



WHITEPAPER

# 2022 ESG Due Diligence Report

# ESG DUE DILIGENCE REPORT 2022

Neos, a company committed to sustainability, embarked on its journey towards environmental, social, and governance (ESG) excellence with its first ESG Due Diligence in 2022, following the reporting year 2021. Building on the momentum and learnings from the previous year, Neos engaged in the creation of its second-year ESG report. The purpose of this report is twofold: to demonstrate the progress made since the first report and to showcase Neos' ongoing commitment to continuous improvement in ESG practices.

Sustainability experts at VentureXchange Ltd. performed the comprehensive ESG Due Diligence and the present report represents the summary and highlights of the most important findings.

## ORGANIZATIONAL CHANGES

The acquisition of SV Group and Inovativni trendovi by Neos in 2022 marked a significant milestone, resulting in the integration of three Croatian IT companies. This consolidation process, initiated at the end of the third quarter, was successfully concluded on December 29, 2022, which strengthened Neos' position as a regional leader in the IT industry.

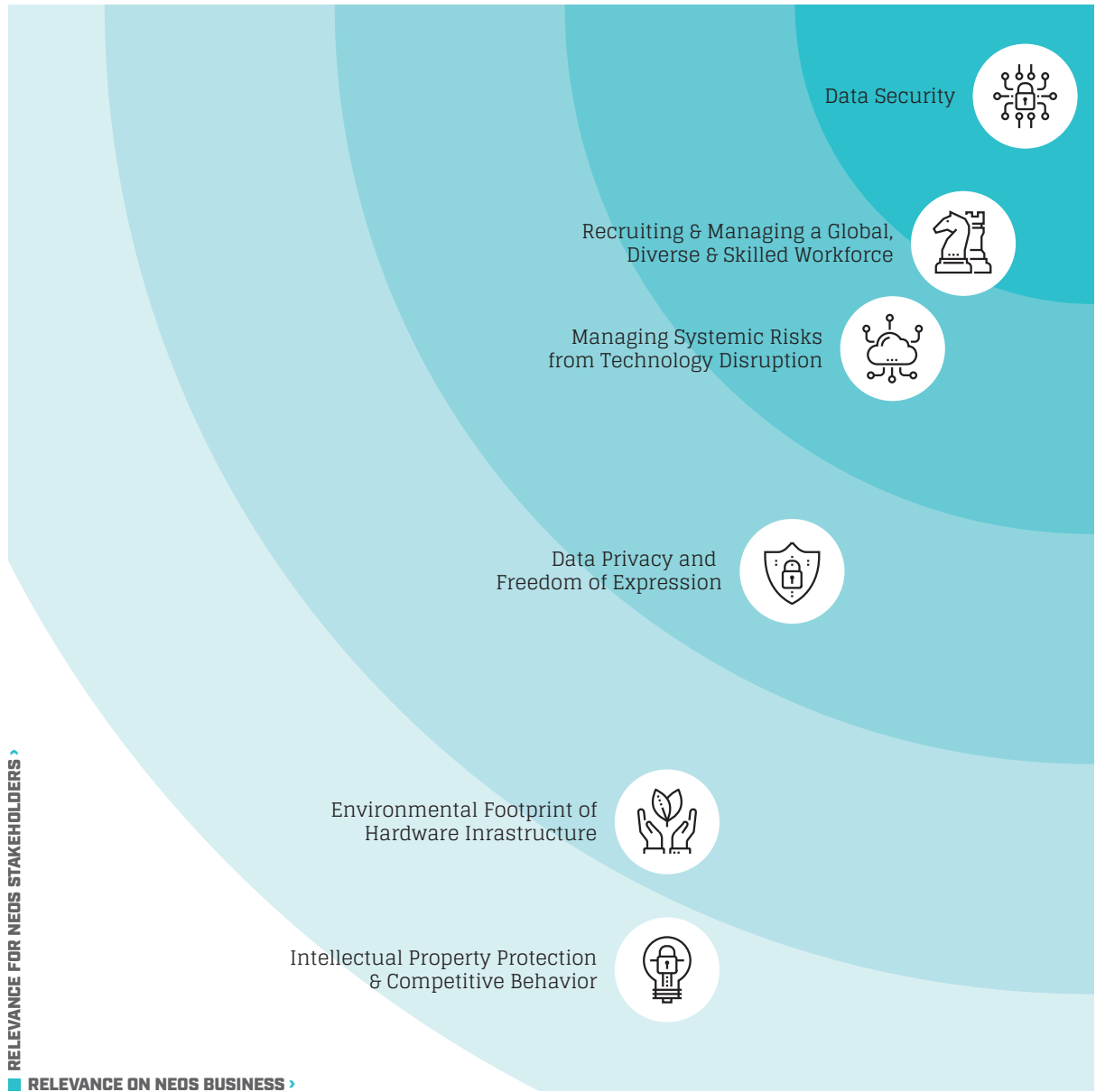
The merger and organizational changes serve as an opportunity to align ESG practices across the newly formed entity, leveraging the knowledge and experience gained from Neos and SV Group's previous reporting while incorporating Inovativni trendovi into the ESG reporting framework. This integration enables the sharing of best practices, the establishment of common goals, and the adoption of sustainable business strategies throughout the organization.

