



TERME
SVETI MARTIN

*Statement on
Sustainability*

2024

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Foreword

For the purpose of transparent reporting on the non-financial aspects of operations and directing activities towards the principles of sustainability, the company Toplice Sveti Martin d.o.o. commissioned the preparation of the Sustainability Statement for 2024. This statement provides an overview of the achieved goals and implemented measures aimed at achieving sustainable operations in accordance with ESG criteria. The set goals are defined by the ESG Sustainability Strategy of Terme Sveti Martin for the period from 2023 to 2030.

In the preparation of the Sustainability Statement for 2024, a working group was established consisting of Mr. Vedran Augustić, maintenance director and the person responsible for sustainable operations, Ms. Nuša Korotaj, general manager, Ms. Katja Zadavec, director of sales and marketing, Mr. Igor Huhoja, director of procurement and retail, Mr. Nikola Mikac, director of finance and IT, Mr. Danko Piknjač, director of hotel operations, Mr. Stanislav Simeonov, director of food and beverage, and Ms. Sara Posavec, director of the human resources department. Mr. Vedran Augustić was also the responsible contact person and project coordinator for sharing and delivering the required data.

The preparer of the Statement was the company Greengreen Advisory d.o.o., whose consulting team consisted of Ms. Iva Soža, Ms. Lara Mesic and Mr. Jakov Kolega.

As the start of the project implementation, a Project Activity Plan was prepared, divided into five phases. Each phase began with a working meeting through which data for the Sustainability Statement was gradually collected. This is part of the Road2ESG methodological procedure for aligning the company with the requirements of the CSRD, owned by the company Greengreen Advisory d.o.o.

We hereby thank all members of the working group and collaborators who contributed to the implementation of this project.

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greengreen
ADVISORY



*Introductory note
by Ms. Nuša Korotaj,
Chief Executive Officer
of Terme Sveti Martin*

In a world that is evolving faster than ever, sustainability is no longer a choice – it is the foundation on which we build both our present and our future. For many years, Terme Sveti Martin have consciously chosen this direction, and in 2024 we strengthened that commitment even further through concrete projects, strategic partnerships and everyday actions.

I am proud to present our new Sustainability Statement – a document that reflects how deeply sustainability has become integrated into every segment of our operations. From energy efficiency and biodiversity protection, to green procurement, employee education and active engagement with our community and guests – our approach is holistic, sincere and guided by clear goals.

My gratitude goes to all members of our team who live the values of sustainable development every day, as well as to our partners and owners who continuously support our efforts. I am especially pleased to see that an increasing number of guests recognise our work – not only by supporting it, but by becoming active participants in it.

We have already taken significant steps: the launch of our sustainability plan, the strengthening of our internal capacities, and the establishment of a foundation for transparent reporting aligned with international standards. Ahead of us lie ambitious goals – but also a clear vision: to be a leader in responsible tourism in the region, not only in words but through tangible actions.

Nuša Korotaj
Chief Executive Officer, Terme Sveti Martin



1.

BASIC INFORMATION ABOUT THE STATEMENT

The Sustainability Statement of the company Terme Sveti Martin d.o.o. (hereinafter: the Statement) for the reporting year ending on 31 December 2024 (from 1 January 2024 to 31 December 2024) has been prepared in accordance with the Accounting Act and the European Sustainability Reporting Standards (ESRS), in line with the Corporate Sustainability Reporting Directive (CSRD). The Statement has been prepared on an individual basis and covers both the upper and lower levels of the value chain.

2. DUE DILIGENCE PROCESS

Due diligence is a process through which companies identify, prevent, mitigate and describe how they address actual and potential negative impacts of operations on the environment and people. It includes negative impacts related to operations in the upper and lower levels of the company's value chain, including those arising through its products or services and through its business relationships. If a company cannot mitigate all impacts at once, the due diligence process prioritises actions based on the severity and likelihood of those impacts. The assessment of significant impacts is based on the due diligence process aspect (Section 3.4. of the ESRS standard). Identifying significant impacts also helps determine significant sustainability-related risks and opportunities, which often arise from those impacts.

The due diligence process was carried out in 2023 as part of developing the ESG Strategy of Terme Sveti Martin 2023–2030, with the aim of identifying key aspects of sustainable business practices. The results of the due diligence process form the basis for the company's sustainability reporting for the following three years. Since the methodological process was conducted in 2023, a verification of the due diligence results was performed for 2024. Compared to the previous annual report, there were no changes in operations that would affect the identified risks and opportunities, and therefore all findings and results of the due diligence process remain valid.

Below is a summary of the methodology used to carry out the due diligence process for the company Toplice Sveti Martin d.o.o.:

Phase 1 – Introduction and self-assessment

Responsible team members were defined, the working methodology was agreed upon, and basic data were collected through the ESG Self-Assessment Questionnaire in order to evaluate the initial state of sustainability.

Phase 2 – Interviews and analyses

Structured interviews were conducted with department directors to identify impacts, risks and opportunities related to sustainable business operations and to gain a deeper understanding of processes within the organisation.

Phase 3 – Identification of material topics and stakeholders

Based on the previous phases, a list of material topics and key stakeholders was created. Through a survey, stakeholder opinions were collected regarding the importance of individual topics for the sustainability of the Terme.

Phase 4 – Adoption

The results of the due diligence process were presented to management, the significant findings were confirmed, and the foundations for the further development of ESG goals and activities were established.

Phase 5 – Sustainability Statement

The final phase refers to the preparation of the key documentation for the Sustainability Statement of Terme Sveti Martin for 2024.

2.1. Material topics of the 2024 Sustainability Statement

By comparing the material topics from last year's reporting, it was determined that the material topics for reporting remain the same as in 2023. Below is the list of material topics that the company Terme Sveti Martin d.o.o. will report on in 2024:



	TSM activities related to material topics	Material topic	Material subtopic	Material sub-subtopic
	Reducing CO ₂ emissions Renewable energy sources Adaptation to climate change	E1 – E1 – Climate change ¹	- Climate change mitigation - Climate change adaptation - Energy	
	Reducing pollution	E2 – Pollution ²	Pollution of water, air and soil	
	Water management	E3 – Water and water resources ³	Water and water resources	- Water consumption - Water discharge
	Biodiversity conservation	E4 – Biodiversity and ecosystems ⁴	Direct drivers of biodiversity loss	
	Waste management and circular economy	E5 – Circular economy ⁵	Waste	
	Working conditions Employee training and skills development Gender equality and equal pay for all	S1 – Own workforce ⁶	- Working conditions - Equal treatment and opportunities for all	S1 is considered in its entirety, and the subtopics are related to the company's activities
	Protection of human rights Support to the local community	S3 – Affected communities ⁷	S3 is considered in its entirety, and the subtopics are related to the company's activities	
	Providing services Accessibility and inclusiveness for all guests Marketing and communication	S4 – Consumers and end users ⁸	S4 is considered in its entirety, and the subtopics are related to the company's activities	
	Responsible marketing practices Corporate culture Supplier relationship management and payment practices	G1 – Business conduct ⁹	- Corporate culture - Supplier relationship management and payment practices	

¹A detailed report on TSM data related to climate change can be found in section 10.2. E1 – Climate change, [link](#)

²A detailed report on TSM data related to pollution can be found in section 10.3. E2 – Pollution, [link](#)

³A detailed report on TSM data related to water and water resources can be found in section 10.4. E3 – Water and water resources, [link](#)

⁴A detailed report on TSM data related to biodiversity and ecosystems can be found in section 10.5. E4 – Biodiversity and ecosystems, [link](#)

⁵A detailed report on TSM data related to the circular economy can be found in section 10.6. E5 – Circular economy, [link](#)

⁶A detailed report on TSM data related to the own workforce can be found in section 11.1. S1 – Own workforce, [link](#)

⁷A detailed report on TSM data related to affected communities can be found in section 11.2. S3 – Affected communities, [link](#)

⁸A detailed report on TSM data related to consumers and end users can be found in section 11.3. S4 – Consumers and end users, [link](#)

⁹A detailed report on TSM data related to business conduct can be found in section 12.1. G1 – Business conduct, [link](#)



3.

GOVERNANCE

3.1. Basic information about Terme Sveti Martin

The company Toplice Sveti Martin d.o.o., which manages Terme Sveti Martin, is registered in the Court Registry of the Commercial Court in Varaždin under the company registration number 070027109.

Until 2003, the spa operated under the name Toplice Vučkovec and operated seasonally only during the summer months. Since 2003, the spa has been renamed Terme Sveti Martin and in the following years developed into a tourism complex promoting healthy living, recreation and local gastronomy.

3.1.1. Business activities of Terme Sveti Martin

Terme Sveti Martin generate core revenue through their main registered activity 55.10 Hotels and similar accommodation (NKD 2007). Terme Sveti Martin are the first Healthness resort in Europe, with operations focused on providing various health and wellness services to offer guests a complete experience of relaxation, renewal and health improvement. The complex includes an apartment village and a 4-star hotel, healthy and innovative restaurants, an indoor thermal pool complex, a summer aquapark, a wellness centre, a sauna world and a frequency medicine centre. In addition, the complex features numerous recreational trails, sports facilities, golf and disc golf courses, as well as many amenities for excursions and outdoor activities. Terme Sveti Martin are also known for their idyllic and healthy natural surroundings, a 100-year tradition of spa tourism with one of the healthiest thermo-mineral waters in Europe, top-quality wellness services, and a rich offer for both professional and recreational athletes.

3.2. Organisational structure

The organisational structure of the Terme is designed to support the mission of providing guests with an experience focused on sport, wellness and relaxation.

The department directors within the Terme organisation are responsible for carrying out operational activities, overseeing overall direction, and implementing the Terme strategy. This team includes the operational areas of sales and marketing, maintenance (and sustainability), procurement and retail, finance and IT, hotel operations, food and beverage, and human resources management. The General Director leads, coordinates and is accountable for the team's success and the achievement of business goals.



The organisational structure of the Terme follows a hierarchical arrangement, with clear lines of authority and reporting. Frontline staff report to supervisors, who in turn report to department directors. Management is organised to ensure effective communication and coordination of tasks.



3.3. Company bodies

In 2024, changes occurred in the ownership structure of the company Toplice Sveti Martin d.o.o. Ownership of Terme Sveti Martin was taken over by the company SALLINA BETEILIGUNGSVERWALTUNGS GMBH as the sole member of the company. The persons authorised for representation in 2024 were:



Ms. Nuša Kotoraj
Management Board
member who represents
the company together
with another Management
Board member or a
procurator, appointed
by decision of the sole
member of the company
on 1 July 2024.

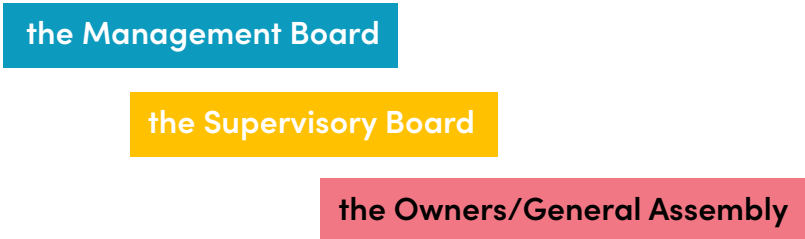


Mr. Nikola Mikac
procurator, appointed
by decision of the sole
member of the company
on 1 July 2024.



Mr. Davor Štampalija
Management Board
member who represents
the company together
with another Management
Board member or a
procurator, appointed
by decision of the sole
member of the company
on 4 July 2024.

In accordance with the business needs of the Terme, the following company bodies were established:



The Management Board of the Terme holds regular meetings with staff in order to regularly inform them about all relevant existing and future plans, as well as activities related to the protection of the company and the environment. The main duties of the Management Board member and General Director, Ms. Nuša Kotoraj, include the overall operational management of all aspects of business operations, achieving positive business results, achieving the planned annual growth, creating a positive work culture, and ensuring business operations in accordance with all applicable legal regulations. The Director is accountable to the owners of the company and is appointed by the hotel management partner of the company.

The management of sustainable operations, the implementation of sustainable business practices, as well as the execution of necessary additional actions aimed at achieving a sustainable business model, have been assigned to the Maintenance Department, led by Mr. Vedran Augustić. However, given the exceptional importance placed on environmental protection and on generating positive impact for the community, employees and visitors of the tourism complex, the topic of sustainable development is of particular interest to the General Director as well, and all department heads are involved in it according to their area

of influence. Therefore, sustainability is a regular topic at the meetings of the Director of the tourism complex and the heads of all departments.

The Supervisory Board in 2024 consisted of Mr. Oswald Czipin as President, and Ms. Beata Adrianna Glinska and Mr. Ivica Kutnjak as members.

Given the structure of the Supervisory Board, Mr. Kutnjak was appointed on the basis of an electoral decision by the employees of the company and represents the voice of the employees within the Supervisory Board. The Supervisory Board performs the function of all necessary subcommittees and acts in agreement with the shareholders and the majority owner, respecting all applicable legal regulations and ensuring the financial and operational sustainability of the company, thereby securing long-term maximum benefit for all employees and interested stakeholders. Audits of the Supervisory Board's work are conducted regularly.

The owner and sole member of the company in 2024 was SALLINA BETEILIGUNGSVERWALTUNGS GMBH from Austria, and the role of the owner is to approve all decisions made by the management company and the Director of the complex. The owner also approves the company's financial plan, which determines the possibilities for investment in the renovation and development of the complex. The scope of the owner's decisions includes the approval of the budget, CAPEX, monthly performance monitoring and tracking the achievement of defined KPIs (Key Performance Indicators).



