DHH Group

sustainability report

March 3, 2022

cloud infrastructure
for the emerging digital economies

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ESG report introduction

At DHH, we believe that a company should not only aim to be profitable but is also tasked with being a positive role model for the community. We have focused on minimizing resource consumption and supporting social and cultural initiatives that reflect our values long before the focus on environmental protection and societal problems became a trend. Nonetheless, we are aware there is much yet to be done towards defining achievable and relevant sustainability objectives as well as sustainable business management of all portfolio companies.

ICT companies have revolutionized the way businesses operate, increasing productivity and boosting global economic output and trade. This is why they are crucial players in fostering a more equitable technology ecosystem. Therefore, DHH's priority has become promoting leadership by way of integration of sustainable business practices at all portfolio companies and on all levels.

In this document (the "**Sustainability Report**"), we outline our commitments to alignment with United Nations' Sustainable Development Goals (UN SDGs) and Environmental, Social, and Governance standards. The report integrates sustainability efforts from the eight most represented entities of the Group, as well as examples of sustainability practices across the region.

1. About DHH

DHH is a tech group that was founded in 2015. It comprises a holding company and portfolio companies fully owned, controlled, or participated by the holding. The eight autonomous businesses in Bulgaria, Croatia, Italy, Italian Switzerland, Serbia, and Slovenia provide diverse cloud computing services. The services range from simple cloud hosting solutions to customized PaaS, IaaS, and SaaS solutions. In addition, the Group offers colocation services and various add-on products such as website builders and SSL certificates.

DHH Group incorporates Seeweb and Tophost (Italy), mCloud (Serbia), Plus Hosting Group and SysBee (Croatia), Evolink (Bulgaria), Artera (Switzerland), Webtasy (Slovenia), and other minority holdings.

The clients are predominantly medium, small, and micro corporates, as well as solo entrepreneurs in the Adriatic Sea Area. The digital penetration in the emerging SEE region is lower than the EU average, which represents an opportunity for rapid growth. DHH is the main player in the local markets where digitalization is on the rise due to its diverse service portfolio and experienced management.

The Group is leading in the emerging markets and catering to more than 100.000 clients. DHH follows a proven business model offering subscription-based contracts which are characterized by a low churn rate and loyal client base. The Group has been listed on Euronext Growth Milan since 2016. Its leadership position was consolidated in 2020 with the reverse merger of Seeweb. Through its portfolio companies, DHH manages seven physical data centers across three countries and holds a strategic position close to international exchange points.

We are currently actively working on addressing the following goals:

Environmental goals	Sustainable cities and communities, responsible consumption and production (goals 11, 12)
Social goals	Quality education, gender equality, decent work, and economic growth, reduced inequalities (goals 4, 5, 8, 10)
Governance goals	Industry, innovation, and infrastructure (goal 9)

However, at DHH, we will revisit the goals annually in order to ensure that the most relevant topics are being addressed in all companies of the holding.

4. DHH Group's commitment to ESG

Key management of the Group is very committed to corporate sustainability, and this is reflected in constant improvements and optimization of processes and policies. DHH Group's stakeholders expect us to be energy efficient and reduce our GHG (greenhouse gas) emissions as much as possible.

ENVIRONMENTAL GOALS

Environmental protection is an integral value recognized across the Group at all levels of operations. This is specifically well represented, but not limited to office management, server farm management, and business travel management. DHH invests in employee training on environmental topics, distribution and use of reusable glass water bottles, and specific team building activities focused on environmental sustainability such as reforestation. By being some portfolio companies ISO14001 certified, DHH ensures that environmental impact is measured and improved.

Use of resources

There is a strong focus on reducing the use of material resources and energy. DHH aims to operate digitally whenever possible when it comes to business administration, thus reducing the use of paper, printing equipment and reducing carbon emissions. Occasionally, we buy refurbished equipment to extend the lifetime of certain components and reduce the need for the production of new hardware. Where possible, we repurpose equipment that has been amortized for low-cost services which do not require the best performing hardware, thus extending their lifetime.

Energy efficiency

ICT industry consumes a lot of power, and old equipment (servers, cables, routers, etc.) must be recycled to avoid pollution. Production of electricity still majorly depends on non-renewable resources, thus making the impact of the industry considerable. The energy efficiency of the

industry is usually unsatisfactory. Servers use a great amount of electricity to run and create byproduct heat which then requires cooling via air-conditioning that also runs on electricity. Furthermore, excess heat is released instead of utilized.

Some of the strategies DHH is using to achieve energy efficiency are regularly repairing and replacing the necessary equipment in data centers to reduce energy consumption, use of low voltage computer equipment, reusing old servers for tasks that require lower capacity, or donating them for educational or humanitarian purposes, and increasing active cooling with outside air during colder weather. We are also considering modifications to our data centers' cooling systems in order to be able to use the produced heat for heating the office building.

To rationally distribute the spare memory in data centers, all inactive accounts are deleted a maximum of 60 days after they expire, and new servers for users are bought on-demand. In addition, the company's national IP MPLS network is solely based on fiber, which aggregates high bandwidth and eliminates the need for multiple copper cables.

