AUTOHRVATSKA

Corporate Social Responsibility Report

2020. - 2022.

March 2023.





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Introduction by the Chief Executive Officer



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Dear reader,

We are living at a time when social progress and the increase in the levels of general prosperity are continuously met with challenges posed by the power of nature and mistakes made by humankind. All of this reminds us that all of us – as individuals and as companies - we still have a long way to go as a society when it comes to the way we treat nature and other human beings.

That is why these types of reports should serve not only to tick the necessary boxes but also to encourage us to think about all the things we can do to truly change to ensure that even our small step forward becomes a part of the big picture in furthering the development of society.

The automotive industry, which we are a part of, is at a major turning point. In addition to all the significant reductions in the emissions of harmful gases and particles, the new goal is for motor vehicles to go 100% clean. The manufacturers we are collaborating with are investing vast sums of money and incredible effort into developing new products with propulsion systems which will very soon no longer be referred to as alternative but will instead become our new reality.

Our role is to lay the groundwork for the impending mass arrival of environmentally friendly vehicles and to ensure it runs as smoothly as possible, in spite of the fact that such vehicles are still an uncommon sight in our markets. In that regard, we have been working on educating our team and future users, preparing our sales and repair capacities and infrastructure, and collaborating by exchanging know-how with various institutions, as well as current and new suppliers. By investing in energy production, we have also been raising the degree of energy independence which has reached 10%, and will be increased to 20% by the end of this year.

At the end of last year, we organised a non-profit conference where, with the aim of furthering our shared interests, we discussed the current challenges faced by the automotive industry with expert colleagues from the industry and representatives of the media and the competent authorities. It is a forum where we will continue to look for optimal solutions together in the future. In addition to the subject of environmentally friendly vehicles that we have already touched upon, the discussion on the subject of workforce challenges also proved instrumental.

Within this context, we are especially proud of the fact that Auto Hrvatska has been functioning as a hub of highly competent experts for a number of years, and we have them to thank for the continuous successful business results over the company's long 70-year history. Furthermore, the approval expressed by employees at our annual meetings shows that our team places equal value on the achievements of team members awarded within the best business results categories and those receiving years of service awards celebrating the tenure of employees who have worked with the company for a considerable amount of time.

It is precisely this trust and long-term relationships, both among employees and with all our business partners, that represents one of the fundamental values on which we seek to continue to build our future.

In this report, which was drawn up according to GRI standards and refers to the period from 2020 to 2022, our expert colleagues have prepared a wealth of relevant information, which, in my opinion, many will find interesting.

Thank you for your attention and time spent reading this report.

Yours sincerely, Velimir Marović

About the Corporate Social Responsibility Report

This Corporate Social Responsibility Report covers a three-year reporting period (except where otherwise specified), and refers to the financial years 2020, 2021, and 2022 (from 1 January 2020 to 31 December 2022). It has been drawn up in accordance with GRI standards, an internationally recognised framework for non-financial reporting. The previous report was issued in April 2020, covering the financial years 2018 and 2019, and was the first report drawn up according to GRI standards.

The Report contains a transparent overview of non-financial information on the impact that the business-related activities of the Auto Hrvatska Business Group have on society, the economy, and the environment. The information was compiled by the project team for non-financial reporting.

The data shown includes the company MAN Importer BH d.o.o., which was merged with the company KAM i BUS d.o.o. on 29 December 2022 for the purpose of rationalisation and ensuring more efficient operation of member companies operating in Bosnia and Herzegovina.

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About Us

Auto Hrvatska joint-stock company manages companies under the name Auto Hrvatska Business Group (Croatian: Poslovna grupa Auto Hrvatska). The companies specialise in the sale of new and used vehicles, spare parts, tyres, tools, and service equipment. The Auto Hrvatska Business Group occupies a leading position in the market of commercial vehicles as the main importer of MAN, Neoplan, Otokar, and Ford Trucks vehicles. The company is also an importer of Kässbohrer and Benalu trailers and an authorised distributor and repairer of Isuzu trucks. In the passenger vehicle segment, the Business Group is the main importer of DFSK and Seres vehicles and is authorised to sell and repair new and used Volkswagen, Audi, ŠKODA, Mazda, Fiat Professional, Peugeot, Renault, Dacia, Seat, Cupra, and Ford vehicles. In addition to the above, an important segment of the Business Group is the insurance and real estate business. Auto Hrvatska d.d. has its registered seat in Zagreb, Heinzelova 70.



The History of Auto Hrvatska

Auto Hrvatska was established in 1952 under the name "Auto-moto servis za trgovinu na malo rabljenim i novim auto-moto dijelovima i naftnim derivatima" (in English: Automotive service for retail trade in used and new vehicle parts and petroleum products). It received its current name a few years later, in 1955. Thanks to the growing popularity and increasing demand for vehicles, the company grew and expanded its territory.

In 1963, Auto Hrvatska started its cooperation with Volkswagen as its authorised partner for vehicle maintenance, and the successful business relationship has continued to this day. The importance of Auto Hrvatska for the development of the Croatian economy of the time is best illustrated by the fact that the company at the time supplied and maintained vehicle fleets of more than 5,500 companies from the public sector and did business with as many as 682 suppliers from the territory of the former Yugoslavia.

The company has always carefully monitored the needs of the market, so in addition to vehicles - from mopeds to trucks - it sold tools, construction machinery, and in one period, even delivered mobile housing and work facilities to Africa. However, the company's core business has - naturally - always been vehicles, with popular models at the time such as the VW Beetle, Golf, Zastava or, for example, the Wartburg, which sold more than 50,000 units, consistently generating the best sales figures. The popular Zastava 750, widely known by its nickname "Fićo", also deserves a mention as the car that essentially single-handedly motorised the domestic market but also had a great impact on popular culture in Yugoslavia and Croatia. On the other hand, Auto Hrvatska provided customers in the region with a wider selection of quality globally recognised automotive brands, which had previously been available only to a handful of people.

In 1992, Auto Hrvatska became a jointstock company and managed to retain its workforce through the process and assist its partners and employees when opening sister companies. During the process, the company laid a strong foundation with an emphasis on employee welfare and the organic development of the company as a prerequisite for successful future business. At the same time, business relationships were established with new suppliers and business partners across Europe. The business strategy led to, among other things, the signing of an agreement with the German company MAN Nutzfahrzeuge AG from Munich, a manufacturer of commercial vehicles. After a three-year trial cooperation period, in 1996, based on extremely successful business results, Auto Hrvatska became the main importer of MAN trucks, buses, and original spare parts and was also entrusted with organising the service network in the Republic of Croatia. This was followed by the signing of import contracts for the market of North Macedonia in 2011 and the market of Bosnia and Herzegovina in 2016.

Today, Auto Hrvatska is present in the markets of Croatia, Slovenia, Bosnia and Herzegovina, and North Macedonia, running a total of 25 locations and employing 700 motivated team members. Auto Hrvatska's success is rooted in its long tradition and the experience of successfully overcoming numerous challenges. By prioritising the needs of its business partners, the company has not only been successful in retaining its existing partners but also in continuously acquiring new ones. At the same time, from the very beginning until today, clients and partners have recognised the advantages of working with an experienced and reliable partner, which has led to the company's successful business performance. And these are the foundations on which Auto Hrvatska continues to build its successes.

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To mark special jubilees, in addition to Letters of Appreciation for the long-term business cooperation and contribution to the development of a successful partnership, Auto Hrvatska also awards original sculptures by contemporary Croatian sculptors. In 2022, to mark the company's seventieth anniversary, Auto Hrvatska awarded 70 "Digitalisation" sculptures as a token of gratitude. The sculpture is the work of academic sculptor Janko Petrović, with the extent and quality of cooperation as the primary award criterion.

"Digitalisation" is a sculpture which symbolises the company's focus on modernisation, automation, and digitisation of business, emphasising the interrelatedness of these values with Auto Hrvatska's human resources.







Core Organisational Values

Vision

Be synonymous with competence and competitiveness in the market of professional automotive services and products.

Mission

Our outstanding employees provide first-class solutions to customers offering a wide range of vehicles and associated equipment and their maintenance while simultaneously attending to corporate social responsibility and environmental protection.

Core Values

Placing Customer Needs First Building Trust and Lasting Relationships Tradition, Reliability, and Stability Innovation Teamwork and Employee Initiative

Objectives of Quality Management, Environmental Protection and Energy Efficiency

The core business value of the Auto Hrvatska Business Group is the continued recognition and fulfilment of all the needs and wishes of our customers and service users and the permanent improvement of all processes in the business group and its members.

Our employees, for whom the Business Group seeks to be the most desirable employer, will adopt a culture which promotes innovation and constant improvement in all areas, including work skills and business processes.

Our corporate culture adopted by the Auto Hrvatska Business Group encourages us to invest in meeting the needs of the community by contributing financially or through volunteer activities of our employees. Efforts are made to promote responsibility towards the protection of the natural environment and energy efficiency as one of our corporate values, encouraging the development of innovative and flexible solutions that will bring about positive change. **To achieve these values, the Auto Hrvatska Business Group undertakes to:**

- Employ qualified and ambitious staff who will have the opportunity and be committed to continually develop and improve; set ambitious, measurable, and achievable goals and programmes;
- Nurture and develop partner relationships with customers, clients and suppliers;
- Provide our customers and users with services at the highest level and permanently maintain a high level of satisfaction;
- Encourage the procurement and development of more environmentally friendly and energy-efficient goods and services, both within the company and on the supplier level;
- Ensure a high level of awareness and culture of conduct in terms of quality, environmental protection, and energy efficiency; permanently reduce adverse effects on the environment and continuously develop energy efficiency through activities in energy, water, waste and hazardous substance management;
- Pay the greatest attention in executing development projects to the protection of the natural environment and prevention of pollution, energy efficiency, and continuously develop data analysis methods and recognise opportunities for improvement;
- Constantly comply with the legal requirements regarding environmental protection and energy efficiency;
- Apply and constantly improve the effectiveness of the management system based on the requirements of the ISO 9001:2015, ISO 14001:2015 and ISO 50001:2018 standards.

The above principles and objectives of quality management, environmental protection, and energy efficiency are prescribed in the Quality Management, Environmental Protection and Energy Efficiency Policy, a public document available to employees, partners, and all other interested parties.

The Business Group

The members of the Business Group in the Republic of Croatia are:

Auto Hrvatska d.d.

- Zagreb, Vjekoslava Heinzela 70
- management of the Business
- Group companies

Auto Hrvatska Automobili d.o.o.