SUSTAINABILITY STRATEGY FOR THE PERIOD 2023–2030

Despite being classified as a medium-sized enterprise and therefore not obliged to prepare a Sustainability Statement, the Terme decided to develop a Sustainability Strategy and issue a Sustainability Statement according to the ESRS standards prescribed for large enterprises subject to the Corporate Sustainability Reporting Directive (CSRD). The decision was made precisely because the core business strategy recognises the environment and the local community as integral to its operations.

The Sustainability Strategy of Terme Sveti Martin for the period 2023–2030 is inseparably linked with the company's core business strategy and with its business activities related to the provision of accommodation and hospitality services. The Sustainability Strategy of Terme Sveti Martin was developed according to the highest standards, taking into account three essential starting points:

1.

The core values of the Terme, business strategy and goals – the sustainability strategy must be aligned with this starting point in order to achieve financial sustainability;

2.

Mapped impacts, risks and opportunities – the strategy must focus on areas that have the potentially greatest negative or positive impact on ESG criteria;

3.

The globally identified major impacts of the hospitality industry and the challenges that must be addressed at the industry level.

With its Sustainability Strategy, Terme Sveti Martin incorporates all the above starting points, its specific characteristics and its strategic business goals alongside sustainability goals. The task of this strategy, in addition to integrating all these parameters, is to enable a financially sustainable transition towards sustainable and low-carbon operations while respecting the **DNSH (do no significant harm) criteria for each activity carried out under this strategy.**

The strategy is implemented through defined (operational) goals, with identified impacts on ESG factors, measures and timelines for achieving these goals, as well as their impact on the UN Sustainable Development Goals. All these elements ensure that monitoring the performance of the strategy is measurable and comparable, which is one of the key requirements of any ESG strategy in order to avoid *greenwashing and/or social washing*.

Operational goals serve to implement the strategy, and in order to present and frame the strategy, it is also necessary to define the strategic ESG goals of the Terme. In accordance with the European Green Deal, the stated starting points, the conducted due diligence process and the working methodology, and taking into account the assessed impacts, risks and opportunities, the strategic goals of the Strategy and the material topics for sustainability reporting for the company Toplice Sveti Martin d.o.o. are:



1. DECARBONISATION (E1 – Climate change)

- 1.1. Reduction of greenhouse gas emissions (primarily CO₂)
- 1.2. Energy efficiency



2. REDUCING POLLUTION (E2 – Pollution)

- 2.1. Pollution reduction



3. WATER CONSERVATION (E3 – Water and water resources)

- 3.1. Reduction of water consumption
- 3.2. Protection of water purity





4. BIODIVERSITY (E4 – Biodiversity and ecosystems)

- 4.1. Increase of forested areas
- 4.2. Protection of land areas
- 4.3. Expansion of the biodynamic garden



7. RESPONSIBLE AND COMPLIANT MANAGEMENT (G1 – Business conduct)

- 7.1. Promotion of diversity, inclusion and prohibition of discrimination on any grounds
- 7.2. Compliance with applicable and progressive regulations
- 7.3. Continuous improvement of the entire management system or its parts



6. IMPACT ON THE LOCAL COMMUNITY

- 6.1. Care for employees (S1 – Own workforce)
- 6.2. Impact on the local economy and promotion of the community
- 6.3. Support to the community through donations of time, money and in-kind contributions
- 6.4. Impact on the value chain (S4 – Consumers and end users)



5. RESPONSIBLE WASTE MANAGEMENT (E5 – Circular economy)

- 5.1. Reduction of waste quantity
- 5.2. Increase of the share of recycled and composted waste



Table 1. Strategic goals of the ESG Sustainability Strategy and material topics for sustainability reporting for the company Toplice Sveti Martin d.o.o.

By following the strategic goals of the Strategy, through achieving individual operational goals and monitoring progress, the Terme ensure the success of the business direction towards the transition to a sustainable and low-carbon economy, taking care of the environment and the local community, promoting inclusion and diversity, while carefully managing and responsibly promoting their transition achievements.



VALUE CHAIN

5.

In the preparation of the value chain, the methodology defined in the Sustainability Strategy for the period 2023–2030 was used. As part of the Strategy, an assessment of key business processes was carried out, taking into account the impact of environmental, social and governance factors on the overall operations. Based on this analysis, the value chain was created and is presented below.

Inbound operations



Food and beverage suppliers

Hotel suppliers provide the goods and services necessary for daily operations and for delivering high-quality services to guests



Local producers and OPGs (family farms)

Hotel suppliers provide the goods and services needed for daily operations and for delivering high-quality services to guests

Terme Sveti Martin



Management

Management is key in shaping organisational policies, overseeing governance, and influencing strategic decision-making



Owner

The owner of the hotel is the person responsible for the overall operations, development and strategic direction of the hotel property



Managers

Implementers of corporate policies who ensure that daily operations are aligned with broader strategic goals



Employees

Employees provide high-quality service to guests and ensure the smooth functioning of all hotel departments

Outbound operations



Guests

Hotel guests are the end users of all services provided by the hotel



Local community

The local community includes residents, businesses and institutions in the immediate vicinity of the hotel



State and credit institutions

State institutions and credit institutions influence the regulatory and financial framework in which the hotel operates



Media

The media shape public perception of the hotel, reporting on its activities, achievements and social impact





STAKEHOLDERS

The basic premise of stakeholder analysis is that different groups have different interests, capacities and issues that need to be individually analysed when preparing business operations and directing efforts toward proper problem identification, goal setting and strategy selection. This analysis helps in better understanding the needs, expectations and influence of each group.

The key stakeholder groups defined during the development of the Sustainability Strategy remained unchanged in 2024. Their relevance and role in the materiality assessment process were confirmed during the regular annual review, ensuring consistency in identifying and including relevant perspectives in sustainability reporting.

6.1. Determining key stakeholders – Identification, method and scope of cooperation with stakeholders

The concept of a key stakeholder (or relevant stakeholder in international instruments) is based on the idea that not all activities of the organisation will affect all stakeholders equally, and the goal is to identify stakeholders whose views need to be considered in relation to a specific activity (or sustainability area). Below is the list of key stakeholders of Terme Sveti Martin.

Type of stakeholder	Description of impact
KEY	
 Terme Management	The management structure of the Terme invests effort to align business operations with the principles of sustainable business. They meet once a week and work diligently to achieve the set business goals, including sustainability. The Terme aim to integrate their sustainable initiatives and goals into a sustainable business strategy and thus become leaders in their sector in the field of sustainability.
 Employees	Employees have a key role in implementing all sustainability principles that the Terme intend to carry out. To encourage them, individuals who significantly contribute to sustainability in their daily work are given special recognition, as well as those who, through their volunteer work, make an additional contribution to the community in which they work and live.
 Owners	The owners of the Terme are involved in operational financial planning, which has a significant impact on the business model and therefore also on the sustainability strategy.

EXTERNAL



Hotel guests

Modern guests of the Terme are increasingly aware of ESG issues and choose destinations and facilities that apply sustainable business principles. The Terme strive to obtain as much feedback as possible from their guests through regular surveys on satisfaction with hotel services, in order to identify guest needs and provide them with unforgettable services during their stay at the hotel. The online questionnaire is available at: Questionnaire on environmentally responsible business and satisfaction with the stay at Terme Sveti Martin (google.com) Upitnik o ekološki odgovornom poslovanju i zadovoljstvu boravkom u Termama Sveti Martin (google.com) In addition to employees, the company also invests great effort in educating guests about the small things they can do to help protect the environment in which they are staying.



Suppliers

Encouraging sustainable practices among its suppliers is one of the basic ways to influence the company's value chain. The Terme strongly influence the local community by insisting on cooperation with local producers of food and beverages.



Local community

Terme Sveti Martin advocate healthy, ethical and responsible business practices toward all employees, as well as toward the local community. Active engagement through various programmes, volunteering, involving local residents in the process of purchasing local products, encouraging residents to establish family farms (OPGs), supporting the development of local tourist attractions, donating to those in need, sponsoring associations, supporting various initiatives and events—all are part of the activities undertaken with the aim of growing together with the environment that surrounds this complex.



Government representatives, regulators and legislators

Terme Sveti Martin participate in shaping public policies through written comments and proposals submitted to professional organisations and sector associations, public media appearances and expert discussions.



Industry associations and non-governmental organisations

The Terme participate in the promotion of sustainability and tourism development through active participation in sector associations and institutions. They actively participate in the work of the Tourist Board of the Municipality of Sveti Martin na Muri and contribute to the work of this municipality's bodies by having their representatives actively participate in the Assembly and the Council of the Tourist Board.



Credit institutions

As drivers of ESG reporting, credit institutions are highly interested in the sustainable practices of their clients, including the Terme. An even more important factor here is the fact that the credit institution is also the owner of the Terme.



Media

Especially the local ones, who, given the significant impact of the Terme on the local economy, follow the news, events and activities at the Terme and actively inform the targeted local population about them.

Table 2. Identification of stakeholders in accordance with the materiality description



6.2. Assessment of stakeholder interests and views

As part of the implementation of the Sustainability Strategy, Terme Sveti Martin defined key stakeholder groups and the methodology for assessing them through a structured questionnaire on material topics. In 2024, these stakeholder groups did not change and include: directors, managers, employees, owners/shareholders, guests, suppliers, members of the local community, state institutions, credit institutions and the media. The assessment was carried out to collect opinions on ESG topics relevant to the business and to ensure that reporting is aligned with ESRS standards. The insights obtained from this process contribute to determining materiality and guiding sustainable initiatives in line with the expectations of the most important stakeholders.

Below is a summary of the stakeholder assessment regarding interests and views on material topics of the company Terme Sveti Martin d.o.o., while the extended version is available in the Sustainability Strategy of Terme Sveti Martin for the period 2023–2030:

Directors

are included in the Material Topics Questionnaire due to their key role in shaping strategy, management and decision-making. Their insights into ESG issues are important for aligning sustainable practices with the company’s vision and values. As leaders, directors contribute to increasing the materiality of ESG initiatives and strengthening transparency and responsible business practices of Terme Sveti Martin.

Managers

are included in the Material Topics Questionnaire because of their role in implementing corporate policies and connecting strategy with operational execution. Their insights help apply ESG principles in daily operations, contributing to efficiency, risk management and strengthening sustainable practices within Terme Sveti Martin.

Employees

are key stakeholders who contribute daily to business operations and to a sustainable organisational culture. Their insights into the social aspects of ESG help shape initiatives aligned with the workforce’s values and expectations, strengthening internal responsibility and positive impact on the community.

Owners

have a significant role in setting the strategic direction of the company. Their views on ESG issues ensure that sustainable initiatives align with long-term goals and investment values, thereby strengthening responsible management and the creation of sustainable value.

Guests

as end users of services, directly influence the quality and reputation of the company through their feedback. Their expectations and perception of ESG practices help Terme Sveti Martin develop sustainable initiatives aligned with user values.

Suppliers

are important partners in the ESG value chain. Their alignment with sustainable and ethical standards directly affects the company’s ESG performance. Through collaboration with suppliers, Terme Sveti Martin strengthen resilience and responsibility within the supply chain.

Members of the local community

are important stakeholders due to their mutual influence with business operations. Their needs and expectations contribute to the development of practices that support social progress and environmental conservation, building a strong and sustainable local relationship.

State institutions

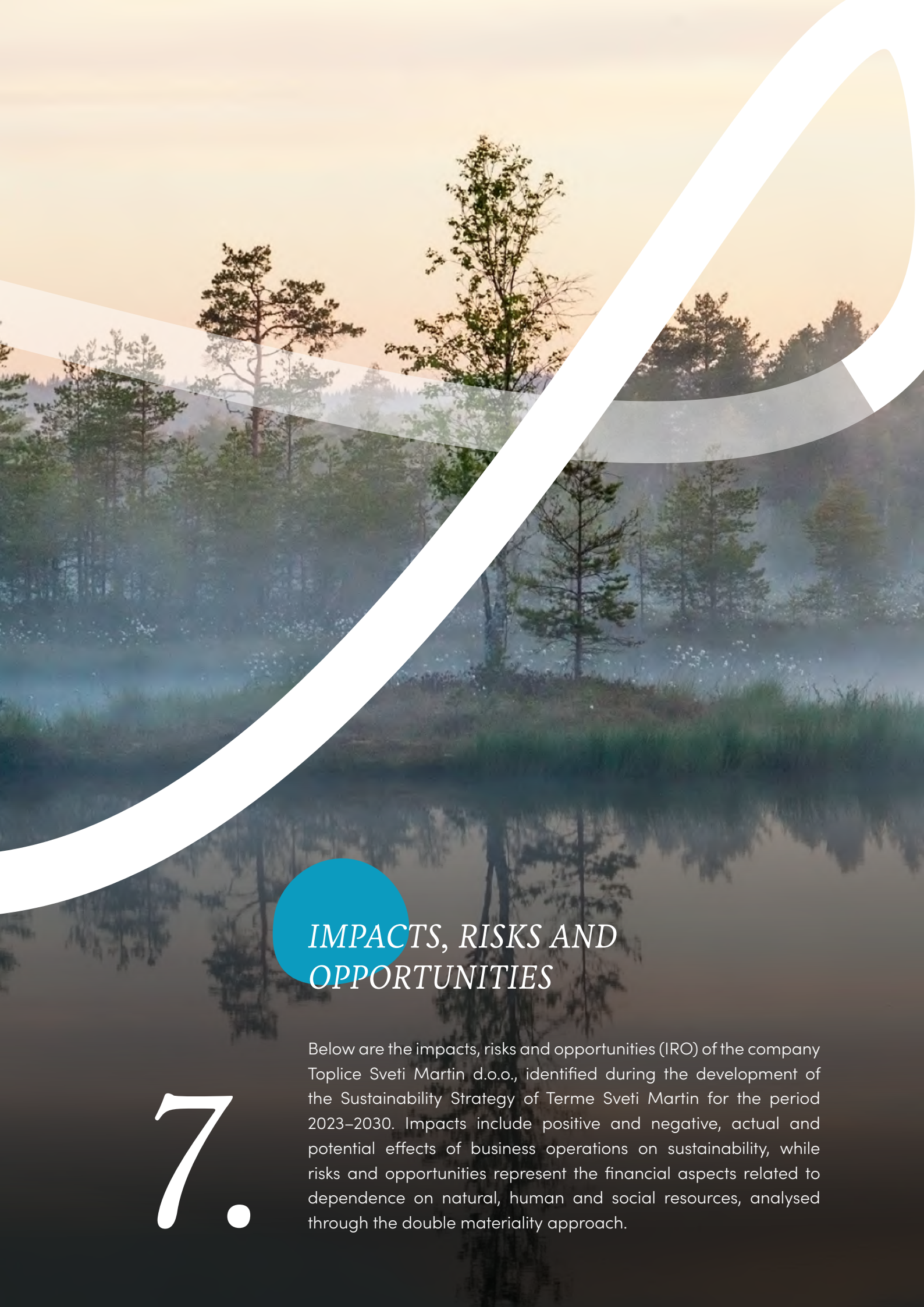
shape the regulatory framework of business operations. By cooperating with them, Terme Sveti Martin ensure compliance with regulations and contribute to sustainable development goals, confirming their commitment to responsible business.