Our data centers were built to reduce carbon emissions, they have low PUE (Total facility energy usage), and they use energy more efficiently. Additionally, we exclusively utilize the electricity that originates from certified renewable sources. We require our data center partners to use energy from renewable sources as well. At DHH, we also care about the environmental impact of our companies' websites. Websites are hosted green, as you can see here.

Commute and travel

Moreover, we insist on doing business remotely, consequently reducing travel for meetings whenever possible. We organize virtual meetings with both investors and shareholders. Our online work policy and virtual meetings policy result in substantial carbon footprint reduction on an annual level.

Waste management

We've put policies in place to manage technological waste and to achieve zero impact. Some portfolio companies have completely eliminated the use of paper and plastic, while others sort and recycle all waste and use energy as sparingly as possible.

When purchasing hardware, we are considering refurbished technologies first in order to minimize the impact on the environment. When disposing of old equipment, we employ policies to ensure it has been discarded appropriately. Items such as toners are collected and sent to vendors who refurbish them to give them a 2nd or 3rd life. We have a policy for the collection and disposal of used batteries. It applies to both batteries for personal use by employees and those used in UPS systems.

SOCIAL GOALS

We believe in building a long-term relationship of trust both with employees, clients, and the local community. These are based on transparency and free information. We understand the

importance of providing good services under fair conditions. We employ practices that are aligned with our own business values.

Sustainable communities

DHH International aims to support the development of the local community by sponsoring relevant projects. For example, during the first wave of Covid-19, we supported local sports associations that needed assistance. In 2021, we supported an initiative for startups in Africa as well as an African foundation working on education.

We participated in the initiative Plastic Caps for Future that encourages charity, solidarity, and recycling for a better future for the youth.

Health and wellbeing

Good health and well-being are at the center of our company culture. Therefore, DHH was a fully remote company from its beginning. All DHH portfolio companies adopted remote and hybrid policies for their employees and collaborators. By granting employees and collaborators the flexibility they needed, we support them in achieving the work-life balance in the best possible way and according to their own preferences. Not only the work is remote, but the working hours are also flexible so that employees can work at their preferred time of the day.

Decent work and economic growth

Portfolio companies grew in a short period of time, which created a number of opportunities for employment, collaboration, and stakeholder engagement.

DHH portfolio companies offer full-time employment that includes all the benefits and strive to achieve a 50/50 gender balance. DHH is proud to have an above-average ratio of female coworkers. Gender parity in a company is an important objective across the Group as the IT industry is usually male-dominated. At DHH, wages are not gender-based, and we put in place initiatives to assist new mothers that care for their families. We believe in fair pay adjusted to the position and geography of the employee, and we comply with or exceed the requirements set by the local law regarding benefits.

Quality education

DHH profoundly cares about quality education. In 2018, we reserved a specific portion of the annual budget for social and educational purposes. We worked with local entities like schools or non-profit organizations. We've established regular collaborations with *L'Ora del Codice*, an interuniversity consortium in Italy. In this way, we cooperate with local universities, hold presentations to students to educate them on professional opportunities, and provide student internships. We are also a steady corporate donor to *FAI* that works on protecting Italy's historical, artistic, and landscape heritage.

One of the portfolio companies, Seeweb, has established a local academy for web developers, thus supporting the education of youth interested in careers in tech.

GOVERNANCE

At DHH Group, we believe in high integrity, fair play, respect towards every individual, and we never sacrifice our values and ethics to achieve business success. By attentively managing data governance processes, we ensure that our clients' collected and stored information is useable, accessible, and secure. Data governance, at its most basic level, leads to greater data quality, lower data management costs, and increased data access for all stakeholders. As a consequence, better decisions are made, and better business outcomes are achieved.

Safety and privacy

The biggest goal of our services is to keep the Internet free and transparent and to promote digital responsibility awareness by supporting programs such as Isoc and The Hour of Code. By pledging to CISPE ("Cloud Infrastructure Services Providers in Europe"), we promise to fully protect our clients' data, exclude any form of data mining, profiling, or direct marketing, and truly respect the GDPR best practices.

5. Points of improvement

We are aware that we are at the beginning of our journey towards corporate sustainability and that there is more work to be done. Therefore, we are committed to revising the policies and sustainability goals annually and continue our work on supporting initiatives that are aligned with the Group's values. We are dedicated to observing the changes in regulations and adjusting sustainability policies regularly.

In order to do so, we must face challenges specific to our industry, such as improving end-of-life management policies, increasing energy efficiency, and lowering carbon footprint of operations. We are planning to integrate an assessment framework for environmental impacts that is mapped according to our companies' specific needs and relevant to our business objectives.

According to Smart 2020, the carbon footprint of the ICT industry represents roughly 2% of the global emissions. It is expected to increase to 1.4 Gtonnes if companies continue doing business as usual. Data centers emit over 10% of total ICT industry emissions. Therefore, we are planning to integrate the EU Code of Conduct for Datacenters released by the EU Commission in 2010 into our data center management policies.

We believe the companies in our supply chain are already ambassadors of our sustainability values. However, our plan is to communicate our sustainability values to our partners and collaborators in order to also align our distribution channel to our sustainability objectives.

We are eager to establish partnerships to achieve these goals. In case your company is interested in collaborating, we would encourage you to reach out.