Zagreb, Radnička cesta 182

- Sale and servicing of passenger and light commercial vehicles at 6 locations
 - Zagreb, Radnička cesta 182 Sale of Fiat professional and DFSK light delivery vehicles, Seres electric passenger cars and authorised repair shop for Volkswagen, ŠKODA, Seat, Cupra, Ford, Fiat professional, and DFSK vehicles sale of second-hand vehicles
 - Zagreb, Vjekoslava Heinzela 70 Sale and authorised repair shop of Peugeot passenger and light commercial vehicles Sale of second-hand vehicles
 - Karlovac, Zagrebačka ulica 15f Sale of Volkswagen and ŠKODA vehicles, authorised repair shop for Volkswagen, ŠKODA, and Fiat vehicles Sale of second-hand vehicles
 - Rijeka Čavle, Bujanovo 6 Sale and authorised repair shop of Mazda vehicles Sale of second-hand vehicles
 - Zadar, Ulica Franka Lisice 85 Sale of Volkswagen, Seat, and Cupra vehicles and authorised repair shop for Volkswagen, Audi, Seat, Cupra, and ŠKODA vehicles Sale of second-hand vehicles
 - **Zadar,** Ulica 4. gardijske brigade 16 Sale of Audi vehicles
 - Split Kaštel Sućurac, Sale and authorised repair shop of Renault and Dacia vehicles Sale of second-hand vehicles
 - Poreč Buići, Buići 18a Sale and authorised repair shop of Peugeot passenger and light commercial vehicles Sale of second-hand vehicles

*The dealership and repair shop in Poreč started operating on 3 April 2023, which is why it is not included in the Corporate Social Responsibility Report



RIJEKA

PAZIN

POREČ

Zagreb, Radnička cesta 182

 Insurance brokerage agency, offering products from the following reputable insurance companies: Allianz, Croatia osiguranje, Euroherc, and ADRIATIC osiguranje; also manages the Business Group's assets by handling the claims process from the initial claim to liquidation stage and insures all assets of the Business Group and employees

VARAŽDIN

SPLIT

OSIJEK

TUZLA

SARAJEVO

DOBOJ

ZAGREE

KARLOVAC

MAN Importer Hrvatska d.o.o.

Hrvatski Leskovac, Brezovica, Zastavnice 25c

• Main importer of MAN Truck & Bus SE commercial vehicles and high-speed marine engines for the Croatian market

KAM i BUS Importer d.o.o.

Zagreb, Radnička cesta 182

Main importer of FORD TRUCKS and ISUZU commercial vehicles and spare parts for the Croatian market

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Auto Hrvatska Prodajno servisni centri d.o.o.

Hrvatski Leskovac, Brezovica, Zastavnice 25c

- Authorised repairers' network of MAN, NEO-PLAN, Otokar, and Isuzu trucks and buses and Kässbohrer and Benalu trailers,
- Sale of spare parts, tyres, and equipment
- Authorised repair centre for Voith, Wabco, Schmitz Cargobull, Wabco, BPW, Dautel, BÄR Cargolift
- The Bosch Diesel Centre also operates within the company, using modern testing equipment and special tools produced by Bosch.
- Teiler, an own brand of refurbished brake callipers from the company's own production plant in Varaždin and discs from a renowned German manufacturer
- Sale, installation, and repair of service equipment for repair shops of passenger and com-

mercial vehicles and the sale of all types of tools, accessories, and consumables through the product range of reputable global manufacturers such as KS Tools, AutopStenhoj, Beissbarth, Stertil-Koni, Bosch, Texa, Alligator, Scangrip, Laserliner, Precitool, Hywema, Wegman, Filcar, Flexbimec, Alesco, Kaeser.

- Hrvatski Leskovac, Brezovica, Zastavnice 25c
- > Zagreb, Radnička cesta 182
- 🔪 Karlovac, Zagrebačka ulica 15a
- Varaždin Turčin, Kneginec Business Zone, Mavra Schlengera 13
- > Osijek, Sv. Leopolda B. Mandića 31e
- Pazin, Naselje Lovrin, Rogovići 82d
- 🔪 Rijeka Čavle, Bujanovo 8
- Zadar, Franka Lisice 85
- > Split Dugopolje, Dugopoljska 2

Member of the Business Group in Slovenia:

KAM in BUS Importer d.o.o.

Ljubljana, Celoveška cesta 492

• Main importer and authorised repairer of Ford Trucks commercial vehicles and spare parts for Slovenia



Member of the Business Group in Bosnia and Herzegovina:

KAMION Importer d.o.o.

Doboj Jug, Matuzići, Ulica 203. brigade br. 88

• Main importer of FORD commercial vehicles, original parts and equipment for the market of Bosnia and Herzegovina

Member of the Business Group in North Macedonia:

MAN Importer Makedonija d.o.o.e.l.

Skopje – Ilinden, Ulica 2 br.84

• Main importer and authorised repairer for MAN Truck & Bus SE vehicles for the market of North Macedonia. Member of the Business Group in Bosnia and Herzegovina:

KAM i BUS d.o.o.

Doboj Jug, Matuzići, Ulica 203. brigade br. 88

 Repairer for MAN Truck & Bus SE vehicles, dealer for Kässbohrer trailers and Otokar buses, an authorised repairer for Carrier refrigeration equipment, also providing repair and maintenance services for trucks, trailers, and buses of certain manufacturers available in Bosnia and Herzegovina

Doboj jug, Matuzići,

- Ulica 203. brigade br. 88
- Sarajevo Ilidža, Ulica Vlakovo 10

> Tuzla – Lukavac, Bistarac bb

MAN Importer BH d.o.o.

- Sarajevo Ilidža, Ulica Vlakovo 10
 - Main importer of commercial vehicles manufactured by MAN Truck & Bus SE for the market of Bosnia and Herzegovina.

* On 29 December 2022, MAN Importer BH d.o.o. was merged with KAM i BUS d.o.o. 15

Major Changes in the Organisation and Supply Chain

In the period covered by this report, there were several important organisational events along with the conclusion of new partnership agreements.

A reorganisation was carried out in early 2022, as part of which the sale of all MAN vehicles was consolidated in MAN Importer Hrvatska d.o.o. Auto Hrvatska PSC d.o.o. continued operating and developing its business as a post-sales network for commercial vehicles.

On 29 December 2022, MAN Importer BH d.o.o. was merged with KAM i BUS d.o.o. with the aim of rationalising and achieving a greater degree of efficiency in the operation of member companies doing business in Bosnia and Herzegovina.

In May 2022, Auto Hrvatska signed an agreement for the distribution and servicing of Isuzu vehicles, which expanded and strengthened the Business Group's commercial programme.

In May 2022, the new repair shop for commercial vehicles was opened in Zagreb, at Radnička cesta 182, launched with the aim of making the wide selection of repair services more readily available to customers.

In early 2022, Auto Hrvatska Automobili became the general importer of DFSK and Seres electric commercial and passenger vehicles for Croatia. In addition to vehicle sales, a repair centre was also opened at Radnička cesta 182 in Zagreb.

In the second half of 2021, the Auto Hrvatska Business Group expanded its range with SEAT and CUPRA vehicles. As part of the Auto Hrvatska Business Centre Zadar, a new dealership & repair centre was opened and equipped according to the highest standards of brand quality and functionality.

In April 2021, an import contract for Kässbohrer trailers was signed for all countries in which the Auto Hrvatska Business Group operates (Slovenia, Croatia, Bosnia and Herzegovina, North Macedonia). In 2020, the members of the Auto Hrvatska Business Group, MAN Importer Hrvatska, MAN Importer Makedonija, and MAN Importer BH became general importers of MAN high-speed marine engines in their regions of operation.

In the covered period, business was also affected by two global phenomena – the coronavirus pandemic and the war in Ukraine.

The negative impact of the circumstances caused by the COVID-19 virus on cash flow and operations was manifested through:

- impact on bus stock,
- business uncertainty in the segment of bus companies,
- changes in the leasing repayment moratorium for customers and impact on the guarantees given by Auto Hrvatska when concluding leasing agreements,
- supply chain disruptions.

The measures taken to reduce negative impacts are related to continuous business operations:

- continued regular settlement of all obligations assumed,
- set limit of external debts of all members of the Business Group,
- rationalisation of operational expenses for the sake of long-term sustainability,
- increasing employee productivity,
- maintaining continuity in improving the quality of services for customers,
- increased investments in digital technologies to support new business conditions.

There are continued efforts to further improve all of the above in order to reduce the negative impact on the operating performance and stability of the business.

The war in Ukraine has an indirect effect on the Company through:

- the increase in energy prices,
- production delays and restrictions experienced by product suppliers, business uncertainty.

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Ownership and Legal Form

The members of the Auto Hrvatska Business Group, which in their form are limited liability companies, are 100% owned by the Auto Hrvatska joint-stock company. Shares of Auto Hrvatska joint-stock company are listed on the regular market of the Zagreb Stock Exchange. The company has around 1,300 shareholders, both natural and legal persons.

The company's share capital: EUR 7,963,368.50 / HRK 60,000,000.00, divided into 600,000 shares. The nominal value of each founder's stock share is EUR 13.27 / HRK 100.00. All company shares are ordinary shares and issued in the form of book-entry securities.

Management

The members of the Board of Directors are proposed by the Executive Directors and the Board of Directors and are elected by the Assembly.

The Board of Directors oversees the management of impacts by adopting general umbrella acts and key decisions, as well as by harmonising standards. It also sets the basis for conducting business, approves the business policy and determines the criteria for business planning and business profitability.

The Chairman of the Board of Directors

is a non-executive director. Their role is to actively contribute to and participate in developing, directing, and coordinating all business activities of the Auto Hrvatska Business Group.

The Deputy Chairman of the Board of Directors is a non-executive director who, in addition to direct responsibility, actively contributes to and participates in developing, directing, and coordinating the organisation of management, shareholder affairs, and corporate activities.

Member of the Board of Directors – employees' representative is a non-executive director who is the representative of employees on the Board of Directors, in accordance with the Labour Act.

The Board of Directors appoints Executive Directors who are given the authority to manage impacts.



Bogdan Tihava Chairman of the Board of Directors



Igor Brigljević Deputy Chairman of the Board of Directors



Velimir Marović Member of the Board of Directors



Ante Belamarić Member of the Board of Directors, employees' representative



Robert Srebrenović Member of the Board of Directors



Velimir Marović Chief Executive Officer



Robert Srebrenović Executive Director for Joint Affairs

The Chief Executive Officer is a member of the Board of Directors who manages the affairs and coordinates the activities of all the Executive Directors.

The tasks of particular importance performed by the CEO include:

- Directing and coordinating the activities of importing organisations at the level of the Business Group
- Supervising the business operations of the commercial range at the Business Group level
- Maintaining and developing a quality relationship with the principal and business partners
- Developing the core activities of the member companies and the Business Group as a whole
- Developing and contributing to the development of relations with strategic partners
- Market research for potential strategic partners
- Maintaining relations with government and public institutions.

The Executive Director for Joint Affairs is a member of the Board of Directors in charge of coordinating the activities of Joint Affairs with the member companies of the Business Group and coordinating activities within Joint Affairs.

The tasks of particular importance performed by the Executive Director for Joint Affairs include:

- Harmonising and developing dependent business activities and optimal processes with the aim of facilitating the successful performance of Company affairs and the core activities of Business Group member companies;
- Responsibility for managing and directing specific joint affairs as agreed (IT, accounting and financial affairs, workflow management);





Alen Vuksan-Ćusa Executive Director for the Passenger Range

Mario Fabek Executive Director for the Commercial Range

- Proposing, coordinating, and assuming responsibility for the application and implementation of the Financial Policy;
- Maintaining relations with state and public sector institutions.

The Executive Director for the Passenger Vehicle Range, Territorial Organisation, and Network Development is the director of the member company with direct responsibility for business operations. The Executive Director in question proposes, monitors the implementation, and reports on the enforcement of the Purchase and Sales Policy and the Policy on the Provision of Repair Services, and is also responsible for the consistent application of the Financial Policy in his area of competence, proposes the adoption of commercial business acts and decisions,

establishes and maintains a quality relationship with the representatives for the territory of the Republic of Croatia and abroad, and exercises special care in coordinating the programme and territorial synergy with the commercial range.