Credit institutions

increasingly value ESG factors when approving financing. By aligning their strategies with these expectations, Terme Sveti Martin strengthen financial resilience and access to capital, ensuring sustainable growth.

Media

play a key role in shaping public perception. Through transparent communication, Terme Sveti Martin promote their ESG efforts and build a positive image, strengthening the reputation and impact of sustainable business.



IMPACTS, RISKS AND OPPORTUNITIES

Below are the impacts, risks and opportunities (IRO) of the company Toplice Sveti Martin d.o.o., identified during the development of the Sustainability Strategy of Terme Sveti Martin for the period 2023–2030. Impacts include positive and negative, actual and potential effects of business operations on sustainability, while risks and opportunities represent the financial aspects related to dependence on natural, human and social resources, analysed through the double materiality approach.

ESG CRITERIA	IMPACTS	RISKS	OPPORTUNITIES
ENVIRONMENTAL (E)	Energy consumption Water consumption Water pollution Biodiversity Waste management	Increase in energy prices Water scarcity Pollution of the underground water source Species loss Visitor dissatisfaction	Reduction of CO ₂ emissions Change in behaviour of visitors sensitive to climate change New geothermal well Enrichment of the offer for visitors Reduction of waste disposal costs
SOCIAL (S)	Own workforce Impact on the value chain Impact on the local community Consumers	Loss of employees Excessive dependence on the Terme Dissatisfaction of the local community Unmet expectations	Increase in diversity and positive impact on the team Positive change throughout the entire value chain Generating growth of the local economy Providing top-quality service and gaining new visitors through recommendations or reviews (from clients who value sustainability)
GOVERNANCE (G)	Good business conduct	Reputational risk Inability to conclude new contracts Difficult access to financing	Gaining new business partners Potentially more favourable business conditions More favourable borrowing conditions

Table 3. Impacts, risks and opportunities in 2023





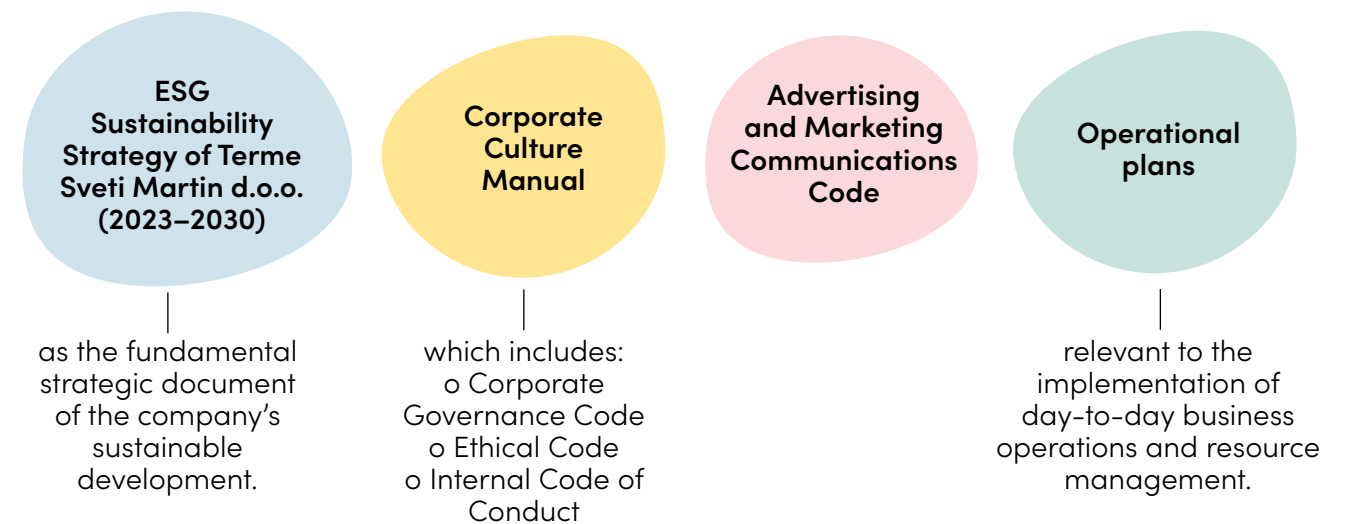
POLICIES AND PROCEDURES

8.1. Internal acts and relevant documents – Policies, procedures and processes

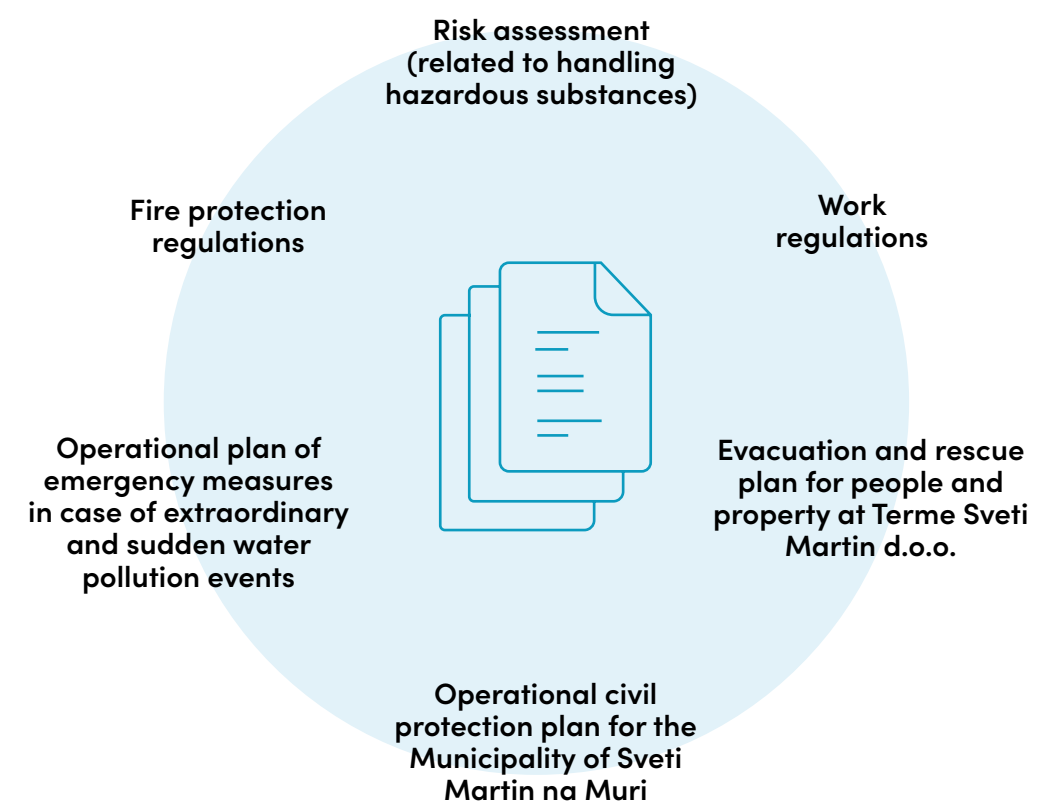
8.

Following the previous reporting period, during 2024 Terme Sveti Martin continued to apply internal policies and operational documents that support sustainable, responsible and safe business operations across the entire company. The adopted documents cover key areas of the ESG strategy, corporate culture, advertising and operational management, and represent the formal framework for the company's activities.

The adopted policies implemented at the company level include:



Additional documentation, although not having the formal status of official acts, has been developed, adopted and is actively applied in practice. This documentation includes:



Particularly notable is the [Environmental Study on the Impact of the SPA Centre of Terme Sveti Martin on the local environment](#), which further confirms the company's strategic commitment to sustainable business. This document supports the long-term vision of the Terme as the first healthness resort in Europe, integrating sustainability into all aspects of its business model.



8.2. Certificates – Quality and environmental management system

Certification can be beneficial for a company in several ways, depending on the type of certification and the industry in which the company operates. Certain certificates are focused on environmental sustainability, social responsibility and ethical business practices. Achieving certification in these areas demonstrates the company’s commitment to sustainability, corporate social responsibility (CSR) and ethical behaviour, which can potentially result in favourable assessments from consumers and investors who value positive impact on society and the environment. Below are the certified processes within Terme Sveti Martin that continue from the previous reporting period, confirming continuity and consistency in the implementation of sustainable and responsible business practices.

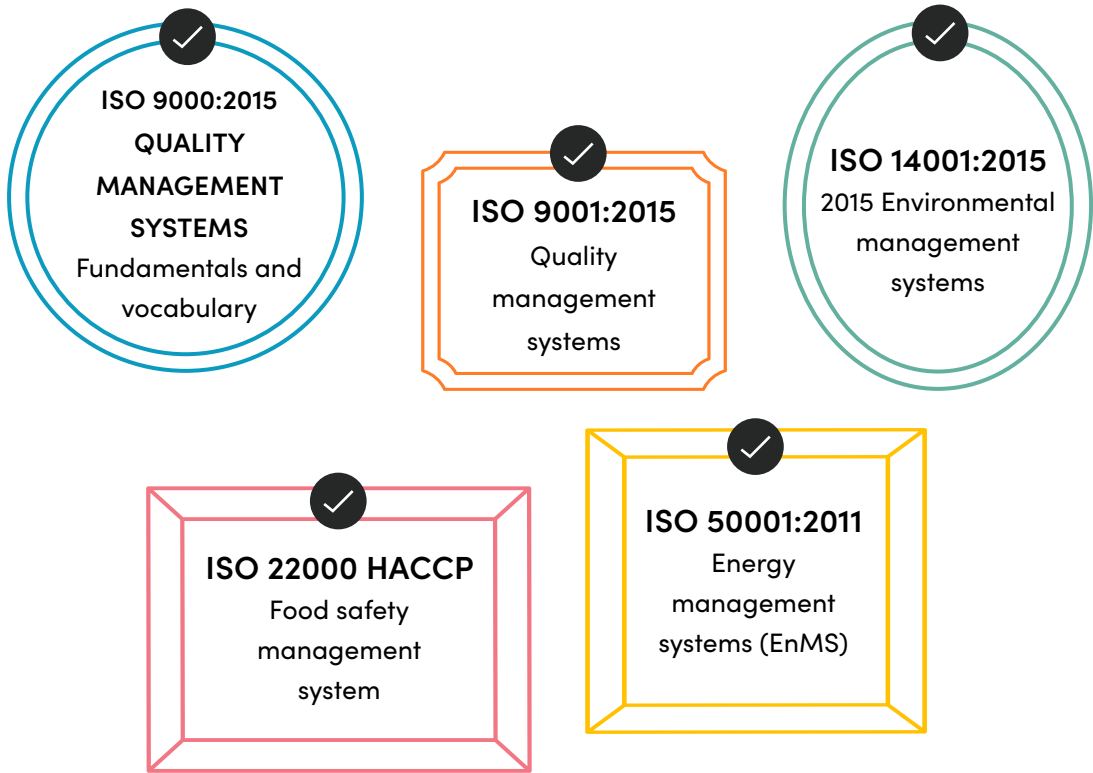
8.2.1. Quality and environmental management system

In 2024, the quality and environmental management system was used for integrated management of quality and environmental protection within the organisation. This system combines the principles of quality management with the principles of environmental management in order to achieve product or service quality goals and reduce the organisation’s negative impact on the environment.



Such an integrated system helps organisations achieve their business objectives while responding to the increasing demands of the market, regulatory bodies and society as a whole. In 2024, the system was applied to the following services: accommodation, hospitality, wellness and relaxation, sports and active recreation, and congress and team-building programmes.

Normative references include:



8.2.2. Other certificates

During 2024, the company Terme Sveti Martin held a number of certificates confirming compliance with relevant standards in the fields of quality, safety, sustainability and service provision. These certificates represent evidence of commitment to continuous business improvement and to meeting the expectations of guests, partners and regulatory bodies. Below are the other certificates held by the company.

Certificate	Description
 Sustainable hotel	The Association of Entrepreneurs in the Croatian Hotel Industry (UPUHH) is the largest and most representative association of hoteliers in Croatia, which for more than 30 years has successfully represented the interests of almost 400 Croatian hotels (and similar facilities) managed by 180 legal entities from all over Croatia. UPUHH represents more than 28 years of successful advocacy for the improvement of the tourism industry in Zagreb and in Brussels. In their transition towards sustainable business, the Terme introduced the certificate “Sustainable Hotel Certificate by UPUHH”.

