2022	2021	2022/2021 %
Emission intensity tCO ₂ /kn	0,0000046	0,0000047	0
Carbon footprint in 2022 /t	4.902,01	6.615,83	-25,90
Profit/x1000 kn	1.059.757	1.395.196	-24,04

WATER

GRI 303-3/303-2/303-3/303-4/303-5

The water used in Dalekovod Group companies originates from the public water supply system. Water consumption in Production MK and Production OSO in Velika Gorica is monitored according to purpose - sanitary, technological, cooling water and water in recirculation. More than 65 percent of the water consumed refers to the consumption of sanitary water. Rainwater is purified on an oil-water separator before being poured into the public drainage system. Water consumption is regularly measured with the

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help of a water meter, and in the case of water consumption exceeding the set limits, the cause of the increase in consumption is determined and measures are taken to eliminate deviations.

Water consumption is monitored through the Environment management system in line with standard ISO 14001:2015 that set the ground for setting goals for reduction. Chosen parameters for tracking water consumption is total water consumption at location. Base year in comparison to the year for which the reduction goal was set is XX. Measures carried out in 2022 are: XX Goals set for 2022 are partially fulfilled due to XX. Gathered data on water consumption are based on measurements.

Total water consumption within Dalekovod Group remained almost the same as in 2021..

Water consumption in 2022 and comparison with 2021

	Dalekovod	Dalekovod Projekt 1	Proizvodnja MK	Proizvodnja OSO	TOTAL
Total water consumption in 2022/m ³		3.362,00	1.862,76	4.407,24	9.632,00
Total water consumption in 2021/m ³		2.926,00	2.990,02	5.097,06	11.013,08
2022/2021 %		14,90	-37,70	15,65	12,54

1 Consumption of water for companies Dalekovod and Dalekovod Projekt is indicated jointly because both companies are situated at the same location.

WASTE PRODUCTION

GRI 306-1/306-2/306-3/306-4/306-5

Količina proizvedenog otpada prati se kroz Sustav upravljanja okolišem prema normi ISO 14001:2015, u Waste production is tracked through the Environment management system in line with standard ISO 14001:2015 that formed the basis for setting goals for reduction. Chosen parameter for waste is total quantity of produced waste and quantity of produced hazardous and non-hazardous waste. Base year in comparison to the year for which the reduction goal was set is XX. Measures for reduction of quantity of produced waste carried out in 2022 are: XX Goals set for 2022 are fully completed. Data on quantity of waste is gathered upon weighing of waste by authorized waste management company and they submit such information to companies within Dalekovod Group.

Waste generated in offices of companies Dalekovod and Dalekovod Projekt is the same as household waste i.e. businesses similar to households. The largest quantities of waste produced in 2022 in those companies are municipal waste, different types of packaging waste (plastic, wood) and electric and electronic equipment waste (IT equipment) after write down. Most of hazardous waste in companies Proizvodnja MK and Proizvodnja OSO are dust from metal processing, waste chemicals used for processing and metal corrosion protection. The largest share of non-hazardous waste take up different types of packaging.

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Waste is categorized at location of origin in line with Waste catalogue assigned by Regulation on waste management, then separated per type and temporarily stored until transferred to authorized companies holding a valid permit for waste management or if such company is registered in appropriate logbook. A logbook is kept for each type of waste with information on waste production and waste timeline (ONTO). Waste is handed over to authorized companies with accompanying waste log (PL-O), with the exception of mixed municipal waste key number 20 03 01.

Dalekovod Group produced 28.26 tons of hazardous and 504.16 tons of non-hazardous waste in 2022. Waste disposed at landfill sites amounted to XX tons and XX tons of produced waste was recycled. Total production of hazardous and non-hazardous waste in 2022 increased by 6.84% and 2%, respectively.

Companies within Dalekovod Group entered data on produced waste into electronic data base run by MINGOR Environment pollution register (ROO) as the quantity of produced hazardous waste was over 500 kg and the quantity of non-hazardous waste was over 20 t.