The Executive Director for the Commercial

Vehicle Range, Territorial Organisation, and Network Development is the director of the member company with direct responsibility for business operations. The Executive Director in question proposes, monitors the implementation and reports on the enforcement of the Purchase and Sales Policy and the Policy on the Provision of Repair Services, and is also responsible for the consistent application of the Financial Policy in his area of competence, proposes the adoption of commercial business acts and decisions, directs and coordinates the activities of the commercial range organisation abroad, exercises special care in coordinating the programme and territorial synergy with the passenger vehicle range, and directs and supervises the operations of the importing organisation of the commercial range through the assemblies.

Organisation Size

	2020	2021	2022
Number of employees on 31.Dec	689	700	718
Total Revenue	HRK 1.17 billion /	HRK 1.29 billion /	HRK 1.67 billion /
(consolidated)	EUR 155.3 million	EUR 171.2 million	EUR 221.65 million
Total Revenue	HRK 1.13 billion /	HRK 1.24 billion /	HRK 1.60 billion /
(consolidated)	EUR 150 million	EUR 164.6 million	EUR 212.35 million
Total Expenditure	HRK 465 million /	HRK 483 million /	HRK 533 million /
(consolidated)	EUR 61.7 million	EUR 64 million	EUR 70.74 million
O an ital	HRK 652 million /	HRK 696 million /	HRK 838 million /
Capital	EUR 86.5 million	EUR 92.4 million	EUR 111.2 million
Asset Sources	71.3%	69.3%	63,6 %
Capitalisation	689	700	718

			HRK 1,2 billion income		. 2020.	781 sold trucks 897	AF	10
			T202 HRK 1,29 billion income 700 HRK 1,67 billion income		2022.	sold trucks 760 sold	H ât	R
		_			5	trucks		02
		689 employees		2020 / 2021 /			2020.	83 sold buses
		700 employees	THE REAL	2020. / 2021. / 2022. 26 locations	1		2021.	71 sold buses
		718 employees				-	2022.	55 kom sold buses
	2020.	50.000 sold tires		0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2020.	hours	234.000 of service personnel	
Y(@)" ((@	2021.	55.000 sold tires		it 3.294 sold cars and LCV	2021.		259.000 of service personnel	
N. C	2022.	49.450 sold tires		3.471 sold cars and LCV	2022.		262.000 of service personnel	



Employees

The Auto Hrvatska Business Group employed 689 employees on 31 Dec. 2020, 700 on 31 Dec. 2021, and on 31 Dec. 2022, the number of employees reached 718. The above data points towards the organisation's gradual growth during the reporting period.

Of the total number of employees, 258 have a degree in higher education, and 460 have a secondary education. When it comes to individual professions, auto mechanics and economists with different high qualifications were the most numerous. The average age of all employees during the reporting period was 38. The youngest new employee was 17 years old.

In terms of the type of employment, the majority of employees have a permanent contract (87%), working full-time hours of 40 hours per week.

FEMALE	MALE	TOTAL						
139	579	718						
Number of e	Number of employees with fixed-term employment contracts							
14	78	92						
Numb	per of employees with a permanent con	tract						
125	501	626						
	Number of full-time employees							
138	572	710						
Number of part-time employees								
1	7	8						

Number of employees by gender as of 31 Dec. 2022:

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Number of employees by country in which the Business Group operates as of 31 Dec. 2022:

CROATIA	BOSNIA AND HERZEGOVINA	NORTH MACEDONIA	SLOVENIA			
Number	r of employees with fixe	ed-term employment co	ntracts			
77	9	2	4			
N	umber of employees wi	th a permanent contrac	xt			
552	45	45 24				
	Number of full-	time employees				
621	54	26	9			
	Number of part-time employees					
8	0	0 0				
	L	1	L			

Memberships in Associations

The most prominent associations of which the Auto Hrvatska Business Group is a member are as follows:

- German-Croatian Chamber of Industry and Commerce
- American Chamber of Commerce in Croatia
- Senate of Economy Europe
- The Croatian Chamber of Economy
- The Croatian Chamber of Economy Zagreb Chamber
- Motor Vehicle Trade Association at the CCE
- Group of Importers of Heavy Goods Vehicles at the CCE
- Association of Authorized Dealers and Repairers of the Volkswagen Group Croatia
- Croatian Association of Renault Repairers
- Croatian Chamber of Civil Engineers
- Croatian Association of Corporate
 Treasurers
- Croatian Association of Drivers and Auto Mechanics (HUVA)
- Internationaler Controller Verein Croatia
- Controlling Finance Management
 CLUB
- Croatian Association for the Development and Application of Hydrogen Fuel Cells
- Auto Hrvatska Sports and Recreational Association
- HAVK Mladost (water polo club)
- GNK Dinamo (football club)

Ethics and Integrity

The Code of Business Conduct and Ethics at the Auto Hrvatska Business Group is an underlying document that reflects the core values of the Business Group and promotes standards of best business practice in order to maintain the Group's reputation in all areas of business. For employees, it is a tool for achieving the fundamental objectives of the business.

In 2015, Business Group members Auto Hrvatska d.d., Auto Hrvatska Automobili d.o.o., Auto Hrvatska PSC d.o.o., and MAN Importer Hrvatska d.o.o. signed the **Code** of Business Ethics confirmed by the **Cro**atian Chamber of Economy. The later established members in the Republic of Croatia also comply with the Code in their business operations.

The MAN Code of Conduct, published by MAN Truck & Bus, the Business Group's most important partner in terms of the scope of cooperation, was adopted in 2010. In business practice, the Business Group uses the principles and guidelines of the Code on Corporate Governance, created jointly by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange, and an Annual Questionnaire is completed and submitted in order to ensure transparent business.

Organisational units in the Auto Hrvatska Business Group monitor changes in laws and regulations, check compliance with regulations, and coordinate normative acts and operations with the provisions of those regulations in their areas of competence.

Markets and Suppliers

The Auto Hrvatska Business Group is present in the markets of Croatia, Slovenia, Bosnia and Herzegovina, and North Macedonia.

Relations with suppliers are of strategic importance for the Business Group's operations. The primary focus is on direct manufacturers (foreign suppliers) and their authorised importers in the Republic of Croatia (domestic suppliers of goods). The brands of commercial vehicles are: MAN, NEOPLAN, Otokar, Kässbohrer, Benalu, Ford Trucks, and Isuzu. The brands of passenger vehicles are: Peugeot, Volkswagen, ŠKODA, Audi, Mazda, Renault, Dacia, Fiat Professional, Seat, Cupra, DFSK, and Seres.



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Crisis Reporting

Information to the media about the Auto Hrvatska Business Group, which is not publicly available or has not been previously announced, including crisis reporting, is provided by the chief executive officer for the joint-stock company, and for other members of the Auto Hrvatska Business Group by the Board of Directors, with the prior consent of the chief executive officer.

Stakeholder Involvement

To determine the importance of topics for the Corporate Social Responsibility Report and create a sustainable development strategy, activities were conducted with stakeholders to define the most important topics. First, the stakeholders of the Auto Hrvatska Business Group were identified internally through a discussion in the project team for the preparation of the Report, after which the views of respondents were obtained through a survey. Continuous communication with different stakeholder groups takes place through different communication channels.

Employees

The way employees communicate with each other is of the utmost importance for their motivation as it relates to the performance of their duties, as well as their involvement in formal and informal groups and a sense of belonging to the community. For that reason, the Auto Hrvatska

Business Group insists on the everyday use of business etiquette in formal and informal interactions.

The mandatory annual employee interviews with their superiors are part of the system for monitoring work performance. During the interview, the employee and their immediate superior analyse the achievement of targets in the previous year, agree on any improvements needed in the professional and private sphere, and set goals for the next year. The ability to communicate honestly and with mutual consideration and respect is very important in this, but also in all other programmes and processes within the company. This is why the company frequently organises training workshops enabling employees to master communication skills.

In addition to mandatory annual interviews, employees have the option of participating in various satisfaction surveys in the company they work for. Also, employees who have a proposal that they would like to share with the company's management can do so with prior notice.

Other channels of communication with employees are:

- ListAH (intranet site)
- Annual employee satisfaction surveys
- The option of a personal conversation with Human Resources Department managers
- Annual meetings of all employees of the Business Group
- Annual meetings of employees in member companies of the Business Group
- Training and workshops with employees

Customers and After-Sales Clients

With this group of stakeholders, regular and continuous communication is maintained in order to ensure customer satisfaction, both with the purchased product and with the after-sales service. Suggestions and requests for improving the general conditions and the quality of services are welcome at any time. The communication channels are as follows:

- Through direct communication
- Through websites and social media
- By email, phone
- By surveying customer satisfaction after a purchase or service has been completed
- At fairs and/or exhibitions and Open House Days in dealerships and repair shops
- Through the Annual Business Report
- Through the presentation of anniversary awards to loyal partners in a fiveyear cycle

Shareholders

Communication with the owners of Auto Hrvatska is transparent, and information is timely and easily available through the following channels:

- Regular and extraordinary sessions of the assembly
- Official website
- Social media
- Annual report
- Fairs, exhibitions, Open House Days
- Official website of the Zagreb Stock
 Exchange

Suppliers

The Auto Hrvatska Business Group carefully selects reputable suppliers whose high-quality products reflect the image of the company. The Group's communication with suppliers takes place at regular meetings, during joint projects, via the website, by means of regular and timely fulfilment of obligations, and through special anniversary awards given to loyal partners in a five-year cycle.

Financial Institutions

In addition to business relations with the Zagreb Stock Exchange, on which the shares of Auto Hrvatska d.d. are listed, the Business Group maintains and cultivates a long-standing relationship with leasing companies and commercial banks. Communication takes place through regular meetings, regular financial and non-financial reports, the website, and the transparency of the price of shares on the Zagreb Stock Exchange.

Local and Wider Community

Through its communication with the external and internal public, Auto Hrvatska complies with and supports the following regulations:

- The Media Act
- The Prohibited Advertising Act
- The Consumer Protection Act
- The Capital Market Act
- The Journalists' Code of Honour of the Croatian Journalists' Association (HND)
- The Code of Ethics of the Croatian Association for Public Relations (HUOJ)
- The Code of Ethics of the European Association of Communication Directors (EACD)
- The Code of the Croatian Association of Advertising and Marketing Communication Agencies (HURA)
- The Code of the International Chamber of Commerce (ICC).

Communication with the local and wider community is carried out through the website and social networks.

Unions

Auto Hrvatska maintains a relationship of constructive cooperation with the Union of Independent Trade Unions and the Union of Trade Workers, whose branch, headed by the union commissioner, brings together union members from the Auto Hrvatska Business Group. The union is regularly briefed on important decisions and business results, and the Board of Directors and Executive Boards consult with the union about measures affecting employees. Employees also have a democratically elected representative on the company's Board of Directors. Owing to the efforts of the trade unions and the concluded collective agreements, all employees of the Auto Hrvatska Business Group have access to the benefits agreed between the trade unions, the Auto Hrvatska Business Group, and numerous business partners.

Educational Institutions

The human resources department builds timely relationships with potential future employees in order to create a motivated workforce with a sense of belonging to the community in which it operates. Auto Hrvatska offers internships and scholarships for high-school and college students. In cooperation with educational institutions, it accepts recommendations with the possibility of students being accepted into suitable positions within the company.