The certificate is awarded in three categories: (1) Basic, (2) Advanced, (3) Superior. The Terme are proud holders of the certificate in the Advanced category, awarded on the basis of criteria in nine categories: sustainable development management, procurement, sales, marketing and public relations, environment, energy efficiency, human resources and technical services.



EU Ecolabel

Terme Sveti Martin are a tourism complex in Croatia holding the EU Ecolabel certificate, awarded based on efforts to reduce their negative environmental impact. To obtain this label, the complex had to meet a number of standards and criteria essential for environmental protection and green operations, and the project itself was completed over a period of two years. The EU Ecolabel is the official environmental label of the European Union (EU), used to mark “green” products and services—those with a lower negative environmental impact throughout their life cycle compared to equivalent products and services. It is intended for products placed on the EU market. The EU Ecolabel mark is proof that a product or service meets highly prescribed environmental protection standards.



**GREEN KEY
Certificate**

Terme Sveti Martin also hold the GREEN KEY certificate. The Green Key certificate is the leading standard of excellence in environmental responsibility and sustainable operations in the tourism industry. This prestigious certificate represents a commitment by the company that its tourist facilities adhere to the strict criteria set by the Foundation for Environmental Education (FEE). Green Key represents a promise to guests that by choosing to stay in such a facility, they help make a positive difference in terms of environmental protection and sustainability. The high environmental standards expected of these facilities are maintained through rigorous documentation and frequent audits.



**Halal
certificate**

The Halal certificate guarantees that products and services intended for the Muslim population comply with the requirements of Islam. It mostly applies to meat and other food products such as dairy, canned foods and additives. Specifically, for meat products, the Halal certificate confirms that the meat has been processed

using a specific technique and has not come into contact with meat of other animals, especially pork. A major advantage of holding this certificate is the ability to host guests, sports teams and national teams from Muslim countries, and for example, guests from Saudi Arabia have recognised these efforts of the Terme, including their football teams that come for training camps.



**LGBTIQ+ work equality
for all certificate**

The certificate was awarded as confirmation of participation in the educational programme “Radnopravnost svima!” (“Work Equality for All!”) and as recognition for contributions in the field of promoting and improving the conditions of LGBTQIA+ persons in the workplace. As part of the programme, employees gained competences in the following areas: understanding the needs of LGBTQIA+ persons in the workplace, business acts as tools for achieving better working conditions, internal and external inclusion and diversity practices. Through this certificate, as well as through employee participation in the educational programme, awareness among employees was raised regarding the challenges faced by LGBTQIA+ persons, and given the significance the Terme have for the local community, this increased understanding has also been transferred to the local community.

Table 4. Certificates in 2024

8.3. Internal controls and risk management system

The state of internal controls and the risk management system remained unchanged compared to the 2023 Sustainability Report. Controls are carried out through the Finance Department, within accounting and operational controlling. Irregularities are reported to the procurator and, if necessary, to the General Director. Management of operational and financial risks also includes an external assessment of climate and transition risks, confirming the company’s commitment to sustainability in accordance with its size.

In 2024, the company conducted a comprehensive climate risk assessment with the aim of better understanding the impact of climate change on its operations. The results and details of the assessment will be presented in Chapter 10. Environmental material topics, where the identified climate and transition risks and planned mitigation measures will be further elaborated.



8.3.1. Business risks (mitigation and management measures)

As part of regular business monitoring, Terme Sveti Martin, following the previous reporting period, identified key operational risks in 2024 that affect the efficiency, sustainability and safety of business processes.

In 2024, in addition to maintenance-related risks, risks associated with human resources, macroeconomic factors and operational changes introduced this year at the Terme were also included.

Below is an overview of the main operational risks and the existing and proposed measures for their effective management.

Business risk	Description	Mitigation and management measures
Regular and preventive facility maintenance, as well as repairs and adaptations	Risks are visible at two levels: •Difficulty in finding contractors and meeting deadlines due to external contractors being overloaded with other projects. The company has 2-3 regular external contractors who support them, but other contractors are either unavailable (do not respond to inquiries) or have unacceptable execution deadlines. •Irregular maintenance due to high occupancy of accommodation capacities.	• Long-term contracts with reliable contractors • Creating an annual maintenance plan outside the high season • Considering an internal technical team for minor maintenance
Operation and supervision of technical plant systems and systems that use hazardous chemicals	Risks are visible at two levels: • The need for equipment and plant renewal • Due to the specific nature of the work (electrical installations, plumbing installations, heating and cooling installations, computer work, working with hazardous chemicals), it is difficult to find a person who can perform tasks on technical plant systems. Even when a new person is hired, it takes several months before they can perform the tasks independently.	• Developing a mentorship programme for new employees • Cooperation with technical schools and vocational training centres
Maintenance of outdoor areas	During the mowing season, if there is no dry period, it is necessary to mow for 8 hours a day, five days a week in order to finish on time. If the lawn is not mowed on time, mowing automatically takes longer and the mowers endure more strain.	• Considering converting part of the areas to alternative horticultural solutions (e.g., low-maintenance surfaces)
Risks related to human resources	An increased number of sick leaves and absences within housekeeping led to the need for additional working hours. High staff turnover at the reception made it difficult to maintain stability and service quality for guests.	• Temporary increase in working hours within housekeeping • Continuous recruitment and training process at the reception to stabilise staffing

Macroeconomic risks	High inflation and the rise in service prices affected operations, increasing the pressure to justify higher accommodation prices through service quality.	• Focus on improving service quality (reception, cleanliness, apartment renovation) to justify higher prices
Service quality risks	Risk of guest dissatisfaction due to potential shortcomings in reception service and cleaning, as a result of staffing challenges.	• Introduction of internal standards and enhanced supervision of operational teams
Risks of transition in partnership	The change of the animation company presented a challenge in maintaining continuity of quality and in the adaptation of the new team.	• Careful selection of a new animation team aligned with the company's vision and continuous performance monitoring
Risks of implementing sustainable initiatives	Although the "Think Green" programme was successfully launched, dependence on guests' willingness to participate may limit its overall impact.	• Educating guests and staff on the importance of participating in the "Think Green" programme and encouraging participation through informative campaigns and motivational messages

Table 5. Operational risks





FINANCIAL ANALYSIS OF THE COMPANY

9.

Financial analysis is a key process in evaluating the financial capability of a given company. This financial analysis provides an overview of financial statements such as the balance sheet, profit and loss account, and cash flow statement for 2023 and 2024. The purpose of the financial analysis is to identify the company's strengths and weaknesses, and to assess its profitability, liquidity, solvency and efficiency.

In 2024 the company achieved total annual revenue of



€ 12.333.908,97

which represents a relative change in total revenue of

€ 2.070.242,98

compared to the period (2023) when the entity generated total annual revenue of

€ 10.263.665,99

The business entity operated with profit in the previous two years.



The company had

163
employees in 2023

and in 2024

165
employees.



The company's business assets represent the total assets in the balance sheet. As at 31 December 2024, the total assets of the company amounted to

€ 15.050.870,74

consisting of non-current assets of

€ 12.745.603,99

current assets of

€ 2.196.497,35

and prepaid expenses and accrued income of

€ 108.769,40



The company achieved a net operating result of

€ 1.733.413,42

in 2024

and the net margin amounted to

14,05 %





Non-current assets consist of intangible assets amounting to

€ 1.208,33

as at 31 December 2024, property, plant and equipment amounting to

€ 12.744.395,66

non-current financial assets amounting to €0.00, and receivables amounting to €0.00.



Current assets consist of

€ 257.357,08

of inventories

€ 359.529,54

of receivables, and

€ 1.579.610,73

of cash in bank and cash on hand.

The company's long-term liabilities consist of liabilities to banks and other financial institutions of €0.00 and liabilities to suppliers of €0.00.

Depreciation expense amounted to €474,905.61 in 2023, while in 2024 the depreciation expense amounted to €492,446.47.



As at 31 December 2024, the company's total liabilities amounted to

€ 15.050.870,74

consisting of equity and reserves of

€ 2.408.639,50

provisions of

€ 229.395,80

long-term liabilities of

€ 11,096,116.31

short-term liabilities of

€ 1,316,719.13

and deferred payment of expenses and income of future periods amounting to €0.00.



The company's short-term liabilities consist of liabilities to banks and other financial institutions of

€ 0,00

advance payment liabilities of

€ 315.802,13

liabilities to suppliers of

€ 620.643,62

liabilities to employees of

€ 202.359,68

and liabilities for taxes, contributions and similar charges amounting to

€ 176.420,66

EBITDA in 2024 amounted to

€ 2.864.581,26

which is higher in comparison with 2023 when EBITDA amounted to

€ 1.045.448,60

In conclusion, the company's share capital is financed **100% by domestic capital**, and in the previous period the amount of share capital was not changed. The company achieved total annual revenue of **€ 12.333.908,97** in 2024. The net operating result in 2024 amounts to **€ 1.733.413,42**, which is an increase of **85,36 %** compared to the previous year. Compared to the previous period, in 2024 the company achieved an increase in revenue of **€ 2.070.242,98**.

FINANCIAL INDICATORS – GFI 2024

SHARE OF EQUITY AND RESERVES IN TOTAL LIABILITIES	EQUITY AND RESERVES (GFI AOP 067)	TOTAL LIABILITIES (GFI AOP 125)	SHARE %	YEAR
	- € 1.292.740,15	€ 13.125.732,86	-9,85%	2023
	€ 208.639,50	€ 15.050.870,74	1,39%	2024

EBITDA	OPERATING REVENUE (GFI AP 127)	OPERATING EXPENSES (GFI AP 133)	OPERATING PROFIT (OPER. REV. – OPER. EXPENSES)	DEPRECIATION (GFI AOP 143)	EBITDA	
	€ 10.263.373,61	€ 9.582.909,37	€ 680.464,24	€ 474.905,61	€ 1.155.369,85	2023
	€ 12.333.334,24	€ 9.961.199,45	€ 2.372.134,79	€ 492.446,47	€ 2.864.581,26	2024

EBITDA MARGIN (EBITDA / OPERATING REVENUE)		
	11,26%	2023
	23,23%	2024

PROFIT OR LOSS FOR THE PERIOD	PROFIT (GFI AOP 185)	
	€ 20.306,83	2023
	€ 1.733.413,42	2024





ENVIRONMENTAL MATERIAL TOPICS

10.

Terme Sveti Martin publicly acknowledge that the hotel industry has a significant negative impact on the environment and, accordingly, are strategically oriented towards its systematic reduction. In their communications, including their website, they emphasise that environmental protection is not considered solely an obligation, but also a long-term goal. The activities undertaken include energy projects aimed at reducing greenhouse gas emissions, selective waste collection, wastewater treatment systems and the replacement of harmful chemicals with safer alternatives in everyday operations, for example in the treatment of pool water.

In 2023, Terme Sveti Martin committed to a series of ambitious environmental goals as part of their Sustainability Strategy for the period 2023–2030, aimed at reducing environmental impact and contributing to sustainable development. Throughout 2024, the implementation of the operational environmental goals defined by the Strategy began. Among the main priorities are the reduction of greenhouse gas emissions and the implementation of renewable energy sources, increasing energy efficiency through the full replacement of lighting with LED technology and thermal insulation measures, and reducing water consumption by installing low-flow aerators. Special attention was given to biodiversity protection through reforestation and the expansion of the biodynamic garden, as well as reducing water and soil pollution by applying innovative solutions in treatment systems. In addition, the company set long-term goals for waste management, including the elimination of single-use plastics, increasing recycling and reducing food waste, thereby confirming its long-term commitment to environmental sustainability and contribution to global sustainable development goals.

10.1. Disclosures in accordance with the Taxonomy Regulation

In the reporting period from 1 January to 31 December 2024, a screening assessment of the alignment of economic activities with Regulation (EU) 2020/852 establishing a framework to facilitate sustainable investment, known as the EU Taxonomy, was carried out for Terme Sveti Martin. The aim of the assessment was to determine to what extent the company's activities contribute to the environmental objectives defined by the EU Taxonomy and to identify eligible and potentially aligned activities in accordance with the technical screening criteria for substantial contribution, do no significant harm (DNSH) and minimum social safeguards.

Based on the conducted analysis, the company's activities were identified as **eligible** with respect to the following environmental objectives of the EU Taxonomy:

Climate change mitigation

Circular economy

Protection and restoration of biodiversity and ecosystems



10.1.1. Climate change mitigation

The company systematically manages resources, particularly water, and undertakes a number of measures to reduce the consumption of drinking water and increase efficiency in the treatment and reuse of wastewater. Activities include the installation of low-flow aerators, separate water meters, covering pools when not in use, the use of bioreactors for wastewater treatment, and the use of environmentally friendly cleaning agents. In the area of bio-waste management, composters and smart scales have been implemented.

These company activities correspond to the following Taxonomy activities and have been assessed as eligible:

5.1.

Construction, expansion and operation of water collection, treatment and supply systems:
Construction, expansion and operation of water collection, treatment and supply systems.

5.3.

Construction, expansion and operation of wastewater collection and treatment systems:
Construction, expansion and operation of centralised wastewater systems, including collection (sewer network) and treatment.

5.5.

Collection and transport of non-hazardous waste in fractions separated at source:
Separate collection and transport of non-hazardous waste in separately collected or mixed fractions for preparation for reuse or recycling.

The Terme are committed to the goal of reducing their carbon footprint (greenhouse gas emissions) by investing in renewable energy sources, energy renovation of buildings, and the purchase of electric transport systems, as well as by reducing electricity consumption from fossil fuels, thereby increasing the hotel’s resilience to climate change. The Terme are already investing in reducing greenhouse gas emissions, starting with the vehicle fleet — specifically through the purchase of new fossil fuel vehicles in the highest emission-performance category. The company uses 50% fossil fuel vehicles in the highest category out of a total of 100% diesel vehicles.