Production and waste management options in 2022

	Dalekovod	Dalekovod Projekt	Proizvodnja MK	Proizvodnja OSO	TOTAL
Produced hazardous waste/ t	12,91		1,84	14,26	29,01
Produced non-hazardous waste/ t	60,65		257,88	191,27	509,80
Total waste/ t	73,57		259,72	205,57	538,86
Recycled waste (R)/ t	73,57		259,72	188,94	522,23
Waste disposed on landfill sites (D)/ t	0		0	11,56	11,56

Production and waste management options in 2021

	Dalekovod	Dalekovod Projekt	Proizvodnja MK	Proizvodnja OSO	TOTAL
Produced hazardous waste/ t	6,37		3,61	17,68	27,66
Produced non-hazardous waste/ t	107,91		214,18	182,82	504,907
Total waste/ t	114,28		217,79	200,51	532,58
Recycled waste (R)/ t	114,28		217,79	193,025	525,095
Waste disposed on landfill sites (D)/ t	0		0	7,48	7,48



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BIODIVERSITY PROTECTION

GRI 304-1/304-2

Influences on the biological diversity are managed by procedures for assessment of influence of the project on the environment and eco network NATURA 2000 as per provisions of the Regulation on the assessment of impact of project on the environment (Regulation). The decision on the acceptability of the project on the environment and/or eco network is the condition for granting location permit for those projects that are listed in Annexes to the Regulation.

The decisions are issued by the competent Ministry of Economy and Sustainable Development (MINGOR). The public takes part in procedures for assessment of impact of a procedure on the environment and eco network and the decisions are made public on web site of MINGOR or of competent county authority for environment protection. Most projects within energy and infrastructure fields run by companies within Dalekovod Group and our suppliers are listed projects as per Regulation and decisions were obtained by investors. Decisions prescribe necessary measures for implementation during preparation of project build and build itself and after cessation of work or use of facility and infrastructure and restoring the environment into the initial state. Companies within Dalekovod Group abide by all proscribed measures when such are applicable and our choice of suppliers which manage environmental influences influences and reduces impact on the environment by the supply chain.

IMPACT OF SUPPLY CHAIN ON THE ENVIRONMENT

GRI 308-1

Dalekovod Group is aware of the potential effect suppliers have on the environment. Some of our suppliers chose investors and we have no influence on those suppliers. Suppliers selected by Dalekovod Group companies directly enter our list of suitable suppliers if they have implemented environment management systems, energy management system and health and safety systems. Suppliers who have not implemented said systems are analyzed before being listed as approved on the basis of a questionnaire in which they deliver information on managing environmental influences. The conditions that the suppliers have to fulfill for managing environmental influences when entering into agreements with companies within Dalekovod Group are listed in General terms and conditions at our web site.

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With the aim of collecting data on the influence our suppliers had on the environment in 2022, we have compiled additional questionnaires in line with Consolidated GRI Standards from 2021. We have requested submission of data from 24 significant suppliers and 5 suppliers have submitted their response.

Representation of collected data on the supplier influence on the environment in 2022.

Questions	Comment for submitted data
Announcement of sustainability report/ non-financial reports	2 out of 5 suppliers published reports on business activity and sustainability.
Environment management system (formal and informal)	1 out of 5 suppliers has implemented environment management system in line with ISO 14001:2015, 3 suppliers have not implemented said system and 1 supplier is in the process of implementing said system.
Energy management system (formal and informal)	1 out of 5 suppliers has implemented environment management system in line with ISO 50001:2018, 3 suppliers have not implemented said system and 1 supplier is in the process of implementing said system.
Data on fuel and energy consumption	4 out of 5 suppliers keep data on fuel and energy consumption.
Energy intensity consumption per product/ service	2 out of 5 suppliers have submitted data on energy intensity consumption per product/ service.
Use and discharge of water	4 out of 5 suppliers have submitted data on used water and 2 suppliers have submitted data on discharged waste water.
Greenhouse gas emission intensity per product/ service	3 out of 5 suppliers have submitted data on the greenhouse gas emission intensity.
Other emissions into air	1 out of 5 suppliers has submitted data on greenhouse gas emissions.
Environment influence by supply chain	3 out of 5 suppliers have submitted data on environment influence of their supply chain.

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GRI CONTENT INDEX

Statement of use	Grupa Dalekovod has reported the information cited in this GRI content index for the period from January 1 to December 31, reference to the GRI Standards.	
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GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	29
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GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	29
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	205-2 Communication and training about anti-corruption policies and procedures	
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GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	
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	303-3 Water withdrawal	57
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GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	59
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GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	56
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GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	47
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COMPANY INFORMATION

Company information



Dalekovod Joint Stock Company for engineering, production and construction

Marijana Čavića 4, 10 000 Zagreb, Croatia

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URL: www.dalekovod.hr , www.dalekovod.com / e-mail: dalekovod@dalekovod.hr

Subscribed capital: HRK 412,471,930.00 / EUR 54,744,432.94 (fixed conversion rate 7.53450)

The amount of share capital is presented in euros for information purposes and does not affect the rights and obligations of the company or its members. Number of shares: 41,247,193

VAT reg.no.: 47911242222 / Corporate ref.no.: 080010093, Trgovački sud u Zagrebu /

Taxpayers no.: 3275531

we care