Media

Maintaining good relationships with the media guarantees the timely publication of relevant information. The topics of announcements in the media are most commonly related to business operations and business expansion, as well as new projects and products in the Business Group's range. Communication takes place through press releases, cooperation on joint projects, reports, interviews, announcements, as well as through the corporate website and advertising.

Associations

In addition to donations and sponsorships to sports, charitable, and other associations, joint projects are another frequent avenue of cooperation. 25

Material Topics

In its mission, the Auto Hrvatska Business Group undertakes to provide first-class solutions to users while emphasising socially responsible operations and environmental protection. In doing so, employees and users (respectively) are identified as key stakeholders that are affected by the operations of the Business Group.

At the beginning of the process of identifying material topics, a team of internal experts who deal with various aspects of business sustainability in our Business Group was assembled. Experts from controlling, human resources, marketing and corporate communications, legal affairs, sales, finance, investments and investment maintenance jointly evaluated the impact of our business in various segments.

This part of the report includes an assessment of the contribution to the achievement of the UN's Global Sustainable Development Goals (SDGs) by observed topic. The recommendations and guidelines of the Global Reporting Initiative were used to compare the contribution to the UN's Sustainable Development Goals with the GRI indicators.

List of Material Topics

Material Topics						
Economic Topics Environmental Topics Social Topics						
Market Presence	Energy	Training and Education				
Economic Impact	Respect for the Environment	Occupational Health and Safety				
Free Competition	Waste	Labour/Management Relations				
		Employment				

Sustainable Development Goals

*https://idop.hr/ciljevi-odrzivog-razvoja/

DECENT WORK AND ECONOMI GROWTH		AFFORDABLE AND CLEAN ENERGY	-w	GOOD HEALTH AND WELL-BEING
INDUSTRY, INNOVATION AN INFRASTRUCTU		SUSTAINABLE CITIES AND COMMUNITIES	M	QUALITY EDUCATION
SUSTAINABLE CITIES AND COMMUNITIES	00	SUSTAINABLE CONSUMPTION AND PRODUCTION	ę	GENDER EQUALITY
RESPONSABLE CONSUMPTION AND PRODUCTION		CLIMATE ACTION	á	DECENT WORK AND ECONOMIC GROWTH
PEACE, JUSTIC AND STRONG INSTITUTIONS	•	LIFE ON LAND	٠	REDUCING INEQUALITY
PARTNERSHIP FOR THE GOAL	*	PARTNERSHIP FOR THE GOAL	&	PARTNERSHIP FOR THE GOAL

ESG Factors						
Governance Factors (G)	Environmental Factors (E)	Social Factors (S)				
Composition of the Management Board	Climate Change	Operating Conditions				
Board Structure	CO2 Emissions	Customer Satisfaction				
Bribery and Corruption	Energy Efficiency	Inclusiveness				
Impact of Policy	Water and Air Pollution	Community Relations				
Protection of Shareholders' Interests	Waste Management	Protection of Data and Privacy				
		Human Rights				
		Diversity				

Economic Topics

Economic Impact

Direct Economic Value Generated and Distributed

	2019.	2020.	2021.	2022.
	-			
Generated Economic	1.405.692.711 HRK/	1.166.371.477 HRK/	1.289.821.450 HRK/	1.674.940.656 HRK/
Value (Revenue)	186.567.484 EUR	154.804.098 EUR	171.188.725 EUR	222.302.828 EUR
Distributed Economic Value (Operating	1.234.441.366 HRK/	1.009.793.330 HRK/	1.116.096.195 HRK	1.452.806.843 HRK/
Expenses)	163.838.525 EUR	134.022.607 EUR	148.131.421 EUR	192.820.604 EUR
Distributed Economic	119.162.426 HRK/	116.555.366 HRK/	125.886.993 HRK/	148.406.857 HRK/
Value (Personnel costs)	15.815.572 EUR	15.469.555 EUR	16.708.075 EUR	19.696.975 EUR
Distributed Economic Value (Expenditure for	*1.117.380 HRK/	23.815.172 HRK/	17.346.691 HRK/	23.480.798 HRK/
Capital Providers)	148.302 EUR	3.160.817 EUR	2.302.302 EUR	3.116.437 EUR
Retained economic	*50.971.539 HRK/	16.207.609 HRK/	30.491.571 HRK/	50.246.158 HRK
value	6.765.086 EUR	2.151.119 EUR	4.046.927 EUR	6.668.811 EUR

*Note:

In the table above, the Economic Value Distributed (Payments to Providers of Capital) and Economic Value Retained have been corrected in relation to the Corporate Social Responsibility Report for 2018/2019. The reason for the correction lies in the fact that the previous Corporate Social Responsibility Report was issued in April 2020, and the data contained in the report was entered with the assumption that the dividend payments would be carried out as planned; however, at the Shareholders' Meeting in June 2020, it was voted that the dividend would not be paid for 2019 due to the extraordinary market circumstances caused by the coronavirus pandemic and the earthquake in the area of the city of Zagreb. The retained profit from previous years was used to preserve jobs and maintain stable operations and liquidity.

Financial Implications and Other Risks and Opportunities Due to Climate Change

Due to climate change, there is a growing need to change our habits and implement new technologies. The share of electric vehicles on the market is on the rise, and EU regulations are heading towards abolishing the production of gasoline and diesel-powered vehicles. The Auto Hrvatska Business Group participates in the work of associations and looks for business opportunities in order to position itself as an importer of electric vehicles in the procurement process. The first import contract was signed with the Chinese vehicle manufacturer DFSK and Seres. Auto Hrvatska is investing in the infrastructure for electric vehicles and opening charging stations where it operates. Risk management methods:

- Concern for environmental issues in all business processes
- Increasing energy efficiency by investing in infrastructure and raising awareness of energy consumption
- New vehicles follow the standards in the field of exhaust gas control and fuel consumption of the Euro 6 standard
- Proper waste disposal

Financial Aid Received From the Government

In 2022, revenue from grants in the amount of EUR 266,000 was recorded. The largest share refers to the measures for mitigating disturbances in the energy market. A smaller share refers to investments in energy efficiency and the sale of electric vehicles.

Indirect Economic Impacts

The trend of emigration, which is prevalent in Croatia, has continued, negatively impacting the labour market. On the other hand, amendments to the Labour Act provide employers with additional options in terms of making tax-free payments to employees. During the reporting period, the Auto Hrvatska Business Group tried to make the most of the possibilities regarding payments to employees.

Infrastructure Investments Supported

Environmental responsibility is an integral part of the development policy of the Auto Hrvatska Business Group, as well as of the automotive industry as a whole. In order to reduce the consumption of electricity, the project of investing in the production of electricity from renewable sources continued. The installation and construction of solar power plants on five buildings owned by the Business Group are planned under the concluded Agreement on the Direct Co-financing of the Project of Using Renewable Energy Sources concluded with the Environmental Protection and Energy Efficiency Fund.

DESCRIPTION OF THE COSTS	Total estimated value of the project without VAT	Ineligible costs without VAT	Eligible costs without VAT	Fund participation (%)	Fund participation amount	
for the site Bujanovo 8, Čavle						
The cost of implementing measure M2.1.	HRK 763,968 EUR 101,396	0,0	763.968 HRK 101.396 EUR	36,5 HRK 5 EUR	278.788 HRK 37.002 EUR	
The cost of drawing up the Master Project	HRK 42,500 EUR 5,641	0,0	42.500,0 HRK 5.641 EUR	37 HRK 5 EUR	15.509 HRK 2.058 EUR	
The cost of construction supervision (technical supervision)	HRK 40,000 EUR 5,309	0,0	40.000 HRK 5.309 EUR	37 HRK 5 EUR	14.597 HRK 1.937 EUR	
TOTAL:	846.468 HRK 112.346 EUR	0,0	846.468 HRK 112.346 EUR		308.894 HRK 40.997 EUR	
for the site Bujanovo 6, Čavle	I	1	1	1	1	
The cost of implementing measure M2.1.	465.954 HRK 61.843 EUR	0,0	465.954 HRK 61.843 EUR	37 HRK 5 EUR	170.036 HRK 22.568 EUR	
The cost of drawing up the Master Project	42.500 HRK 5.641 EUR	0,0	42.500 HRK 5.641 EUR	37 HRK 5 EUR	15.509 HRK 2.058 EUR	
The cost of construction supervision (technical supervision)	40.000 HRK 5.309 EUR	0,0	40.000 HRK 5.309 EUR	37 HRK 5 EUR	14.597 HRK 1.937 EUR	
TOTAL:	548.454 HRK 72.792 EUR	0,0	548.454 HRK 72.792 EUR		200.142 HRK 26.563 EUR	
for the site Dugopoljska 2, Dugopolje						
The cost of implementing measure M2.1.	644.073 HRK 85.483 EUR	0,0	644.073 HRK 85.483 EUR	37 HRK 5 EUR	235.036 HRK 31.195 EUR	
The cost of drawing up the Master Project	42.500 HRK 5.641 EUR	0,0	42.500 HRK 5.641 EUR	37 HRK 5 EUR	15.509 HRK 2.058 EUR	
The cost of construction supervision (technical supervision)	40.000 HRK 5.309 EUR	0,0	40.000 HRK 5.309 EUR	37 HRK 5 EUR	14.597 HRK 1.937 EUR	
TOTAL:	726.573 HRK 96.433 EUR	0,0	726.573 HRK 96.433 EUR		265.142 HRK 35.190 EUR	
for the site Franka Lisice b.b., Zadar						
The cost of implementing measure M2.1.	824.884 HRK 109.481 EUR	0,0	824.884 HRK 109.481 EUR	37 HRK 5 EUR	301.018 HRK 39.952 EUR	
The cost of drawing up the Master Project	42.500 HRK 5.641 EUR	0,0	42.500 HRK 5.641 EUR	37 HRK 5 EUR	15.509 HRK 2.058 EUR	
The cost of construction supervision (technical supervision)	40.000 HRK 5.309 EUR	0,0	40.000 HRK 5.309 EUR	37 HRK 5 EUR	14.597 HRK 1.937 EUR	
TOTAL:	907.384 HRK 120.431 EUR	0,0	907.384 HRK 120.431 EUR		331.124 HRK 43.948 EUR	
for the site Sv. Leopolda B. Magdića 31e, Osijek						
The cost of implementing measure M2.1.	501.1534 HRK 66.515 EUR	0,0	501.1534 HRK 66.515 EUR	37 HRK 5 EUR	182.882 HRK 24.273 EUR	
The cost of drawing up the Master Project	42.500 HRK 5.641 EUR	0,0	42.500 HRK 5.641 EUR	37 HRK 5 EUR	15.509 HRK 2.058 EUR	
The cost of construction supervision (technical supervision)	40.000 HRK 5.309 EUR	0,0	40.000 HRK 5.309 EUR	37 HRK 5 EUR	14.597 HRK 1.937 EUR	
TOTAL:	583.654 HRK 77.464 EUR	0,0	583.654 HRK 77.464 EUR		212.988 HRK 28.268 EUR	
GRAND TOTAL:	3.612.532 HRK 479.465 EUR	0,0	3.612.532 HRK 479.465 EUR		1.318.290 HRK 174.967 EUR	

Procurement Practices

The largest part of the procurement of the Auto Hrvatska Business Group relates to the procurement of vehicles and accessories and the purchase of vehicles from leasing companies. Considering the above, a greater part of the procurement refers to local suppliers (56%) as opposed to foreign suppliers (44%).