This corresponds to the following Taxonomy transport activities identified as eligible:

6.4.

Operation of personal mobility devices, bicycle logistics:
Procurement, financing, renting and leasing, as well as management of personal mobility devices or transport powered by the user’s physical activity, zero-emission motors, or a combination of zero-emission motors and physical activity. This also includes the provision of freight transport services by cargo bicycles.

6.5.

Transport by motorcycles, passenger cars and light commercial vehicles:
Procurement, financing, leasing and renting, as well as management of vehicles in categories M1 and N1 that fall under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council, or category L (two- and three-wheel vehicles and quadricycles).

6.6.

Road freight transport services:
Procurement, financing, renting and leasing, as well as management of vehicles in categories N1, N2 or N3 that comply with the EURO VI, step E standard or its successor, for the provision of road freight transport services.

7.3.

Installation, maintenance and repair of energy efficiency equipment:
Individual renovation measures consisting of the installation, maintenance or repair of energy efficiency equipment.

7.4.

Installation, maintenance and repair of electric vehicle charging stations in buildings (and associated parking facilities):
Installation, maintenance and repair of electric vehicle charging stations in buildings (and on parking spaces associated with buildings).

7.5.

Purchase and ownership of buildings:
Purchase of real estate and exercising ownership rights over such real estate.

The company maintains a systematic general record of traffic, its visitors and guests for monitoring and statistical purposes. In the area of relations with visitors of the Terme, a goal was identified relating to the factor of access to products and services by providing digital access through an online check-in option. Such an option would also allow the collection of data on the type of vehicle, visitor preferences, and enable the sending of sustainability-related messages. This is in line with the following Taxonomy activities.

8.1.

Data processing, hosting services and related activities:

Storage, handling, management, movement, control, display, switching, exchange, transmission or processing of data through data centres, including edge computing.



8.2.

Computer programming, consultancy and related activities:

Expertise in the field of information technologies: writing, modifying and testing software and software support; planning and designing computer systems with integrated computer hardware, software and communication technologies; on-site management and operation of clients' computer systems and data processing facilities and equipment; and other professional and technical computer activities.

The company has begun assessing its operations for climate risks. In accordance with the climate risk assessment, the climate hazards identified as relevant for the infrastructure of the Terme and the location where they are situated are: drought, heavy precipitation, heatwave, forest fire (open-area fire), storm wind and river flooding.

This corresponds to the following Taxonomy activity:

9.3.

Consultancy for the management of and adaptation to physical climate risks:

The activity of providing or contracting consultancy services that enable companies or organisations to manage physical climate risks.



10.1.2. Circular economy

Terme Sveti Martin actively manage waste and promote the circular economy, especially through reducing food waste, increasing recycling and cooperating with partners on the reuse of materials.



Between 20% and 50% of waste

is separated and delivered for recycling or recovery. In order to further reduce negative impact, a composter for kitchen bio-waste and a smart scale for tracking waste by food type have been introduced. Additionally, goals have been defined such as improving the treatment of kitchen wastewater and building green islands for selective waste disposal.



This is consistent with the following Taxonomy activity:

2.3.

Collection and transport of non-hazardous and hazardous waste:

Separate collection and transport of non-hazardous and hazardous waste for preparation for reuse or recycling, including the construction, operation and upgrading of facilities involved in the collection and transport of such waste, such as recycling yards and waste transfer stations, as means for material recovery.

10.1.3. Protection and restoration of biodiversity and ecosystems

The company offers hotel and apartment accommodation, which corresponds to the following activity:

2.1.

Hotels, holiday resorts, camps and similar accommodation:

Provision of short-term accommodation services in tourism, with or without associated services, including cleaning services, food and beverage service, parking, laundry, swimming pools and gyms, recreation rooms, and conference and meeting rooms.

Overview of potentially eligible activities of Terme Sveti Martin in accordance with the EU Taxonomy

In the future, the company will work on expanding infrastructure for personal mobility, will maintain infrastructure for road transport with zero CO₂ emissions from exhaust systems, and will maintain its access roads and pathways. This corresponds to the following Taxonomy activities:

6.13.

Infrastructure for personal mobility, bicycle logistics:

Construction, modernisation, maintenance and management of infrastructure for personal mobility, including the construction of roads, bridges and tunnels on highways, as well as other infrastructure for pedestrians and bicycles, with or without electric propulsion.

6.15.

Infrastructure for low-carbon road and public transport:

Construction, modernisation, maintenance and management of infrastructure necessary for road transport with zero CO₂ emissions from exhaust systems, as well as infrastructure for transshipment and urban transport.

3.4.

Road and motorway maintenance:

Maintenance of streets, roads and motorways, other carriageways and pedestrian paths, and surface works on streets, roads, motorways, bridges, tunnels, runways, taxiways and airport aprons, defined as all measures undertaken to maintain or restore usability and the level of service of roads. For bridges and tunnels, the economic activity includes only the maintenance of the road that passes over the bridge or through the tunnel. It does not include maintenance of the bridge or tunnel structure itself. The economic activity includes routine maintenance, which may be planned regularly. It also includes preventive maintenance and rehabilitation, defined as works aimed at preserving or restoring usability and extending the useful life of the existing road. Maintenance is primarily intended for pavement management and refers only to the following main road elements: binder and wearing course of asphalt, and concrete slabs. The roads covered by this economic activity are made of asphalt, concrete or a combination of the two.

10.2. E1 – Climate change

In the reporting period from 1 January to 31 December 2024, Terme Sveti Martin systematically considered the topic of climate change through three key subtopics, in accordance with the requirements of relevant sustainability standards. This section of the report includes:

Adaptation to climate change, with emphasis on physical risks associated with extreme weather events and transition risks arising from the need to adapt business operations to climate challenges

Climate change mitigation, through measures to reduce greenhouse gas emissions and manage related transition risks

Energy, with a focus on energy consumption and the role of energy efficiency in the context of climate change.

10.2.1. Decarbonisation strategy

As part of the development of the ESG Sustainability Strategy for the period 2023–2030 for Terme Sveti Martin, greenhouse gas emissions for Scope 1 and Scope 2 were calculated for 2022 and 2023, and the practice of measuring greenhouse gas emissions continued in 2024. In order for the company to achieve climate-neutral operations by 2050, which is its long-term goal in line with EU guidelines, it is necessary to develop an action plan with proposed measures to reduce greenhouse gas emissions, i.e. a decarbonisation strategy. The decarbonisation strategy defines target values for reducing the carbon footprint of operations, as well as prescribed activities and measures that will reduce the company’s carbon footprint over the defined future period. As one of the KPIs of the ESG Strategy, the development of the Decarbonisation Strategy for Toplice Sveti Martin d.o.o. by 2050 has been defined.

An important step in developing the action plan for achieving climate-neutral operations is the implementation of a **climate risk assessment**, which was carried out in 2024. This assessment represents the foundation for understanding the potential impacts of climate change on operations and is key to defining priority measures within the Decarbonisation Strategy. The assessment is described in detail in the following chapter, and together with the continuous monitoring of greenhouse gas emissions (Scope 1 and 2) and the goals set within the ESG Strategy, it forms an integrated approach to planning sustainable and low-carbon development of Terme Sveti Martin until 2050.

10.2.2. Climate risk assessment

In 2024, Terme Sveti Martin conducted a climate risk assessment using the Climatig application, with the aim of understanding the potential impacts of climate change on their operations, infrastructure and resources. The methodology is based on an analysis of the geographical, infrastructural and climatic characteristics of the location, as well as an assessment of actual and projected climate indicators in accordance with the latest available scientific research and standards, including the guidelines of the Intergovernmental Panel on Climate Change (IPCC) and EU regulatory frameworks.

The main elements of the methodology include:

Geospatial analysis:

The location of Terme Sveti Martin was geocoded and analysed in the context of regional climate models that include historical data and climate projections up to 2050 and 2100, using various emission scenarios (e.g. RCP 4.5 and RCP 8.5).

Assessment of physical climate risks:

Key risks arising from the physical effects of climate change were analysed, including extreme temperatures (heatwaves), reduced water availability (droughts), extreme precipitation (floods), strong-intensity winds and the risk of open-area fires.

Integration of environmental and infrastructural data:

Local conditions such as soil type, the presence of watercourses, vegetation cover and types of infrastructure (e.g. tourist accommodation, pools, roads) were taken into account, increasing the accuracy of vulnerability assessment.

Risk scoring and categorisation:

Each climate risk was evaluated using quantitative indicators and assigned a risk score based on the likelihood of occurrence and level of potential damage (low, medium, high). This enables risk ranking and the adoption of priority management measures.

Scenario analysis and adaptation:

Models were applied that simulate the effects of climate change under different global warming scenarios, in order to assess the resilience of existing business models and identify adaptation opportunities.

The ClimaTiq platform uses validated climate models and integrates data from open sources (e.g. Copernicus, NASA, IPCC), ensuring scientific reliability of the analysis. The methodology is aligned with ESG standards, the requirements of the EU Taxonomy and the guidelines for climate reporting in accordance with the Task Force on Climate-related Financial Disclosures (TCFD).

Below is a tabular overview of the key climate risks identified in the assessment.

Key environmental risk and description			
 Heat waves	 Draughts	 Heavy precipitation and river flooding	 Storm winds and open-area fires
Recognised as one of the main risks, with the possibility of more frequent and more intense episodes, which may lead to increased energy consumption for cooling the facilities, reduced guest comfort during their stay, and additional pressure on health and safety services.	The expected reduction in the availability of groundwater, which is a key resource for the Terme, represents a serious risk for business continuity, especially regarding pool and wellness facilities and the maintenance of green areas.	Climate scenarios indicate an increased occurrence of extreme precipitation events, with the risk of local flooding that may affect transport accessibility, damage infrastructure and cause business interruptions.	An increased risk of storms and forest fires, especially during the summer months, carries the potential for property damage and endangering the safety of guests and employees.

Table 6. Results of the climate risk assessment

Conclusion of the assessment

The 2024 climate risk assessment clearly shows that Terme Sveti Martin operates in an environment that is increasingly vulnerable to the impacts of climate change. The identified risks have a direct effect on key aspects of operations, from the availability of natural resources and infrastructure stability to the safety of service users. Based on the analysis, further improvement of the risk management system is recommended through:

- strengthening the resilience of facilities to extreme weather events
- optimizing water and energy consumption
- implementing early warning and crisis management systems
- integrating climate scenarios into strategic planning.

This assessment provides a foundation for proactive risk management and offers guidance for the long-term adaptation of the business model to climate-related challenges.

10.2.3. Significant impacts, risks and opportunities

The areas of greatest negative impact within the sector are:

- 
energy efficiency
- 
water consumption
- 
waste reduction
- 
environmental protection at the destination



The following section includes a tabular overview of the most significant impacts, risks and opportunities in the context of topic E1 – Climate Change:

IMPACTS



The hospitality sector, including Terme Sveti Martin, has a range of impacts on climate change, primarily through high energy consumption for heating, cooling, lighting and pool operations, with a portion of this energy still sourced from fossil fuels. Additionally, water consumption is significant, as is the need for effective wastewater management. Food waste and bio-waste, if not managed properly, can contribute to methane emissions. Emissions also arise from guest transportation, internal logistics and supply chains, particularly when products that are not local or sustainable are used. Construction activities and infrastructure maintenance further contribute to the carbon footprint, while the use of chemicals, for example in pools, has an indirect environmental impact. Tourism seasonality places additional pressure on resources and infrastructure during peak periods, thereby increasing the overall impact on the climate.

RISKS



For each identified climate-related risk, it is necessary to determine whether it represents a physical climate risk or a transition climate risk.

Terme Sveti Martin may be exposed to extreme weather conditions (such as heatwaves or extreme cold) and natural disasters (such as fires, floods and similar events), which constitute physical risks linked to climate change at the location of the complex. Physical risks can lead to increased operational costs, including energy and insurance expenses, as well as physical damage to hotel buildings, and may restrict or interrupt hotel operations, thereby significantly affecting revenue. Expenditures related to improving the building’s energy efficiency and additional activities and investments aimed at increasing resilience to climate impacts and mitigating their negative effects represent additional operating costs.

Thermal complexes of this type require substantial amounts of energy to operate, forming a significant part of Terme’s operating expenses. Most electricity is purchased commercially. This purchased electricity indirectly results in greenhouse gas (GHG) emissions, which contribute significantly to climate change.

Transition risks

The operations of Terme are also influenced by transition risks, including changes in sustainability-related laws and regulations, as well as shifts in

consumer preferences that affect travel frequency and demand for hotel accommodation. Compliance with sustainability-related regulations, as well as voluntary efforts undertaken by the hotel to achieve sustainability targets, including emissions reduction, represent additional operational costs.

Existing and emerging regulations require investors and investment funds to consider the impact of climate change on organizations and impose strict rules for the assessment of ESG (Environmental, Social, Governance) criteria. The Taxonomy, SFDR (Sustainable Finance Disclosure Regulation) and ESRS (European Sustainability Reporting Standards), along with related regulations in Europe and major global financial centres, are strong limiting factors.

The increased reporting obligations under the latest regulations do not apply to Terme, and therefore such a risk does not exist. The voluntary preparation of sustainability reports and strategies represents an additional operational cost, yet Terme demonstrates through its own initiative in preparing a sustainability strategy and reporting that, despite the absence of a formal obligation, it strongly supports environmental protection and positive societal impact.