This merger sets the new reference year for future ESG reporting, reflecting the commitment of the integrated companies to uphold the highest standards of sustainability and responsible business practices.

## MATERIALITY ASSESSMENT

The ESG Materiality Assessment Questionnaire is based on the concept of double materiality, the concept that assesses the interconnectivity of both "financial materiality" and "impact materiality". By identifying the most material sustainability issues, Neos can focus its efforts and resources on addressing the issues that are most important to its stakeholders and that have the greatest impact on its business.

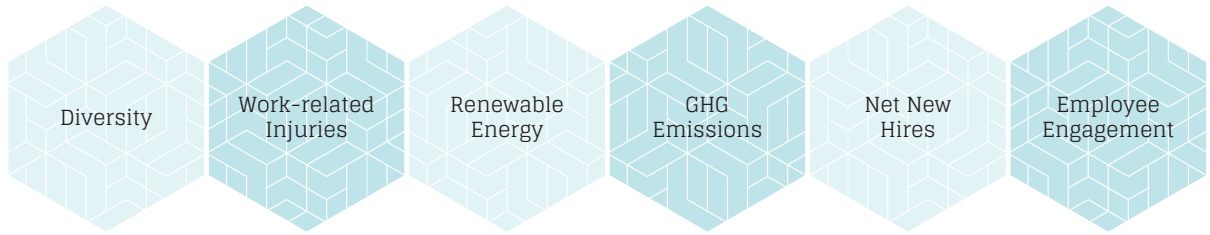
## MATERIALITY ASSESSMENT



By reporting on both highly material topics and broader industry-specific metrics, Neos aims to provide stakeholders with a clear understanding of its sustainability performance and demonstrate its dedication to responsible business practices. In addition to reporting on topics identified through the materiality assessment process (Sector-specific KPIs), Neos discloses the ESG Core Key Performance Indicators (KPIs) that have been collectively defined in collaboration with Prosperus Growth, ensuring uniformity across all portfolio companies.

Moving forward, Neos will continue to prioritize the highly material topics identified through the materiality assessment, further integrating them into its sustainability strategy, and monitoring its progress in addressing them. Through ongoing evaluation and engagement with stakeholders, Neos strives to continuously improve its sustainability performance and create long-term value for its stakeholders, industry peers, and the communities in which it operates.

ESG CORE KPIs



GHG Emissions

The consolidation of three IT companies marks a significant milestone, establishing a consolidated entity that will shape the future of ESG reporting for the combined organization. This merger sets the **new reference** year for future ESG reporting, reflecting the commitment of the integrated companies to uphold the highest standards of sustainability and responsible business practices.