Anti-corruption

With the aim of combating corruption and bribery, the Auto Hrvatska Business Group adopted the Code of Business Conduct and Ethics which has been in force since 2015 and was updated in 2018.

As a signatory to the Code, the Auto Hrvatska Business Group undertook to respect the principles of ethics in all its business relations and accepted the obligation to act in accordance with the principles of responsibility, transparency, acting in good faith and respect for good business practices towards business partners and the business and social environment. The code is based on the principles of orderly and conscientious business conduct and a system of corporate values applied by the management and all employees of the Auto Hrvatska Business Group.

The Code covers the following areas:

- fair competition and the Competition Act,
- competition protection,
- anti-corruption,
- anti-money laundering,
- avoidance of conflicts of interests,
- dealings with suppliers,
- donations,
- gifts incentives representation expenses.

The application of the Code is monitored and supervised by the Advisor for the Implementation of the Code, who is appointed by the Board of Directors of Auto Hrvatska d.d. for all Business Group companies.

The Code is published and available to employees on the Business Group's website (www.autohrvatska.hr) and intranet site (ListAH).

No risks of bribery and/or corruption were observed during the reporting period.

All members of the administrative bodies of the Auto Hrvatska Business Group's member companies and employees are familiar with and apply the rules, principles, and measures to prevent bribery and/or corruption established by internal acts and codes. The implementation of these regulations is widely accepted, and to the knowledge of the Auto Hrvatska Business Group's member companies, business partners also act in accordance with the above.

During the reporting period, there were no known confirmed cases of bribery and/or corruption.

Free Competition

During the reporting period, no proceedings regarding anti-competitive behaviour or violation of anti-trust and monopoly regulations in relation to member companies of the Auto Hrvatska Business Group were ongoing or concluded.

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Materials

In the Auto Hrvatska Business Group, manufacturing activities are within the purview of Auto Hrvatska Prodajno servisni centri d.o.o., a member which manufactures and repairs/refurbishes brake callipers under its brand name Teiler. The worn-out brake calliper is disassembled, all parts are cleaned in a rotary washer to remove dirt and grease from the parts and the housing, after which the housing is sandblasted and varnished and, with the replacement of defective parts, it is assembled into the final product. The refurbished product undergoes the same controls as new factory products: pressure testing by simulating braking while driving, and control and calibration of the brake lining wear sensor.

The contribution to environmental protection is manifested in the much lower consumption of raw materials compared to the production of new brake callipers, and the refurbishment process reduces the generation of carbon dioxide (CO2) emissions by as much as 70% compared to the production of a new product.

Under the Teiler brand, Auto Hrvatska Prodajno servisni centri also sells disc brake pads produced by a renowned German manufacturer.

Injector reconditioning is performed within the Bosch Diesel Centre. After identifying the component, selecting the correct test programme and preparing the spare parts for repair, the next step is a rough cleaning of the components and detection of mechanical damage and leakage points. This is followed by disassembling the component and washing all the components in an ultrasonic bath, then performing an inspection of the state of wear and functionality of all components and replacing all parts which are crucial for reliable operation after re-installation. After the parts have been replaced, precise assembly is performed according to the manufacturer's factory instructions. At the end of the process, the assembled component undergoes quality testing on a test device, and the new results are printed. The reconditioned component is packed using protective caps to prevent corrosion. The user receives the reconditioned component with a printout of the test results and the warranty certificate.

	Quantity of re- furbished brake callipers	Quantity of boxes for packing brake callipers	Quantity of recon- ditioned injectors	Quantity of boxes for packing injec- tors	Quantity of boxes for packing Teiler disc brake pads
Year.	Weight of individual refurbished calliper: 35-40 kg	Weight of individual box: 710 g	Weight of individual injector: 540 g	Weight of individual box: 120 g	Weight of individual box: 200 g
2020.	951	568	2.562	427	563
2021.	1009	703	2.979	587	587
2022.	738	686	2.51	404	404

Material consumption



Energy

UNICERT

In 2017, the Business Group implemented an integrated quality, environment and energy management system in compliance with 9001:2015, ISO 14001:2015 and ISO 50001:2018, which helped improve its performance, engage all interested parties in sustainable development and reduce its environmental footprint and consumption of natural resources. All electricity delivered is "green energy", obtained entirely from renewable sources, with a

ZelEn (lit. "green") certificate:



The goal of using the energy obtained in this way is to promote an environmentally-friendly approach to manufacturing and to affirm sustainable energy sources.

Energy Consumption Within the Organisation

UNICER

Comparison of energy consumption 2020-2022 [GJ]

Site	2020.	2021.	2022.
Heinzelova Business Centre, Croatia	6.291	6.276	5.712
Radnička Business Centre, Croatia	1.587	1.360	845
Hrvatski Leskovac, Croatia	1.486	1.587	1.156
Osijek, Croatia	208	210	198
Zadar, Croatia	1.153	1.234	1.118
Pazin, Croatia	181	213	148
Dugopolje, Croatia	290	318	272
Kaštel Sućurac, Croatia	537	621	597
Karlovac, Croatia	650	697	662
Varaždin, Croatia	265	279	251
Rijeka, Croatia	580	603	587
Skopje, North Macedonia	195	211	220
Doboj, BiH	145	170	180
Banja Luka, BiH	143	147	63
Tuzla, BiH	105	113	115
Sarajevo, BiH	255	260	282
TOTAL [GJ]	14.071	14.299	12.406

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Gas consumption [GJ]

Site	2020.	2021.	2022.
Heinzelova Business Centre, Croatia	6.265	6.705	5.144
Radnička Business Centre, Croatia	3.321	3.356	3.115
Hrvatski Leskovac, Croatia	2.168	2.216	1.794
Osijek, Croatia	203	264	285
Zadar, Croatia	93	165	81
Pazin, Croatia	143	146	173
Dugopolje, Croatia	249	302	239
Karlovac, Croatia	1.145	1.457	1.095
Varaždin, Croatia	686	768	485
Rijeka, Croatia	508	670	506
TOTAL [GJ]	14.781	16.049	12.917

Consumption by type of energy source [GJ]

	2020.	2021.	2022.
Electricity	14.070	14.298	12.406
Natural gas	14.543	15.738	12.663
Liquefied petroleum gas	236	311	254

Energy Consumption Outside the Organisation (litres)

Fuel consumption	2020.	2021.	2022.
Company			
Auto Hrvatska d.d.	17.165,95	18.783,83	16.938,65
Auto Hrvatska Automobili d.o.o.	57.202,66	61.194,36	71.332,41
Auto Hrvatska PSC d.o.o.	108.484,50	91.714,46	89.146,52
MAN Importer Hrvatska d.o.o.	13.263,74	14.024,84	15.886,54
KAM i BUS Importer d.o.o.	8.512,48	14.315,85	13.283,47
KAM in BUS Importer d.o.o.	7.445,29	5.511,94	9.349,68
KAM i BUS d.o.o.	14.659,39	18.671,83	17.704,99
MAN Importer Makedonija d.o.o.	13.263,74	14.024,84	15.886,54
Kamion Importer d.o.o.	2.158,90	1.641,36	2.727,44
MAN Importer BH d.o.o.	7.907,27	6.485,09	18.197,45





Reduction in Energy Consumption

Production of Electricity

In July 2021, a project aimed at increasing energy efficiency was successfully implemented, and electricity production through a solar power plant installed at Radnička cesta 182 was started. The installed power plant has a total connected power of 230 kW with a planned annual production of 234 MWh. The total annual production for 2022 was 299 MWh.

In May 2022, the production of electricity was started through an additional solar power plant installed at the Hrvatski Leskovac location. The installed power plant has a total connected power of 230 kW with a planned annual production of 247 MWh. The total six-month production for 2022 was 174 MWh.

In 2023, the Auto Hrvatska Business Group will continue with the construction of solar power plants at the remaining locations and increase the installed power of solar power plants from the current 464 kW to the planned 800 kW. Additional Investments in Energy Consumption Reduction

- In almost all facilities, the existing lighting has been replaced with new LED lighting;
- Modernisation of boiler rooms with energy-efficient condensing boilers and heat pumps;
- Modernisation of cooling stations with new energy-efficient chillers;
- Renovation of building envelopes and openings;
- Constant education of employees.

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Reducing the Energy Needs of Products and Services

With significant investments made during the reporting period and plans for further expansion, Auto Hrvatska started the process of electrification as one of the key segments of its range on the Croatian market. This is a project that will shape the overall range of products made available to end users and successfully implement the process of modernising services and the availability of the newest technologies, which will allow the company to keep pace with global trends while simultaneously having a positive impact on the reduction of fuel consumption.

The electrification project is based on three key segments. Offering vehicles from the passenger and commercial range, multibrand repair services for hybrid and electric vehicles, and launching a network of charging stations in all parts of Croatia. The charging stations are located in all cities and locations where Auto Hrvatska has its business centres and are the last of a series of investment projects in electrification. The use of charging stations is available to all users and drivers of electric cars in most centres. The charging stations can currently be found in centres with dealerships and repair shops for passenger vehicles in Zagreb, Zadar, Kaštel Sućurac, Rijeka, and Karlovac, with additional investments and the expansion of additional charging stations for passenger programme centres in Zagreb and Zadar planned for the coming period.

The project of electrification of Auto Hrvatska services started through the workshops segment, where customers were offered repair services for hybrid and electric vehicles. This was followed by cooperation with the leading Chinese vehicle manufacturer CHONGQING SOKON MOTOR COMPANY, whereby Auto Hrvatska became a dealer of SERES electric passenger vehicles and DFSK commercial models in Croatia.

The main goal of the passenger vehicle range is to offer services that are not only based on current needs but to develop services needed for the auto industry in the future.

Manufacturers of passenger and commercial vehicles are constantly striving to improve the efficiency of their products and reduce their environmental impact. The suppliers of the Auto Hrvatska Business Group consider sustainability to be an integral part of their corporate strategies, in accordance with ESG criteria (environmental, social, governance). In accordance with this goal, they are dedicated to the development of electric vehicles, and the possibility of hydrogen-powered mobility is also being explored.

The following is an example of MAN commercial vehicle manufacturer, which is a major supplier of the Auto Hrvatska Business Group.

MAN Truck&Bus has joined the Science Based Targets (SBTi) initiative, aimed at reducing greenhouse gas emissions to
combat climate change. The Science Based Targets initiative is an association of several environmental protection organisations and non-profit organisations: Carbon Disclosure Project (CDP), United Nations Global Compact (UNGC; MAN Truck&Bus joined in 2010), World Resources Institute (WRI) and World Wide Fund for Nature (WWF). This initiative sets a kind of gold standard in terms of reducing greenhouse gases for companies and sets a clearly defined path with concrete requirements and targets to limit CO2 emissions and thus climate change. Climate protection, environmental protection, and responsible action in terms of sustainability are key elements of successful companies. Participation in SBTi also promotes innovation and competitiveness and through concrete voluntary commitments, demonstrates to increasingly environmentally conscious customers how serious MAN is in achieving these goals. The topic of sustainability is an important building block that MAN Truck&Bus has incorporated into its strategy.

By constantly working to improve the efficiency and performance of engines, MAN has already made great strides in reducing greenhouse gas emissions. A study conducted in collaboration with TÜV Süd, an MOT testing organisation, showed that emissions during the use phase of MAN trucks were reduced by 31.5% between 1994 and 2016, which is equivalent to a reduction of approximately 1.45% per year (gCO2 per vehicle kilometre).