Growing public awareness of the adverse effects of climate change and other sustainability-related issues influences consumer decisions regarding travel, choice of destination and accommodation. Potential consequences include reduced demand, significant increases in operational and compliance costs, operational disruptions or restrictions, and even physical damage to the hotel, all of which could adversely affect profitability and future growth.

OPPORTUNITIES



Terme aim to invest in sustainable operations to mitigate climate-related risks and create added value for the local community in which they operate. The focus is on investing in renewable energy sources and energy efficiency, which will contribute to reducing energy consumption and associated operational costs while increasing the resort’s resilience to climate change.



10.2.4. Policies related to climate change mitigation and adaptation

Policies related to climate change mitigation have been considered within the following framework:



- the hotel's plans and capacity to adapt its strategy and business model in line with the transition to a sustainable economy, thereby contributing to limiting global warming to 1.5 °C by 2030;
- all other measures undertaken by the hotel, and the outcomes of such measures, to prevent, mitigate or eliminate actual or potential negative impacts, and to address related risks and opportunities.

Terme Sveti Martin confirm and commit that their past, current and future efforts in mitigating climate change are aligned with the Paris Agreement (or any updated international climate agreement) and are compatible with the goal of limiting global warming to 1.5 °C.

Terme Sveti Martin have adopted the Quality and Environmental Management Policy, which defines the fundamental principles of their operations: a strong focus on guests and service users, combined with a commitment to quality, environmental protection and, in particular, energy efficiency. Through this policy, the resort commits to:

- ✓

ensuring a high level of awareness and behavioural culture in relation to environmental protection and workplace safety
- ✓

giving utmost consideration to the protection of the natural environment, pollution prevention, and ensuring safety and health protection when implementing development projects
- ✓

applying and continuously improving the effectiveness of a management system based on the requirements of ISO 9001, ISO 14001, Codex Alimentarius, and ISO 50001.

By implementing the ISO 14001 Environmental Management System, Terme Sveti Martin demonstrate increased awareness of sustainable development. This standard provides a clear management framework for reducing environmental impact and ensuring compliance with legal sustainability requirements, thereby enhancing stakeholder trust. Its implementation enables a systematic approach to planning, implementing and managing the environmental protection system.

10.2.5. Measures and resources related to climate change

In line with the Terme Sveti Martin Sustainability Strategy for the period 2023–2030, the following goals and measures have been defined to support climate change mitigation and adaptation:

					UN Sustainable Development Goal
ESG Factor	Goal	Measure	Deadline		
	Mitigation of climate change	Reduction of CO ₂ emissions	Decarbonisation strategy	12/2024	13. Climate action
	Climate change mitigation	Clean energy	Solar power plant	2030	7. Affordable and clean energy
	Adaptation to climate change	CO ₂ offsetting / biodiversity enhancement	Reforestation – 1,000 trees	2026	15. Life on land
	Energy efficiency	Energy savings	100% LED lighting	2026	13. Climate action
	Energy efficiency	Energy savings	Thermal-insulation films on exposed glass surfaces	2026	13. Climate action

Table 7. Environmental objectives of the Sustainability Strategy for the period 2023–2030 in the area of E1

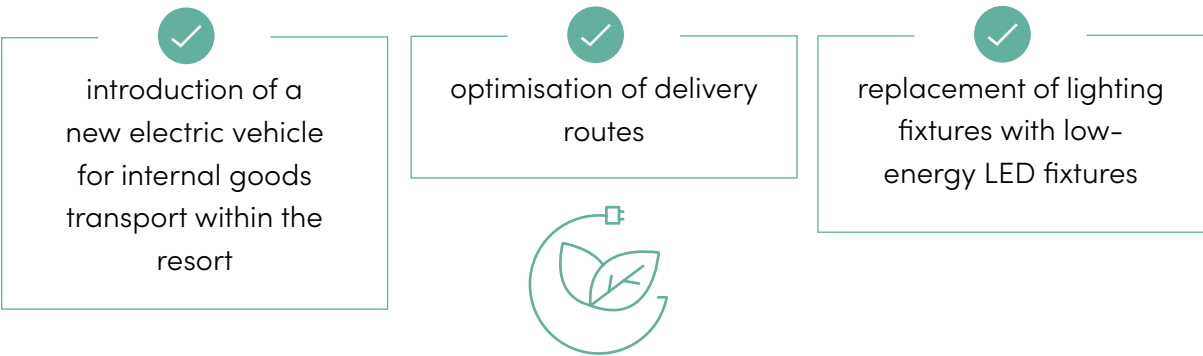
Note: The decarbonisation strategy of Terme Sveti Martin was initially planned for development at the end of 2024, but its finalisation and adoption are expected during 2025. A detailed overview of the strategy's objectives, measures and timeline will be presented in the 2025 Sustainability Report. Although the strategy has not yet been formally adopted, Terme continued throughout 2024 to proactively implement a range of measures aimed at reducing greenhouse gas emissions—from investing in energy efficiency and lower-emission vehicles to optimising energy and water consumption.

10.2.6. Energy consumption and energy mix

Terme **influence climate change** through a range of significant actual and potential positive and negative impacts, primarily through:

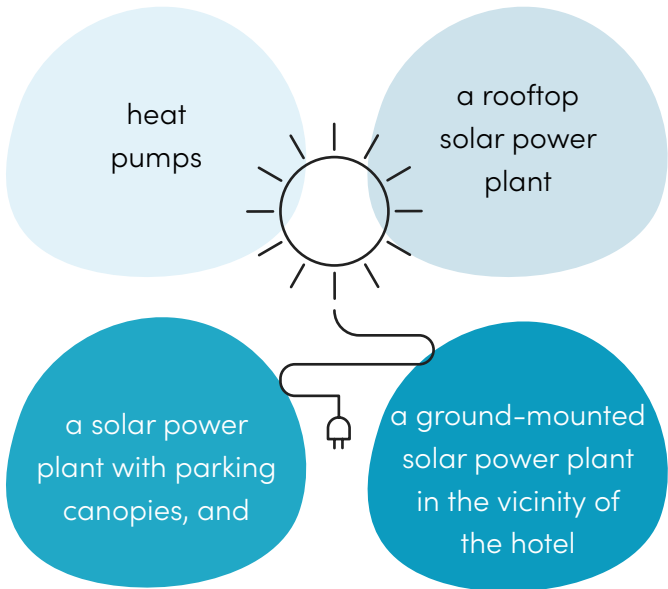


Specific measures undertaken to reduce and manage energy consumption include:

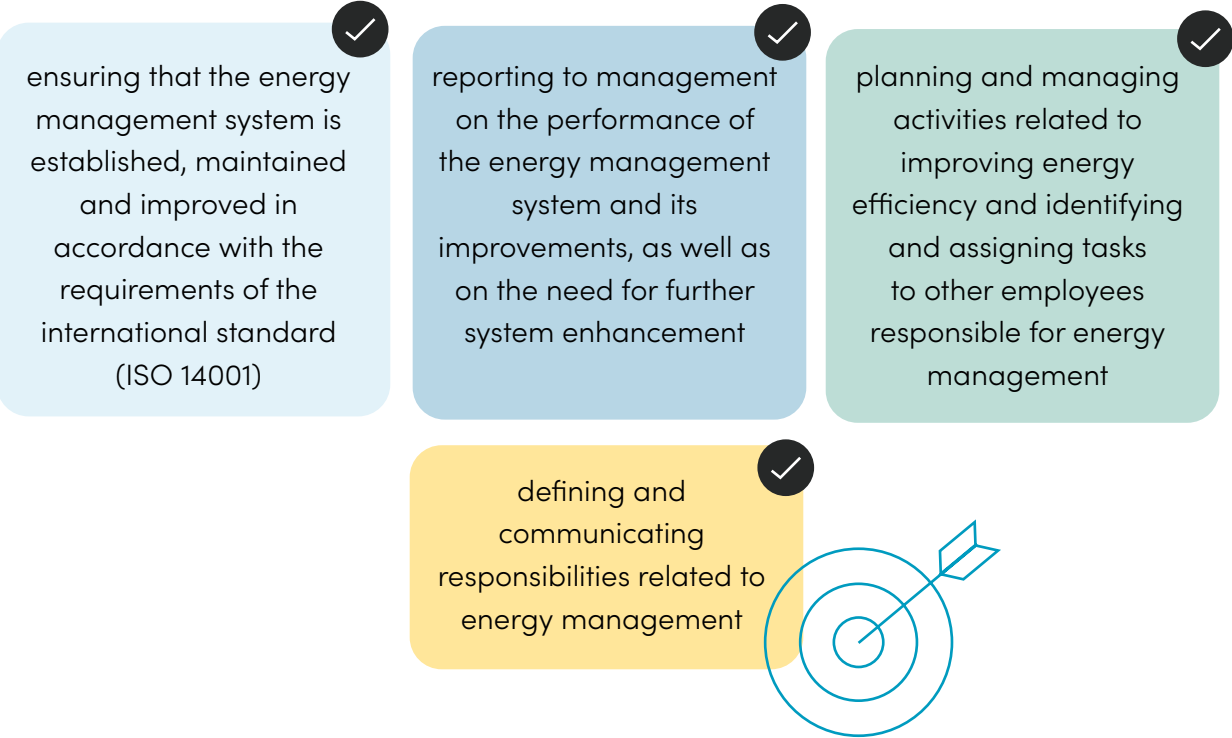


Employees are also encouraged to use digital platforms more frequently to automate and streamline procurement processes.

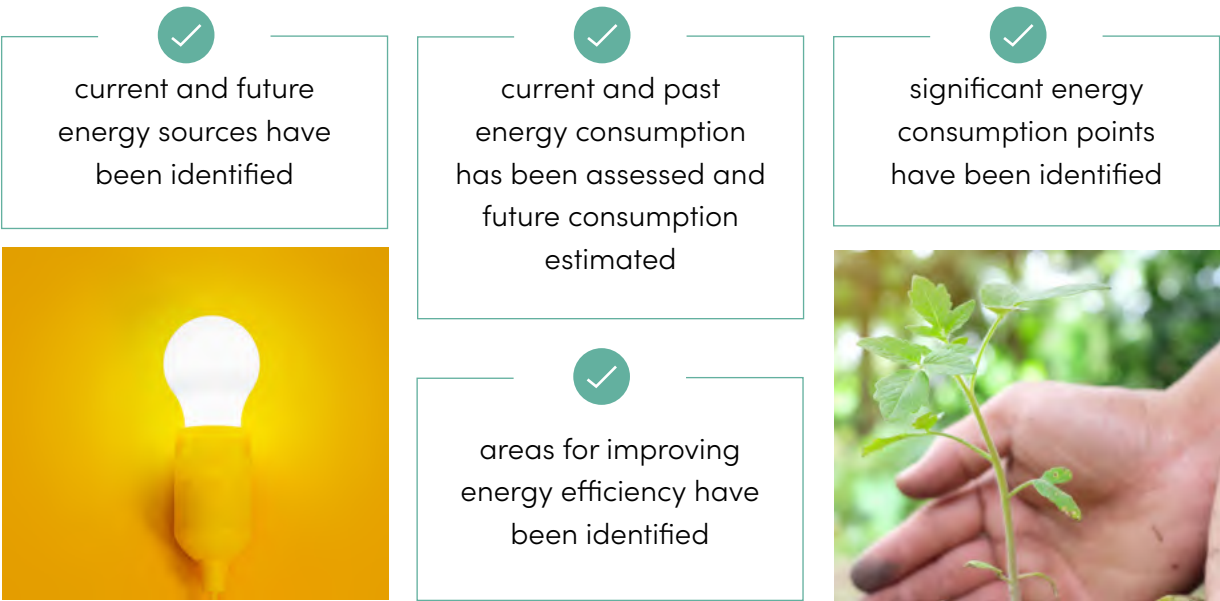
Given the resort’s significant impact on climate change, there is a clear need to develop an **action plan for investment in energy efficiency**. The preparation of this plan will be incorporated into the sustainability strategy, and its aim is to improve energy efficiency through investments in:



Management has appointed an **energy efficiency representative** tasked with:



The energy review of Terme is defined by the “Energy Review – Management of Energy Aspects” procedure and the “Register of Energy Aspects” document. Within these documents:



During the energy review process, energy performance indicators and baseline parameters are defined for each significant energy aspect, forming the basis for monitoring energy efficiency. These indicators are evaluated and, if necessary, revised during regular and extraordinary assessments of energy aspects.

Based on the energy review, baseline parameters, established energy indicators and applicable legal and other requirements, management defines **objectives within action plans aimed at improving energy efficiency**. These objectives and action plans are established at least once a year and recorded in the “Objectives and Action Plans” form.

The following section describes the energy efficiency of the infrastructure:



Energy efficiency of the building

The architectural design of the hotel, with its numerous glass partitions and windows, creates challenges during transitional months such as April and May. The south-facing side, oriented toward the forest, is prone to overheating due to sun exposure, while the north-facing side, oriented toward the parking area, remains noticeably cooler. This temperature imbalance results in additional energy losses related to heating and cooling. As a potential mitigation measure, the installation of thermal films on the south-facing glass surfaces is recommended to reduce overheating. As part of preparations for future investments, a mock-up room has been created and equipped with a smart-room management system that automates consumption and contributes to energy efficiency.



Energy efficiency of heating and cooling

Heating and cooling regulation systems have been installed. Ventilation, air-conditioning and heating systems are inspected at least once a year to ensure energy-efficient performance. **In at least 75% of rooms, air-conditioning, heating and ventilation systems switch off automatically when windows or doors are opened. Cooling units, fans, pool systems and other equipment are fitted with heat-recovery systems to prevent further negative environmental impact.**



Energy efficiency of lighting

Energy-efficient lighting is used throughout the facility, with 70% LED lighting and the remaining 30% consisting of other energy-efficient fixtures. Exterior lighting is minimised and/or equipped with automatic on/off sensors. Most lighting in public areas does not include motion detectors, but light intensity is reduced during periods of lower occupancy when lighting needs are decreased. Energy-efficiency improvements are planned for the reception area, including the introduction of energy-saving lighting and presence sensors. The implementation of these measures will depend on financial stability and business recovery. Until then, energy-saving practices are carried out manually—the night receptionist is responsible for checking the lobby and other areas to switch off unnecessary lighting and devices, such as the water wall.