CATEGORY	INDICATOR	UNIT	2022
<b>GREENHOUSE GAS EMISSIONS</b>	Total direct and indirect greenhouse gas emissions (GHG)	tCO <sub>2</sub> e	<b>225,35</b>
	Direct emissions (Scope 1)	tCO <sub>2</sub> e	<b>92,93</b>
	Indirect emissions (Scope 2), market-based emissions	tCO <sub>2</sub> e	<b>9,69</b>
	Indirect emissions (Scope 2), location-based emissions	tCO <sub>2</sub> e	<b>112,82</b>
	Total indirect GHG emissions (Scope 3), business travel	tCO <sub>2</sub> e	<b>19,60</b>



Renewable energy

100% renewable electricity



**HROTE** HRVATSKI OPERATOR TRŽIŠTA ENERGIJE d.o.o.  
CROATIAN ENERGY MARKET OPERATOR Ltd.



Water Consumption

Neos reported a total water consumption of 412,51 m<sup>3</sup>



People

Neos is highly dedicated to creating inspiring working conditions for its employees by embracing their passion, energy, and ingenuity. Employees' work is supported by continuous education and certification. The consolidation of three companies, all of whom provide solutions and services to companies whose activities are dependent on IT technologies and solutions that directly support their business, has produced a strong IT regional leader with over 160 certified consultants and 400+ successfully executed projects in the EMEA region.

Neos is committed to fostering an environment where every individual, regardless of their background, is provided with equal opportunities to grow. The company's hiring practices ensure non-discrimination based on factors such as race, gender, age, or ethnicity. Neos firmly believes that a diverse workforce brings forth a wide range of perspectives, ideas, and experiences, thereby strengthening the company.

At the end of the reporting year 2022, Neos as a consolidated entity had a total of 166 employees (65% male; 35% female representatives). At the board level, Neos reported 5 FTE (80% male; 20% female).

Diversity of employees (FTE)



Diversity of the Board (FTE)



### Highlighted Metrics

- Neos reported an exemplary track record of **zero work-related injuries**.
- The total net new hires for 2022, considering the merger of the three companies is equal to 24.

### ESG SECTOR-SPECIFIC KPIs



### Data Privacy & Freedom of Expression

Neos has proactively pursued information technology certifications to strengthen its commitment to data security and privacy. The company has successfully obtained two ISO certificates specifically relevant to the IT domain: ISO/IEC 27001:2013 - Information security management and ISO/IEC 27017:2015 - Cloud Security.

Moreover, Neos has embraced the ISO/IEC 27017:2015 code of practice, which assists organizations in selecting appropriate information security controls for cloud services.

Additionally, Neos has successfully implemented the ISO 9001:2015 certificate, which outlines the requirements for a quality management system

In 2022, Neos made a firm commitment and took the necessary measures to prepare the company for obtaining ISO 20000-1 certification in 2023.

By actively pursuing these certifications, Neos is proactively investing in its IT service management capabilities, which will ultimately enhance the overall quality and reliability of its IT services.



## Data Security

To safeguard the organization's informational assets and those of its clients against internal and external threats, both intentional and inadvertent, Neos has implemented robust security and compliance policies. The company maintains a team of highly skilled consultants who possess a strong awareness of security issues. Furthermore, Neos provides legal protection to its clients through non-disclosure agreements (NDAs) and other relevant documents at both the organizational and individual staff levels.

→ Neos' top critical suppliers are assessed to ensure the adequacy of their cyber security capabilities.

Neos has had no reported cybersecurity incidents over the past three years. The company holds ISO 27001 and 27017 certifications, demonstrating its proactive measures to safeguard information systems and mitigate cyber risks. These standards, part of a comprehensive set of complementary information security standards, serve as effective tools for risk management and cybersecurity breach anticipation.

Neos's Privacy Policy states how the company manages personal data, i.e., how it is collected, processed, protected, or used in any other way.



## Managing Systemic Risks from Technology Disruption

Neos has focused on building robust infrastructure and implementing effective policies to ensure the smooth delivery of its software and IT services. By maintaining a reliable and resilient IT environment, Neos did not experience the occurrence of performance issues and service disruptions.