MAN Truck&Bus is committed to its responsibility throughout the entire life cycle

of its products. The company is working to reduce greenhouse gas emissions – from the extraction of raw materials to the end of the product's life cycle. In the context of moving MAN's product portfolio towards greenhouse gas-free propulsion, the focus is on battery electric vehicles. They form the basis for MAN's electric trucks for longdistance transport, which will be available on the market from 2024. The fully electric city bus has been in service since 2019.

In addition to electric mobility, the manufacturer of MAN vehicles is also exploring hydrogen propulsion. Only when a sufficient amount of green hydrogen and the appropriate infrastructure are available after 2030, MAN expects to use H₂ trucks in selected areas of application and is currently conducting research in this area together with partners.

Vehicle batteries are a key component on the road to zero greenhouse gas propulsion. In the spring of 2021, MAN Truck&Bus started developing its own expertise in assembling battery packs. At the core of these efforts is the Electric Mobility Technology Centre in Nuremberg, where batteries for electric vehicle testing and internal testing are developed.

The development of charging infrastructure is another prerequisite for the transformation of the transport industry. TRATON GROUP, the owner of MAN Truck&Bus, will also contribute to this by participating in the development of a high-performance charging network in Europe as part of a joint venture.

Water and Wastewater

Respecting the guidelines of the ISO 14001 standard, the company continuously implements measures to reduce water consumption and systematically educate employees about socially responsible business practices.

The Auto Hrvatska business centres are equipped with separator systems used to separate hydrocarbons of mineral origin compliant with Croatian and European standards HRN EN 858 and devices for aerobic biological wastewater treatment of sanitary – faecal or industrial wastewater compliant with Croatian and European standards HRN EN 12255. The separator systems cover the section of the external traffic areas of the business premises and the internal areas of the repair workshops. In accordance with regulatory guidelines, water sampling is carried out at the exit from the separator system, and the cleanliness of the output results is closely monitored. During the reporting period, there were no spills.

Water consumption for 20202022. godine (m ³)					
2020. 17.147					
2021	17.003				
2022	17.558				

Emissions

Measurements of pollutant emissions into the air from stationary sources are performed periodically, at least every two years. These measurements are taken to determine whether stationary sources – combustion sources, comply with the Regulation on the limit values for emissions of air pollutants from stationary sources of the Environmental Protection Act. Combustion plants are tested at Radnička 182 in Zagreb, Heinzelova 70 in Zagreb, and in Karlovac, Hrvatski Leskovac, and Zadar. The last measurement was carried out in December 2022. By comparing the results of emission measurements with the prescribed limit values, it was concluded that the tested stationary sources comply with the provisions of the Regulation on the limit values for emissions of air pollutants from stationary sources (OG 87/2017).

Responsible Waste Management

Waste generated in the Auto Hrvatska Business Group is separated at the point of origin (green/eco islands at each location) according to type and properties and is managed in accordance with the order of priority in waste management to prevent the generation and reduce the amount of waste that is disposed of in landfills.

The objectives of waste management are:

- avoiding and reducing the generation of waste and reducing the hazardous properties of waste,
- waste recovery through recycling, reuse, or restoration, or any other method which allows the extraction of secondary raw material, or the use of waste for energy recovery,
- disposal of waste in the prescribed manner,
- remediation of the environment polluted with waste.

Waste represents a potentially enormous loss of resources in the form of materials and energy, and inadequate waste management can have serious repercussions for both humans and nature. Our primary duty is to try to prevent and avoid the creation of waste. If that this is not possible, waste must be managed in an environmentally friendly manner.

In accordance with the legislative requirements, all waste must be handed over to companies that have a permit for waste management or that are registered in the relevant register. Along with the waste, authorised companies are given the appropriate form.

Legal provisions stipulate that all organisational units in the Republic of Croatia that produce more than 500 kilograms of hazardous and 20 tons of non-ha-



zardous waste in a calendar year must be registered in the electronic database of the Register of Environmental Pollution (ROO) managed by the Ministry of Economy and Sustainable Development.

Waste by Type and Method of Disposal

The Auto Hrvatska Business Group disposed of the following amounts of waste in an environmentally friendly way:

- In 2020 241,133 tonnes of hazardous waste and 341,376 tonnes of non-hazardous waste,
- In 2021 241,929 tonnes of hazardous waste and 458,085 tonnes of non-hazardous waste,
- In 2022 284,924 tonnes of hazardous waste and 475,229 tonnes of non-hazardous waste.

The treatment of chemicals, oils, and fuels is under constant control. Wastewater draining from workshops is channelled to oil traps which are regularly cleared. All hazardous material is stored in specifically marked areas until its disposal. Information on waste disposal is always available for reference in the relevant institutions.



	WASTE CRO: Auto Hrvatska d.d., Auto Hrvatska	2020.	2021.	2022.
wcc	Automobili, Auto Hrvatska PSC, MAN Importer Hrvatska, KAM i BUS Importer	TOTAL T	TOTAL T	TOTAL T
08 01 11*	waste paints and varnishes containing organic solvents or other hazardous substances	0	0	0,03
12 01 04	dust and non-ferrous metal particles	0,278	0	0,06
13 02 05*	waste oil	100,89	99,088	102,63
13 02 06*	synthetic lubricants for engines and gears	29,99	28	31,63
13 02 08*	waste motor oil	22,92	15	22,46
13 05 02*	sludge from the separator	10,2	0,79	13
13 05 07*	oily water from the oil/water separator	1	1,05	20
14 06 03*	waste thinner	0,041	0	0,239
15 01 01	paper and cardboard packaging	74,675	94,295	76,924
15 01 02	packaging made of plastic/foil	3,067	4,866	4,52
15 01 03	wood	0	20,38	14,715
15 01 06	mixed packaging	30,697	26,619	31,24
15 01 07	glass	0,1	0,05	0,03
10 01 07	packaging containing residues of hazardous substances	0,1	0,00	0,00
15 01 10*	or contaminated with hazardous substances	2,821	3,133	4,267
15 01 11*	pressurised containers/empty sprays	0,492	0,87	1
15 02 02*	absorbents and filter materials	0,974	1	1,766
15 02 03	waste air and air-conditioning filters	2,434	3,14	2,808
16 01 03	waste car tyres	90,18	127,92	164,76
16 01 07*	oil filters	10,972	13,944	15,039
16 01 13*	brake fluids	0,067	0	0,097
16 01 14*	antifreeze	3,507	1,84	1,559
16 01 17	iron and alloys containing iron	78,994	84,54	76,24
16 01 19	mixed plastics, plastics from cars	10,76	11,92	18,14
16 01 20	car glass	3,36	8,81	5,781
16 01 22	brake linings	2,16	0,25	0,72
16 02 11	discarded equipment containing chlorofluorocarbons HCFC, HFC	0,2	0	0
16 02 13*	discarded equipment containing hazardous E-waste components	0,2	0,45	0,32
16 03 03	inorganic waste	0	0	2,28
16 06 01*	lead batteries	25,651	36,633	31,926
16 07 08*	oily water	0	1,02	1,25
17 02 01	wood/pallets	3,184	1	3,7
17 02 03	plastic	0,04	0	0
17 04 02	aluminium	1,93	4,26	1,95
17 04 05	iron and steel	11,31	18,16	33,233
17 06 04	insulating material	0	0,18	0,54
17 09 04	mixed construction waste	0	0	1,9
19 08 09	mixture of grease and oil from the separator	3,5	3,84	0,98
20 01 21*	fluorescent tubes and other mercury-containing waste	0	0,006	0
20 01 35*	discarded electric and electronic equipment/ IT equipment	0,52	1,15	2,74
20 01 01	paper and cardboard	0	14,81	3,85
20 01 08	bio-waste	0,75	1,09	0,2
20 02 01	bio-waste	1,03	1,03	4,63
		2,32	2,32	0
20 03 06	waste generated by sewage cleaning	2,32	2,32	0
20 03 06 20 03 07	waste generated by sewage cleaning bulky waste	1,86	4,35	5,71

hazardous waste is marked in blue

	WASTE North Macedonia: MAN IMPORTER	2020.	2021.	2022.
wcc	MAKEDONIJA d.o.o.e.l.	UKUPNO T	UKUPNO T	UKUPNO T
13 02 05*	non-chlorinated lubricating oils for engines and gears, based on mineral oils	3,6	5	1,68
13 02 06*	synthetic lubricants for engines and gears	8,4	7	11,1
15 01 01	paper and cardboard	2,72	3,88	1,08
16 06 01*	lead-acid accumulators	0,76	0,65	0,8
16 01 18	non-ferrous metals (aluminium)	0	0,12	0,26
17 04 05	iron and steel	3,28	6,1	0
16 02 16	components extracted from discarded equipment not specified under 16 02 15	0	0,02	0
15 01 10*	packaging containing residues of hazardous substances or contaminated with hazardous substances	0	0	0,2
16 01 07*	butter-oil filters	0,06	0	0,3
15 01 02	plastic packaging	0	0,12	0
16 01 17	non-ferrous metals	0	3,89	5,35
*hazardous w	aste is marked in blue	I	1	1
	BiH WASTE: KAM i BUS d.o.o. MAN Importer Makedonija	2020.	2021.	2022.
WCC	d.o.o.	UKUPNO T	UKUPNO T	UKUPNO T
13 02 08*	waste motor oil	14,41	23,92	11,86
15 01 01	paper and cardboard	1,355	2,106	0,97
16 06 05	car batteries	0,034	1,375	0
17 04 02	aluminium	0,119	0,152	0,063
17 04 05	iron and steel	5,476	3,625	2,22
*hazardous w	aste is marked in blue			
wcc		2020.	2021.	2022.
WCC	WASTE KAM I BUS IMPORTER d.o.o. SLOVENIA	UKUPNO T	UKUPNO T	UKUPNO T
15 01 01	paper and cardboard	0,6	0,34	2,3
16 06 01*	lead-acid accumulators	1,587	0	0
16 01 17	iron and steel	4,184	0	0,32
13 02 05*	non-chlorinated lubricating oils for engines and gears, based on mineral oils	1,8	0	7,5
15 01 02	packaging made of plastic/foil	0,16	0	0,1
16 01 07	waste oil filters	0,442	0,847	1,476
15 01 10*	packaging containing residues of hazardous substances or contaminated with hazardous substances	0,021	0,066	0,033
15 02 02	absorbents and filter materials	0,177	1,741	0,424
15 01 03	wood	0	0	2,8
16 01 19	waste plastic	0	0	1,8
-		-	-	11/
15 01 06	mixed packaging waste	0	0	1,16

*hazardous waste is marked in blue

Mixed municipal waste is only that which cannot be used in any way, also known under the term: other waste, WCC 20 03 01.