Energy efficiency of electrical equipment and vehicle

A new electric vehicle has been introduced, and delivery routes are planned to optimise travel time and fuel consumption.



Electricity

Total electricity consumption is recorded once per month. Separate electricity meters and gas meters are installed at strategic points to monitor energy and gas usage. A standard heating and cooling temperature is defined for guest rooms. Mini-bars consume a minimum of 1 kWh per day, equivalent to 0.214 kWh per day of energy use. The implementation of the energy management system is intended to emphasise a continuous commitment to energy efficiency, meeting guest expectations as well as those of other stakeholders, and establishing all prerequisites for the ongoing improvement of energy performance. The system is based on the requirements of the ISO 50001 international standard and aims to fully meet expectations for energy-efficient operations. It applies to accommodation services, hospitality, wellness and relaxation, sports and active recreation, congress and team-building services, as well as all supporting activities carried out on site.



According to the Energy Management Policy, the fundamental principles and objectives of energy management are to:

✓

maintain continuous control of energy losses through preventive equipment maintenance and investment across the resort complex

✓

continuously improve methods for analysing data on energy consumption (electricity, water, gas) and identify opportunities and implement actions to enhance energy efficiency

✓

consistently raise awareness of the importance of energy efficiency among all employees and apply operational energy-efficiency measures

✓

procure energy-efficient machinery, equipment and vehicles, and strive for a higher share of renewable energy sources

✓

ensure that energy-efficient equipment and materials are prioritised in all modernisation and upgrade projects

✓

continuously improve the energy management system in accordance with ISO 50001 requirements

✓

consistently comply with and strive to exceed legal and other applicable requirements in the field of energy management, as well as in all other business-relevant areas.

The following section presents quantitative data on energy consumption in 2023 and 2024, as well as financial data on energy expenditure excluding VAT.

Energy source ⚡ 🔌 🔌 🔌	2023.	2024.
Electricity (kWh/year)	3.306.731	3.293.640
Heating gas (kWh/year)	6.169.197	5.972.197
Number of overnight stays	127.910	128.003
Electricity per overnight stay (kWh/night)	25,9	25,7
Gas per overnight stay (kWh/night)	48,2	46,7
Total building area (m ²)	34.347	34.347
TotElectricity per m ² of building area (kWh/m ²)	96,3	95,9
Gas per m ² of building area (kWh/m ²)	179,6	173,9

Table 8. Overview of energy consumption in 2023 and 2024

Energy expenditure (EUR)	
2019	519.591,00
2020	371.162,00
2021	502.542,00
2022	1.009.660,00
2023	1.502.824,00
2024	

Table 9. Energy expenditure (EUR) from 2019 to 2024

10.2.7. Gross greenhouse gas emissions under Scopes 1 and 2 and total greenhouse gas emissions

Using collected data and emission factors, the greenhouse gas emissions of Terme Sveti Martin d.o.o. were calculated. In 2024, total greenhouse gas emissions amounted to 1,755.56 t CO₂e under the location-based approach and 3,092.11 t CO₂e under the market-based approach. Under the location-based approach, specific greenhouse gas emissions per unit of revenue and per employee amount to 0.14 kg CO₂e/EUR and 10.64 t CO₂e per employee. Under the market-based approach, specific greenhouse gas emissions per unit of revenue and per employee amount to 0.25 kg CO₂e/EUR and 1.86 t CO₂e per employee. The following section presents the results of the company's greenhouse gas emissions calculations for 2024 according to both the location-based and market-based approaches.

Scopes	Emission Sources	Total t CO ₂ e	Total %
Scope 1	1.1 Stationary energy sources	1.205,2	68,7%
	1.2 Mobile energy sources	16,4	0,9%
	1.3 Process emissions	0,0	0,0%
	1.4 Fugitive emissions	65,8	3,7%
	1.5 Fugitive emissions from agriculture	0,0	0,0%
	1.6 Land use, land-use change and forestry (LULUCF)	-7,4	-0,4%
Scope 1 Total		1.280,12	72,9%
Scope 2	2.1 Purchased electricity (location-based approach)	475,4	27,1%
	2.2 Purchased heating and cooling energy	0,0	0,0%
Scope 2 Total		475,44	27,1%
Scope 1 and Scope 2 Total		1.755,56	100%

Table 10. Greenhouse gas emission results for 2024 under the location-based approach

Scopes	Emission Sources	Total t CO ₂ e	Total %
Scope 1	1.1 Stationary energy sources	1.205,2	39,0%
	1.2 Mobile energy sources	16,4	0,5%
	1.3 Process emissions	0,0	0,0%
	1.4 Fugitive emissions	65,8	2,1%
	1.5 Fugitive emissions from agriculture	0,0	0,0%
	1.6 Land use, land-use change and forestry (LULUCF)	-7,4	-0,2%
Scope 1 Total		1.280,12	41,4%
Scope 2	2.1 Purchased electricity (location-based approach)	1.812,0	58,6%
	2.2 Purchased heating and cooling energy	0,0	0,0%
Scope 2 Total		1.812,00	58,6%
Scope 1 and Scope 2 Total		3.092,11	100%

Table 11. Greenhouse gas emission results for 2024 under the market-based approach



Under the location-based approach, the largest share of CO₂e emissions came from direct emissions from stationary sources, amounting to 1,205.2 t CO₂e (68.7% of total emissions). This is followed by emissions from purchased electricity at 475.4 t CO₂e (27.1% of total emissions). Under the market-based approach, the majority of emissions are attributed to purchased electricity at 1,812.0 t CO₂e (58.6% of total emissions), followed by direct emissions from stationary sources at 1,205.2 t CO₂e (39.0% of total emissions).

Comparison with the base year

An analysis of total greenhouse gas emissions expressed in tonnes of carbon dioxide equivalent (t CO₂e) shows an increase over the observed three-year period. The base year used is 2022, when total emissions amounted to 1,610.9 t CO₂e. In 2023, emissions increased to 1,687.4 t CO₂e, representing an increase of 76.5 t CO₂e, or 4.75%, compared to 2022.

This upward trend continued in 2024, when total emissions reached 1,755.56 t CO₂e, an additional increase of 68.16 t CO₂e compared to 2023, and a total of 144.66 t CO₂e more than in the base year—an overall rise of 8.98% compared to 2022.

A graphical representation of total emissions relative to the 2022 base year is shown below.

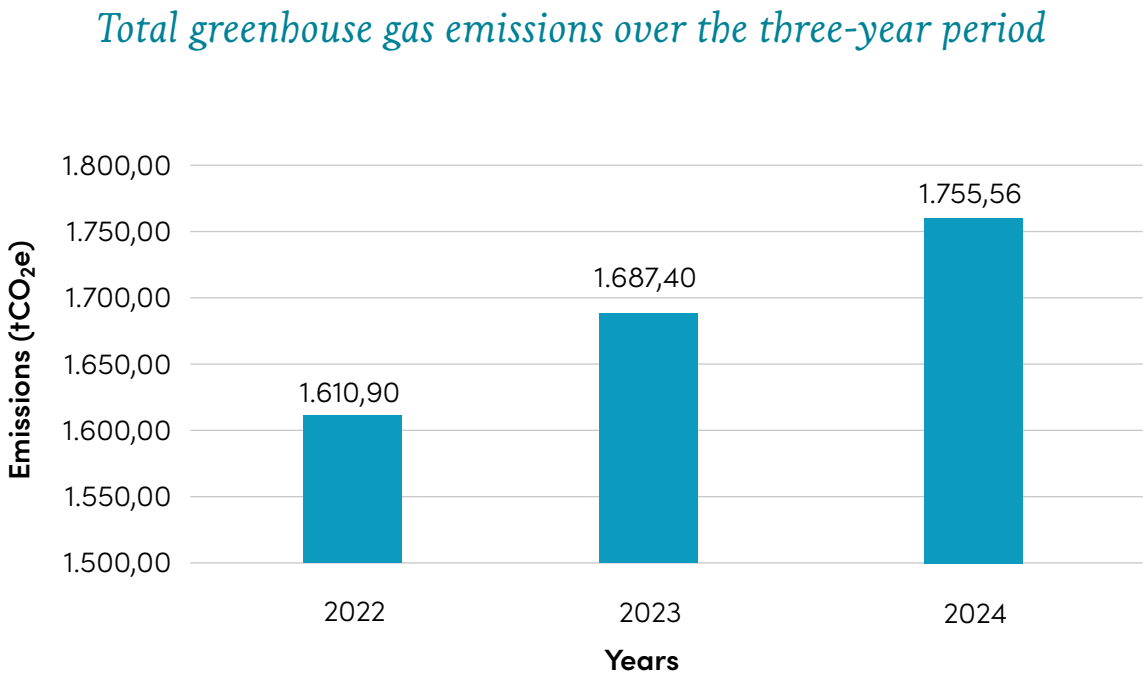


Figure 1. Overview of total greenhouse gas emissions over the three-year period

10.2.8. Quantitative data

Below are additional quantitative data related to energy consumption and environmental emissions from various sources for 2024:

Measuring Unit		2023	2024
Emissions from stationary sources			
Carbon dioxide (CO ₂)	t CO ₂ /god	1.158	1.121
Particulate matter (PM)	kg/year	19	18
Carbon monoxide (CO)	kg/year	4,9	0,4
Nitrogen oxides (NO _x)	kg/year	302	314
Emissions from mobile sources			
Diesel fuel for company vehicles and the power generator	liters/year	6.078	5.318
Diesel fuel for company vehicles and the power generator	GJ/year	249,38	218,20
Emissions (t CO ₂ e)	tCO ₂ e/year	18,77	16,42
Emissions (kg CH ₄)	kg CH ₄ /year	0,97	0,85
Emissions (kg N ₂ O)	kg N ₂ O/year	0,97	0,85
Petrol fuel for lawn mowers	liters/year	2.687	2.298
Petrol fuel for lawn mowers	GJ/year	96,76	82,76
Emissions (t CO ₂ e)	tCO ₂ e/year	6,86	5,87
Emissions (kg CH ₄)	kg CH ₄ /year	0,37	0,31
Emissions (kg N ₂ O)	kg N ₂ O/year	0,55	0,47
Total emissions from mobile sources			
Emissions (t CO ₂ e)	tCO ₂ e/god	25,63	22,29
Emissions (kg CH ₄)	kg CH ₄ /god	1,34	1,17
Emissions (kg N ₂ O)	kg N ₂ O/god	1,52	1,32

Table 12. Environmental emissions in 2023 and 2024

10.3. E2 – Pollution

During the reporting period, Terme Sveti Martin examined the environmental impacts of their operations in line with the E2 standard, which addresses pollution. This standard requires transparent reporting on emissions to air, water and soil, as well as on the use of hazardous and harmful substances that may negatively affect the environment and human health. The detailed analysis showed that, in the context of pollution, Terme Sveti Martin primarily affect air and water quality. The most significant impacts, risks and opportunities related to air and water pollution were defined as part of the Sustainability Strategy for the period 2023–2030 and remain applicable in 2024. Since the key impacts, risks and opportunities did not change significantly compared to the previous reporting period, the following section provides a concise overview of the main sources of pollution, their effects, and the financial risks and opportunities for Terme Sveti Martin.

10.3.1. Significant impacts, risks and opportunities

In 2024, the most significant impacts, risks and opportunities were identified in the context of air and water pollution:

IMPACTS

Air pollution

Given the nature of operations at Terme Sveti Martin, certain forms of air pollution may arise from routine cleaning and maintenance activities. In line with sustainability principles and the Green Key certification, the company implements a range of measures to minimise the negative effects of these activities. Instructions regarding “on-request” linen and towel changes are displayed in guest bathrooms, and more than 75% of cleaning agents used carry an eco-label. Disinfectants are used only when necessary and legally required, while paper towels and toilet paper are produced without chlorine. Detergents for laundry and dishwashing also hold appropriate environmental certifications. Cleaning agents are applied through a dosing system, reducing overall consumption, and reusable cloths are used for daily maintenance, further decreasing water and chemical usage. Safer cleaning methods are used instead of concentrated chemicals, and the use of scented sprays is avoided. Guests are also given the option to choose whether they want daily room cleaning, which further reduces the use of cleaning products and the emissions associated with these processes.

Water pollution

Biorotors are a source of unpleasant odours. Terme are currently exploring the possibility of additional wastewater treatment using neutral crystals.

RISKS

Water pollution

Physical risks may potentially occur, such as sudden disruption in access to clean water, acid rain or other pollution events that could lead to – or have already led to – environmental contamination with subsequent impacts on the environment and society. However, Terme rely on thermal water sourced from naturally clean springs, where the water is self-purifying, and all environmental protection obligations are met; therefore, this risk is not considered significant.

Possible sources of hazards

Potential sources and possible causes of sudden or accidental environmental pollution affecting the Terme grounds and the Gradiščak stream include:

- pollution caused by the accidental spillage of hazardous chemicals;
- pollution caused by the accidental spillage of waste cooking oils and fats;
- pollution caused by the accidental spillage of oil and petroleum products;
- pollution caused by failures in the internal sewage network;
- pollution resulting from accidental events on nearby roadways;
- pollution due to unfavourable hydrological conditions;
- pollution caused by extraordinary circumstances (natural disasters, war conditions, etc.).