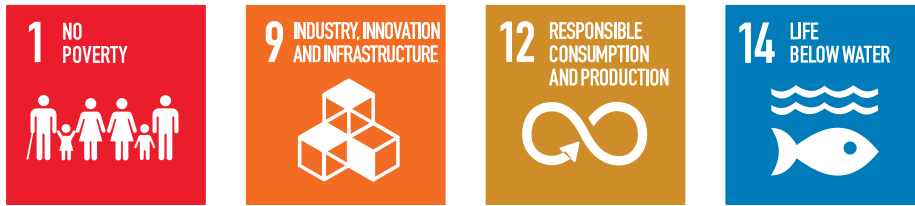
### COMMITMENT TO THE UN SDGs

Neos firmly believes in the importance of the United Nations Sustainable Development Goals (UN SDGs) and considers them as vital guidelines for navigating its business activities. The company recognizes that aligning with the relevant goals is crucial for contributing to their achievement and promoting a sustainable future.



The organization adopts a comprehensive approach to identifying areas where it can have a significant influence. Neos remains dedicated to incorporating sustainability principles into every aspect of its operations. By leveraging the UN SDGs as a guiding framework, the company aims to foster innovation, drive positive change, and contribute to a more sustainable and inclusive future for generations to come.

## Supported SDGs through business practice



With certifications in three ISO/IEC standards and preparations underway for ISO 20000-1 certification, Neos takes proactive measures to safeguard data.

By adhering to ISO 9001:2015 for quality management systems, Neos actively supports SDGs such as reducing poverty (SDG 1), promoting industry, innovation, and infrastructure (SDG 9), encouraging responsible consumption and production (SDG 12), and protecting life below water (SDG 14).

## Supported SDGs by the Company



Neos integrates the UN SDGs into its strategic decision-making processes to ensure that its operations are in line with the broader global agenda for sustainable development. By actively assessing how its activities can support the SDGs, Neos strives to make a positive impact and drive meaningful change.

## PLANET



### ESG educational initiatives for its employees

Empowering its employees with the necessary knowledge to make sustainable choices in both their personal and professional lives.



### Supporter of "Rezolucija Zemlje" project

Neos developed a mobile-friendly communication channel for project participants.



### Forming a platform "Zeleni kutak"

This platform provides educational resources on reducing negative environmental impact, including tips on reducing carbon footprint and extending product lifecycle to minimize waste generation.



### Promoting the separate waste collection

Neos has provided bins for mixed waste, plastic, paper, and biowaste.





### Sustainable means of transportation

In line with its dedication to sustainable transportation, Neos has made significant strides by ensuring that seven of the nine vehicles purchased are hybrid, further reducing Company's carbon footprint.



### Responsible purchasing

The company has made significant strides in ensuring that the electronic devices provided to its employees adhere to strict environmental standards.

## PEOPLE

Neos remains dedicated to creating an inspiring and healthy work environment, and over the past year, significant progress has been made in several areas. Building upon its commitment to employee well-being, Neos has taken additional steps to promote a healthy lifestyle and foster a sense of community among its employees.



### Teambuilding events

This initiative was particularly significant considering the integration of employees from SV Group and Inovativni trendovi. By facilitating the transition and promoting both business and human connections, the company ensured a smooth merging process and created a sense of unity among all employees.



### Well-being and satisfaction of employees

To address employee feedback from previous satisfaction surveys, Neos implemented several initiatives such as increasing annual leave days, providing full pay during sick leave and introducing a meal allowance.



### Employees Health

Neos provides its employees with a Multisport card, to foster a healthy lifestyle among its employees.



### Social responsibility

Instead of traditional Christmas presents for partners, the company has chosen to donate gifts to the "Mali Zmaj" organisation, improving the lives of children in poverty.

Neos has also actively engaged in raising awareness for children's rights by participating in a humanitarian running race organized by UNICEF Croatia, called "Mliječna staza".



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