SITE	2020.	2021.	2022.
	litre	litre	litre
PC RADNIČKA CESTA	48.400	56.100	71.500
AHA d.o.o. KARLOVAC	26.400	26.400	61.600
AHA d.o.o. RIJEKA	89.100	55.000	45.100
AHA d.o.o. ZADAR	130.000	175.000	175.000
AHA d.o.o. SPLIT	95.700	92.400	93.500
AH PSC d.o.o. HRVATSKI LESKOVAC	38.500	18.700	1.100
AH PSC d.o.o. KARLOVAC	26.400	26.400	66.000
AH PSC d.o.o. RIJEKA	84.700	50.600	38.500
AH PSC d.o.o. PAZIN	56.100	55.000	56.100
AH PSC d.o.o. OSIJEK	96.800	90.200	56.100
AH PSC d.o.o. VARAŽDIN	26.400	27.500	26.400
AH PSC d.o.o. ZADAR	60.000	70.000	65.000
AH PSC d.o.o. SPLIT	115.500	113.300	113.400
KIB d.o.o. DOBOJ	26.400	26.400	26.400
KIB d.o.o. BANJA LUKA	60.000	60.000	30.000
KIB d.o.o. TUZLA	50.600	55.000	67.100
KIB d.o.o. SARAJEVO	105.600	105.600	105.600
KIBI d.o.o. SLOVENIJA	53.490	55.330	53.614
UKUPNO	1.190.090	1.158.930	1.152.014

SITE	2020.	2021.	2022.
	kg	kg	kg
MAN IMPORTER MAKEDONIJA d.o.o.e.l.	13.200	18.400	20.400
PC HEINZELOVA	30.000	35.530	24.180
UKUPNO	43.200	53.930	44.580

The transportation of hazardous waste is performed by partners specialising in the removal and disposal of waste.

Respect for the Environment

All processes included in the integrated quality, environmental and energy management system according to the requirements of the ISO 9001:2015, ISO 14001:2015 and ISO 50001:2018 standards are carried out according to the prescribed procedures. No non-compliance with environmental protection regulations has been recorded.





An interesting story comes from Dugopolje related to the celebration of the anniversary of the successful operation of Auto Hrvatska. At the end of the anniversary year, team members decided to plant 70 olive trees to mark the seventieth birthday of Auto Hrvatska.

A total of 70 olive trees were planted on 22 December 2022. The Dalmatian native variety Oblica was the most prevalent at 30 seedlings planted. Of the Croatian varieties, the employees also planted olives of the Levantinka variety (15 seedlings) and Istarska bjelica (5 seedlings). In addition to native varieties, five seedlings of the Italian Casaliva variety and 16 seedlings of the Spanish Arbecchina variety were also planted.

All employees of Auto Hrvatska PSC Split participated in the planting activities, which made for an excellent opportunity to strengthen the team spirit and make a joint contribution to the environment.



Social Topics

Employment

In 2020, 60 new employees were hired, and 100 employees left. In 2021, a total of 72 new employees were hired, and 61 left. In 2022, a total of 108 new employees were hired, and 81 employees left. In total, during the threeyear reporting period, 240 employees were employed, and 242 employees left.

The plan is for the total number of employees to reach 736 employees in 2023.

Employee Benefits

Auto Hrvatska offers its employees a number of benefits.

All Business Group employees can join the **Narrow Participation Retirement Fund.** The possibility of additional savings is an example of the employer's genuine concern for the secure retirement of its employees. Every month, Auto Hrvatska allocates funds for savings in the fund in an amount equal to what the employees pay in on their own, which means that the total monthly amount paid is doubled, all with the aim of achieving a more secure pension.

All employees are **insured against accidents**, and by organising **free regular medical** check-ups for its employees, Auto Hrvatska motivates them to take care of their own health while underlining the importance of prevention.

Employees receive a **hot meal allowance**. **Bonuses and gifts** in kind are defined for all employees of the Business Group. Employees have the option of taking out **loans with preferential terms and conditions.**

All employees have the right to be **reimbur**sed for the cost of transportation to and from work and are entitled to a **severance** payment upon retirement.

For each **newborn child**, the child's parents employed by the Business Group receive an allowance in the amount of HRK 7,500.00.



In addition, all employees, regardless of the type of employment and gender, are guaranteed **all rights related to maternity, paternity, and parental leave** in accordance with the Compulsory Health Insurance Act and the Maternity and Parental Benefits Act.

All Group companies pay **special years of service awards** to employees as a sign of gratitude for their loyalty to Auto Hrvatska, as well as **holiday allowance**, **Christmas and Easter bonus**, a **special gift for children up to 15 years of age**, and in exceptional situations, different forms of aid and the like.

Parents of children entering the preschool education system for the first time or entering the first year of primary school are **exempt from coming to work on the first day of kindergarten or school.** During their absence from the workplace, employees who are parents have all the rights established by the legal nature of the employment relationship.

All the above benefits are intended for all employees of Auto Hrvatska, regardless of the type of employment contract, race, gender, or age.









As part of anniversary celebrations, Auto Hrvatska organises a Family Day. All employees and retirees with their families are invited to the gathering to spend some time together and enjoy various activities in a relaxed and fun atmosphere with numerous workshops, sports and entertainment programmes to create memorable moments together.

Labour/Management Relations

The hiring process in the Business Group is carried out according to a planned and standardized procedure. The needs and requirements of the business are continuously monitored, so the jobs and competencies that will be needed for successful business in the future are predicted. The goal of the selection process is to find the most competent candidate for the required position who will fit in with their knowledge and qualities. The process includes selection interviews, as well as psychological and professional testing. During recruitment, all candidates are valued equally, regardless of age and gender.

In spite of the current situation in the labour market in Croatia, where certain challenges can be observed in finding and retaining quality employees, Auto Hrvatska has so far managed to attract and secure quality employees through its own recruitment processes. In addition, through its own efforts and investments, it manages to retain the required number of high-quality employees.

The employer informs employees and their elected representatives about important changes in the business that could significantly affect them on a regular and timely basis. The employer informs them about the changes before they come into effect to provide them with the opportunity to familiarise themselves with the changes and act in a timely manner. In accordance with the provisions of the Labour Act, information is provided to the Trade Union Commissioner and the employee representative on the Board of Directors.

The companies of the Business Group are not signatories to the collective agreement. The rights of employees are regulated by the Code of Conduct on Labour Practices, which is harmonised with legislation governing labour. Auto Hrvatska observes the good practices of caring for employees from earlier periods and, in close cooperation with the Trade Union Commissioner, takes care of all key issues related to the rights and benefits of employees within the organisation.

All employees of the Business Group receive evaluations in the form of incentive schemes as part of the monthly monitoring of work and productivity. Also, Business Group employees participate in annual employee interviews, which represent an opportunity for targeted dialogue between managers and employees where they can jointly assess the quality of work performance, determine the level of satisfaction, and determine the necessary direction for the coming period and the desired career development goals.

In the Business Group, the career development of all employees is mainly guided by the monitoring of their work and development under the guidance of their superiors and the Human Resources Department.

Apprenticeship Scheme

Auto Hrvatska pays special attention to the employment of young, ambitious people looking for their first job after completing their education or having a short working experience with a strong desire to learn and develop.

As part of the apprenticeship scheme, following the selection process, Auto Hrvatska provides fellow apprentices with a mentor and a programme through which they acquire the knowledge and competencies to independently perform the job over the course of a year, enabling them to learn and get an in-depth understanding of the business, their colleagues, as well as the departments, companies, and colleagues in other locations.

After the first month of work in their business unit, the apprentice goes on an organised tour of the entire Business Group. In many locations of the Business Group and in its business units, the apprentice spends several days getting to know their colleagues and learning about their work. The goal is for them to gain as broad a picture as possible of the organisation and the interaction of the members of the Business Group.

At the end of the tour, the apprentice returns to their business unit. They are expected to write a short report with impressions, remarks, and suggestions for improving a work process.

The apprenticeship scheme lasts a maximum of one year, and the apprentice takes a final exam at the end of the scheme. The trainee's mentor, the director of the Company, and usually one or two other members participate in the exam.



With the aim of enriching the process and developing key personnel within the Business Group, upon completing the apprenticeship and passing the final exam, apprentices are offered permanent employment.

Once a year, the company organises an Apprentice Day as a gathering for all apprentices and their mentors. During this meeting, apprentices are presented with the achieved business results to provide an insight into the direction of the Business Group's development. The occasion serves for apprentices to get to know each other and to exchange experiences and impressions in an informal setting.

Apprentices and employees under 30 make up 25% of the total number of employees.

Long-Serving Employees

In addition to bolstering its ranks with young blood, Auto Hrvatska also highly values its long-term employees, who leave an indelible mark on the entire business with their many years of work. Every year, the company expresses its special gratitude to employees who celebrate 10, 15, 20 and more years of loyalty to the company. The year 2020 was an anniversary year for 44 employees, the year 2021 for 73 employees, with 45 special anniversary employees in 2022.





Both students and companies benefit from the best mentors

The Auto Hrvatska Business Group has many mentors in all business segments. Within the Business Group, employees have the opportunity to develop from apprentices to company directors.

In 2020, colleague Vlado Prpić won the award for the best mentor in the "Skills Experts" programme of the German-Croatian Chamber of Industry and Commerce (AHK).

At a small event during the award ceremony

for the best mentor, Vlado told us what this award means to him: "This award means a lot when this is what you have been doing all your life – mechanics and training young people. It also means a lot when you see them later on, when they are more mature and all grown up, but still remember who showed them the ropes early on. This award is the culmination of many years of working with young people, and I've been a mentor in Auto Hrvatska since 1996, my first year with the company." On the topic of his teaching methods, he emphasised the systematic approach in which, in the first year, students are introduced to the basics and are given the opportunity to work with and learn from the best masters. Later, they start working on minor tasks, and in the third year, some of them can already do certain types of work independently. "Very frequently, at least one student stands out in any given generation, an inquisitive mind that always asks for more, and even after you show them, they always have a follow-up question and want to learn additional information," said Vlado, remembering the numerous young people who took their first baby steps under his watchful eye.

Occupational health and safety are of great importance when contracting and performing any work at Auto Hrvatska. Managing occupational health and safety is conducted through a series of interrelated activities: from prior medical examinations that all future employees are required to perform before starting employment, regular periodic examinations for employees, regular annual medical check-ups provided to all employees, to recreational activities based on personal employee preference. Additionally, occupational health and safety experts regularly educate new employees on the importance of occupational health and safety and safe behaviour at work. During site visits, they additionally educate the employer's commissioners and all other employees.

At Auto Hrvatska, special attention is paid to identifying risk situations and informing employees about preventive activities and protective measures that must be implemented. Occupational health and safety experts, in cooperation with the employer's commissioners for occupational health and safety, play an active role in preventive action and assessing risks that may occur during regular work, as well as possible incident situations.

Compliance with high environmental and ergonomic standards and all regulations related to occupational health and safety and employee rights is an integral part of the approach to business. In all locations and positions, care is taken to ensure that employees use all the necessary protective equipment, as well as to monitor whether mandatory and recommended equipment is available in the workplace, and whether it is possible to improve the performance of the job in view of spatial and ergonomic circumstances. Equal attention is paid to work standards at all work locations and regardless of the diversity of workplaces.

During the recruitment stage, all employees must attend internal training organised by occupational health and safety experts on the subject of occupational health and safety. Through regular site visits, in cooperation with the employer's commissioners in charge of occupational health and safety every day at their location, occupational health and safety experts actively communicate with employees about the topic. Through mutual communication with occupational health and safety commissioners, employees have the opportunity to draw attention to circumstances in their workspace that affect the health and safety of the team. In addition, they can consult with experts about potential health conditions that may have arisen from their work, or avoid potential consequences by raising awareness of the risks in a timely manner. Also, in addition to initial training during the recruitment stage and regular consultations at locations, employees are informed and reminded about occupational health and safety during their daily work via the intranet site.

Promoting Employee Health

Employee physical examinations are a regular annual practice, regardless of the employee's age and job description. In addition to information about overall health and the possible need to treat certain conditions, employees often receive preventive suggestions about the need to change lifestyle habits that will improve their health status and overall quality of life.

Through the intranet site, employees are additionally reminded of the importance of healthy habits, such as the need for regular physical activity, which is made possible for them in several ways; through the Auto Hrvatska Sports and Recreational Association, in organised sports recreation sessions (football, water polo, yoga), at sports meetings, and at friendly sports meetings with partners. All employees have the option of participating in the Multisport Programme, which is co-financed by Auto Hrvatska for interested employees.

The employees' need for rest and tending to their own health is also taken into account with the provided required break periods during the day, as well as days of weekly and annual leave. All employees of the Business Group are covered by the occupational health and safety management system. Special attention is paid to employees in jobs with special working conditions, which are dominant in the Business Group and account for more than 39% of employees.

With the aim of motivating employees to stay active and spend time outdoors, Auto Hrvatska organises various communal activities. In addition to team building, where sports activities are also included, employees participate in sports events together. The Zagreb marathon is one such event. Auto Hrvatska has been participating in this event for many years as one of the sponsors, and employees traditionally participate in the races. Each year, perpetual trophies are awarded internally for the best times run by members of the joint team. They are awarded to employees with the best official times, and the award ceremony takes place on the premises of the Auto Hrvatska Business Group at the end of the year.

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During the coronavirus pandemic, due to the circumstances that prevented gatherings and participating in sports activities, virtual races and team-building activities were organised for all employees of the Auto Hrvatska Business Group in the following disciplines: hiking, running, and cycling.

Workplace Injuries

Special attention was paid to preventive measures and compliance with regulations on occupational health and safety, which is why the annual rate of workplace injuries for the reporting period is satisfactory:

- 9 minor injuries out of 690 employees, i.e. 1.3% in 2020,
- 8 minor injuries out of 701 employees, i.e. 1.1% in 2021, and
- 2 minor injuries out of 717 employees, i.e. 0.3% in 2022.

When considering the above values, it is necessary to take into account the number of employees in jobs with special working conditions who are exposed to physical risks to a greater extent compared to the smaller proportion of employees who perform office work.

In Auto Hrvatska, there are no occupations with a high frequency or high risk of serious diseases. In the past three years, there was not a single case of work-related occupational disease. When assigning employees to jobs with special working conditions, they are treated in accordance with these conditions. Before being assigned to jobs, employees are required to undergo an examination in order to determine their health capacity to perform them. Periodically, in accordance with established rules, their health capacity to perform the job is also regularly checked.

Training and Education

In order to develop the potential of its employees, Auto Hrvatska regularly and continuously conducts the training and education of its employees, offering a very wide range of educational activities and updating all knowledge essential for work efficiency and professionalism.

Every year, around 600 employees attend various training courses. In the reporting period, a total of 1,796 training sessions were completed, which amounts to an average of 20 training hours per employee per year. The index of employee satisfaction with the opportunity to learn and develop in the organisation in the previous year is 82%.

VIRUS (Croatian acronym for Skills, Building, Development, and Improvement of Abi-

lities) is the system of training employees in the Auto Hrvatska Business Group, through which various forms of internal training courses provide each employee with additional encouragement, necessary instruments, and every type of support required for the autonomous desire to build, develop, and perfect their knowledge and abilities in accordance with the development and business activities of the Auto Hrvatska Business Group.

General training	Technical training	IT training	Specialist training	Foreign languages
General training They include topics that develop general skills and abilities such as communication and presentation skills, time management, stress management,	Technical training They include training related to the technology and maintenance of passenger and commercial vehicles of varying degrees of	IT training Internally and externally organised training courses that deepen the knowledge of known work tools and at the same time introduce employees	Specialist training They are related to the particularities and specificities of the specific job (professional training, training through business processes, supplier	Foreign languages Depending on the requirements of the workplace, they are implemented through individual and group classes.
teamwork, and the like.	complexity.	to innovations on the market with the aim of facilitating work tasks.	training).	

The types of training offered to employees are:

Managers and key employees additionally undergo special **modular training programmes** that cover all important areas of management and business knowledge, from team management, strategic tools and project management to the basics of financial literacy.

Special attention is paid to the **training of apprentices and young employees** who are just entering the workforce. Upon employment, they undergo a structured programme of visits to various business units and learn about the company's operations as a whole. During the apprenticeship period, new employees receive an experienced mentor who introduces them to the job and monitors their development, and at the end of the apprenticeship, they take a **final exam**. Apprentices and new employees connect and get to know each other during Apprentice Day, which is celebrated annually. In addition to the development and continuous support offered to young and new employees, Auto Hrvatska also focuses on the development of employees in managerial and leadership positions, as well as talents who will take on greater responsibilities in the future. By applying the comprehensive assessment method, employees receive immediate feedback on their strengths, as well as any opportunities for further development in order to be even more successful in their job and progress further over time. The employees' superiors, colleagues who work directly with them, and the employees personally participate in the assessment, which is carried out by means of a questionnaire.

Diversity and Equal Opportunities

In terms of the qualification structure, the management body is homogeneous and includes employees with a university degree. The proportion of women in senior and middle management is 16.2%.

A comparison of the basic salary and remuneration in the Business Group did not reveal a significant difference between women and men. The ratio is 0.96% (the minimal difference in favour of men's salaries is present due to the specifics of the industry where the employees are predominantly men).

Non-discrimination

During the reporting period, no cases of discrimination based on gender, race, skin colour, religion, national affiliation, social origin, political or sexual orientation were recorded. In accordance with the Labour Act, the employer is responsible for protecting the dignity of the employee during their performance of work and providing them with working conditions in which they will not be exposed to any form of harassment by the employer, superiors, associates, or other persons with whom they regularly come into contact during the performance of their work.

Freedom of Association and Collective Bargaining

To the greatest extent possible, the Auto Hrvatska Business Group is oriented towards purchasing from reputable global suppliers where there is no risk to the rights to freedom of association and collective bargaining.

Child Labour

The Auto Hrvatska Business Group does not use child labour in its operations. To the greatest extent, the company is oriented towards procurement from renowned global suppliers where there is no risk of cases of child labour.

Forced or Compulsory Labour

There is no forced or compulsory labour in the Auto Hrvatska Business Group. Also, the company is, to the greatest extent possible, oriented towards procurement from renowned global suppliers where there is no risk of cases of forced or compulsory labour.

Respecting Human Rights

When making decisions about business locations and selecting suppliers and business partners, Auto Hrvatska takes human rights into account to a large extent. Verification of the practice of respecting human rights is carried out in all operations of the Auto Hrvatska Business Group. Intranet sites are the place where all employees can access available business policies, business decisions and instructions related to business conduct. In addition, through the newsletter, employees are regularly informed about news in business and important circumstances, such as changes in business policies. During recruitment, at various regular internal training sessions and business meetings, employees are continuously educated about policies and procedures in the field of human rights. Verifying the practice of respecting human rights is an integral part of all business activities and the conclusion of contracts at the level of the Business Group, especially in the case of important investments and their planning. During the reporting period, there were no reported cases of violation of the rights of citizens of the community.



Local Communities

The Auto Hrvatska Business Group cooperates with the community in which it operates and is sympathetic to the needs of the local community.

Employing local residents is one of the ways in which Auto Hrvatska contributes to the development of the community.

Donations and sponsoring of sports, cultural, charitable, and other organisations and events are also part of Auto Hrvatska's corporate social responsibility practice. As a result of the coronavirus pandemic and the earthquake in Zagreb and the Banovina region in 2020, the Auto Hrvatska Business Group made significant financial donations for post-earthquake relief. For the purpose of crisis support after the earthquake, the Business Group provided a vehicle. The employees were quick to organise and provide support to the victims in the earthquake-affected areas.

Active participation in numerous events is one of the ways of cooperation with the local community, as is the organisation of events.









EXPERTMEETUP

POWERED BY **Auto**hrvatska

In early December 2022, the Auto Hrvatska Business Group organised a conference titled "Expert MeetUp – Solutions for the Challenges of the Automotive Industry". The Auto Hrvatska Business Group has celebrated 70 years of continuous business and has witnessed many challenges in the automotive industry during that time. On the basis of these experiences, the pioneering idea of a professional conference was born with the aim of encouraging a conversation about open questions and upcoming challenges in the automotive industry. Numerous participants and expert panellists from the automotive industry, competent ministries, and the business sector were interested in the following topics of the conference:

- Autonomous Driving
- Alternative Propulsion Systems
- Workforce Challenges
- Solutions for Challenges in the Automotive Industry.

A highly active discussion with audience participation contributed to the constructive conclusions not only of this topic but of the professional conference overall and successfully rounded off the entire event. With a wealth of new knowledge and the constructive exchange of opinions among the participants, a big step forward was made in Croatia's transition towards new legislation and technological solutions ahead, as well as possible solutions to the challenges listed above. At the same time, the Expert MeetUp conference proved to be a unique opportunity for the immediate exchange of knowledge and experiences of the participants and an even better connection between the business sector and the relevant institutions.

A recording of the conference is available to all interested parties on the Auto Hrvatska YouTube channel. In the contest for the best authorised ŠKODA repair shop in Croatia for 2022, Auto Hrvatska ŠKODA Centre in Karlovac earned a high 3rd place in strong competition.

The main scoring criteria were:

- customer satisfaction
- the quality and quantity of the services provided
- the expertise of the service staff
- the quality of the technical equipment.

The "Teachers into Companies" Project

As part of its cooperation with the German-Croatian Chamber of Industry and Commerce (AHK), Auto Hrvatska participates in the "Teachers into Companies" project.

The initiative's main idea is for teachers of vocational schools to get real-life experience of working in companies through a training and practice programme. This gives the teachers an even better understanding of the workplace training that their students attend and of the competencies that are needed in the workplace.

Student Visit

Auto Hrvatska received a visit from the students of the University of Applied Sciences Velika Gorica, who are taking the course "Repair Shop Organisation", which deals with the issues of organisation and operation of vehicle maintenance repair shops. The students were familiarised with the organisation of the Auto Hrvatska Business Group and the organisation of the MAN repair shop: process monitoring, tasks, and customer satisfaction.

Visiting auto industry teachers from Spain

In May 2022, Auto Hrvatska was visited by teachers from the Association of Automotive Teachers of Galicia in Spain, Asociación de Profesores de Automoción de Galicia. The teachers visited as part of the Erasmus Plus Job Shadowing Programme, organised by our mutual long-term partner, the Zagreb Electrical Engineering Vocational School.



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Marketing and Labelling

According to the organisational procedures for data on products and services and their labelling, each product has a manufacturer's label, basic technical data, and special data characteristic of that product. Technical descriptions and instructions for the safe use of products or services are made for more complex products and plants. In addition, end-user training seminars are organised if the product or service requires it.

During the reporting period, there were no reports of possible cases of non-compliance with the obligation to provide product information and labelling that resulted in a fine or a warning.

During the reporting period, there were also no reports of any cases of wrong marketing communication that resulted in a fine or warning.

Customer Privacy

Special attention is paid to customer privacy. Personal data of users of services and users of web pages are processed fairly and legally, based on valid legal grounds with consents for data processing. Personal data is processed when necessary and special care is taken for data security.

During the reporting period, more than 11,000 pieces of data were processed, and Legal Affairs Department registered one case of complaints from external parties regarding the processing of personal data.



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