Within the resort area, potential pollution events (risks), based on recorded incidents within the sector, may occur as a result of fuel or oil spills from motor vehicles onto handling surfaces, leakage of waste cooking oil from storage containers, failures in the internal sewage system, malfunctioning of oil and grease separators before technological wastewater is released into the Gradiščak stream, or malfunctioning of the pool-water neutralisation system leading to the discharge of water containing residual free chlorine into the stream before proper neutralisation. The level of water endangerment is determined by the state water management inspector, within three categories: I, II and III. Based on an analysis of the factors relevant to the occurrence and spread of accidental pollution events, and considering the location of Terme along a Category II watercourse (the Gradiščak stream), there is a possibility of stream contamination in the event of internal sewage system failure or uncontrolled

discharge of hazardous substances via the internal sewage network.

Additionally, there is a possibility of accidental spillage of hazardous or harmful substances from road vehicles due to traffic accidents or negligence, or from leakage from waste-oil storage containers.

OPPORTUNITIES

Water, air and soil pollution



The importance of environmental protection is highly evident in the immediate surroundings of Terme, creating a clear opportunity to reduce the use of active chemical substances and transition to sustainable cleaning, disinfection and pool-maintenance products.

10.3.2. Policies related to pollution

Within operations, the quality and environmental management system is reflected through:

ensuring a high level of awareness and responsible behaviour regarding environmental protection and occupational safety

providing hotel guests with services of the highest quality and maintaining consistently high levels of satisfaction

encouraging suppliers to develop more environmentally friendly products and services

continuously reducing negative environmental impacts through preventive activities in the management of energy, water, waste and hazardous substances

giving priority to the protection of the natural environment, pollution prevention, and health and safety during the implementation of development projects

complying with environmental protection laws and regulations

At the company level, a designated environmental officer—the maintenance manager—is responsible for overseeing selective waste separation and managing the condition of green areas owned by the company, as well as an appointed energy efficiency officer.

10.3.3. Measures and resources related to pollution

In accordance with the Terme Sveti Martin Sustainability Strategy for the period 2023–2030, the following goals and measures have been defined to reduce pollution:

ESG Factor	Goal	Measure	Deadline	UN Sustainable Development Goal
Water, air and soil pollution	Reducing pollution	Information crystals in the biorotor	2024	6. Clean water and sanitation

Table 13. Environmental objectives of the Sustainability Strategy for the period 2023–2030 in the area of E2

Note: Information crystals were implemented in the biorotor system during 2024 as an innovative technology designed to enhance the biological treatment of wastewater. These crystals function by boosting microbial activity, accelerating the breakdown of organic matter, and reducing unpleasant odours and environmental pollutants. As this process relies on long-term biological effects, measurable results—particularly those related to decreased environmental impact—are expected to become evident only after at least one year of use.

Preventive measures for preventing water pollution

The company actively implements measures to prevent unforeseen or uncontrolled situations through a series of prescribed and operational activities in accordance with legal requirements and best available practices. Identified hazardous solid materials and liquid chemicals are stored in separate containers and protected against leakage and environmental contamination. They are transported safely to designated facilities equipped to handle this type of waste.

Preventive measures carried out periodically by the technical department, based on legal and other obligations, and with the aim of protecting water from potential pollution or ensuring its timely detection and remediation, include in particular the following:

✓

systematic monitoring of the proper functioning of the neutralisation process for technological wastewater from the pools

✓

inspection of biorotor operation and the condition of wastewater in its chambers and pre-chambers, as well as emptying and cleaning as required, but at least twice a year

✓

regular monthly servicing of the biorotor by an authorised service provider

✓

regular inspection of grease traps, including emptying and cleaning when necessary

✓

implementation of all other measures aimed at improving and ensuring effective water protection, occupational safety and related procedures

✓

regular inspection of the internal sewage network

✓

training for all employees who work with hazardous or polluting substances on proper storage and handling procedures

✓

procedures for managing hazardous and polluting substances that cause contamination, as defined in the Operational Plan, which is implemented in accordance with specific regulations

Terme have introduced pH correction in pool water using carbon dioxide, thereby eliminating one hazardous chemical (sulphuric acid) from the technological process.

10.3.4. Indicators and target values

No	Name of hazardous/polluting substance	Maximum quantities of hazardous/polluting substance*	Note
1	Sulphuric acid 60%	180 kg	Poison group II
2	Hydrochloric acid 33%	60 kg	Poison group II
3	Sodium hypochlorite 15%	2 t	Poison group II
4	Oil and petroleum products	50 kg	
5	Waste cooking oils and fats	200 kg	
6	Wastewater		
7	Other waste/polluting substances transported by public roadways		

Table 14: List of hazardous and polluting substances and corresponding maximum quantities

*maximum quantities of hazardous/polluting substances are defined as the maximum amounts that could be spilled or released at a single location

		Measuring Unit	2023	2024
	POOLS			
Pool chemicals	kg	65.285	66.115	
Carbon dioxide for pools	kg	205.841	212.067	
Number of pool users	number	46.967	50.522	
Pool chemicals per user	kg/user	1,390	1,309	
Carbon dioxide for pools per user	kg/user	4,383	4,198	



ACCOMMODATION

Laundry detergents	kg/year	4.702	4.746
Cleaning agents	kg/year	3.239	3.003
Toilet paper	kg/year	4.264	4.259
Bathroom cosmetics	litres/year	1.009	879
Fuel for company vehicles	litres/year	6.078	5.318
Number of overnight stays	number	127.910	128.003
Laundry detergents per overnight stay	kg/night	0,037	0,037
Cleaning agents per overnight stay	kg/night	0,025	0,023
Toilet paper per overnight stay	kg/night	0,033	0,033
Bathroom cosmetics per overnight stay	litres/night	0,008	0,007
Fuel for company vehicles per overnight stay	litres/night	0,048	0,042



GRASS AREAS

Fuel for lawn mowers	litres/year	2.687	2.298
Mowed area in m²	m²	114.340	114.340
Fuel for lawn mowers per m² of mowing	litres/m²	0,024	0,020

Table 15. Overview of materials used in 2023 and 2024

	2023	2024	Maximum permitted quantity	Maximum container capacity in kg	Purpose of the substance/chemical
Carbon dioxide	205.841	212.067	-----	10,000-litre tank	substance for adjusting pool water pH (not a hazardous chemical)
Liquid chlorine	2.200	2.730	450+450 kg	50 kg cylinders	substance for pool water disinfection
Sodium hypochlorite	43.845	45.735	-----	2 × 800 kg containers + 60 kg canisters	substance for pool water disinfection
Sulphuric acid	4.740	3.150	-----	60 kg canisters	substance for adjusting pool water pH
Hydrochloric acid	75	196	-----	30 litres	limescale removal agent
Flocculant	0	29	-----	10 litres	water clarifier
Sodium thiosulfate	100	75	-----	25 kg bag	agent for neutralising wastewater from pools
Sodium hydroxide	0	60	-----	60 kg canisters	substance for adjusting pool water pH
Tablet salt	14.500	14.500	-----	25 kg bag	salt for sanitary water softeners
Number of pool users	46.967	50.522			

Table 16. Pool chemical consumption in 2023 and 2024



10.4. E3 – Water and water resources

During the reporting period, Terme Sveti Martin placed particular emphasis on water management as a key natural resource within their operations. In accordance with the requirements of the E3 standard, the company analysed its actual and potential impacts on water resources, including both positive effects and risks related to water consumption, abstraction and discharge into the environment.

This chapter provides an overview of the measures Terme are implementing to protect aquatic ecosystems and preserve groundwater and surface water, with a particular focus on reducing water consumption, improving wastewater treatment and enabling reuse where possible. In addition, the report includes data on total water consumption across the company’s services and operations, as well as information on water abstraction and discharge systems, including measures to prevent pollution and preserve aquatic habitats.

10.4.1. Significant impacts, risks and opportunities

The table below presents the most significant impacts, risks and opportunities in the context of E3 – Water and water resources for the year 2024:

IMPACTS	
	The most significant impact for Terme under this topic is water consumption and its environmental implications. Water (groundwater) is considered the resort’s key resource for sustainable operations, and special attention is given to reducing potable water use and encouraging guests to minimise consumption wherever possible. To reduce water usage, the company installed water-saving aerators on faucets in the previous year.
RISKS	
	Hotel buildings require relatively large amounts of water to operate, while thermal complexes require very high volumes. Although water is not the largest operational cost for hotels, reduced water availability or substantial increases in water prices may affect financial performance. This impact can be particularly acute in regions experiencing water scarcity due to supply limitations. Best practices in water management are applied to reduce operational costs and environmental impact, while providing added value to visitors, who are increasingly concerned about environmental sustainability. The Terme complex is not located in a water-stressed area. Therefore, the risk of reduced water availability or significant price increases is not considered

material. Additionally, Terme use a thermal well as their primary source and do not rely on expensive municipal water supply.

Over the long term—and not necessarily at the Terme location specifically—there is a potential occurrence of acute and chronic physical risks related to water and ocean hazards caused or amplified by climate change, including rising water temperatures, changes in precipitation patterns and types (rain, hail, snow/ice), precipitation variability or hydrological variability, ocean acidification, saltwater intrusion, sea-level rise, drought, severe water scarcity, heavy rainfall, flooding and glacial lake outbursts.



OPPORTUNITIES

Terme depend heavily on water and the availability of thermal water. The swimming pool complex, both indoor and outdoor, the wellness area and consequently guest arrivals—and the entire hotel—depend on water availability. At the same time, an opportunity exists to transition to geothermal heating by investing in a new geothermal well.

10.4.2. Measures and resources related to water

In accordance with the Terme Sveti Martin Sustainability Strategy for the period 2023–2030, the following goals and measures have been defined to reduce water consumption:

ESG Factor	Goal	Measure	Deadline	UN Sustainable Development Goal
 Water consumption	 Reducing consumption	 Installation of low-flow aerators on faucets (on 100% of available faucets) 2024	 2024	 6.Clean water and sanitation

Table 17. Environmental objectives of the Sustainability Strategy for the period 2023–2030 in the area of E3

Note: During 2024, Terme Sveti Martin implemented a range of measures aimed at more efficient water use and the preservation of water resources. Low-flow aerators were installed on all faucets, significantly reducing unnecessary water consumption. Improvements were made in the treatment of kitchen wastewater, and to prevent losses, regular inspections of faucets and toilets throughout the facility were introduced. Additionally, 83% of showers on site have a water flow rate below 9 litres per minute, further contributing to the rationalisation of water use.

Grease separators were installed in the kitchens to protect the system from blockages and facilitate wastewater treatment. When not in use, pools are regularly covered to reduce water evaporation and energy loss, and they are cleaned using products that do not contain harmful chemicals. Separate water meters were installed in high-consumption areas, enabling more detailed monitoring and optimisation of water use. Furthermore, treated wastewater is partially reused for irrigating green areas, thereby further reducing the need for potable water.

10.4.3. Water consumption

Total water consumption is measured once per month, and the consumption log is provided in the Green Key document.

 Water consumption information	2023	2024
Sanitary water (m ³ /year)	15.822	13.711
Total water from the public water supply system (m ³ /year)	62.895	65.915
Geothermal water (m ³ /year)	14.382	14.482
Total water* (m ³ /year)	77.277	80.397
Number of overnight stays	127.910	128.003
Number of pool users	46.967	50.522
Sanitary water per overnight stay (litres/night)	124	107
Total water from the public water supply per overnight stay** (litres/night+user)	360	369

Geothermal water per pool user (litres/user)	306	287
Total water per overnight stay*** (litres/night+user)	442	450

Table 18. Water consumption information for 2023 and 2024

*Total water – public water supply (sanitary water and pool-filling water) + geothermal water
** Total water from the public water supply per overnight stay – total water per overnight stay including pool users, as pool refill water is included
*** Total water per overnight stay – total water per overnight stay including pool users, as all pool refill water is included

10.5. E4 – Biodiversity and ecosystems

The E4 standard focuses on the impact of business operations on biological diversity and natural ecosystems. Terme Sveti Martin recognise the importance of preserving biodiversity and maintaining healthy ecosystems as an essential element of sustainable operations. The preservation of green areas and the natural environment is considered in strategic decision-making, with the aim of reducing negative impacts on local flora and fauna and maintaining ecological balance.

A designated environmental officer is responsible for activities related to environmental conservation and the management of green areas, systematically monitoring the condition of the environment within the company’s property. Through this approach, Terme demonstrate their commitment to protecting natural assets and contributing to the preservation of local ecosystems within the hotel and tourism sector.

10.5.1. Significant impacts, risks and opportunities

The table below presents the most significant impacts, risks and opportunities in the context of E4 – Biodiversity and ecosystems:



IMPACTS

Protection and contribution to biodiversity conservation

Terme Sveti Martin are not only a place for rest and relaxation but also a destination committed to biodiversity preservation and sustainable practices. All employees strongly believe in the importance of protecting natural habitats and supporting local ecosystems. Terme take an active role in raising awareness and promoting biodiversity conservation. Through various initiatives, educational workshops and guided tours, they strive to introduce guests to the rich diversity of the surrounding natural environment.

Protection of wildlife species

At Terme Sveti Martin, the **protection of surrounding natural habitats and the nurturing of diverse wildlife species** is a priority. Sustainable practices have been implemented, and initiatives that promote the preservation and protection of wild animals are actively supported. One of the key commitments is to prevent illegal activities that threaten wildlife species. The harvesting, consumption, display or sale of any wildlife species is strictly prohibited. The resort supports local conservation organisations and initiatives and informs guests about the importance of such practices. By staying at Terme Sveti Martin, every guest contributes to a shared mission of environmental protection and nature conservation. A noteworthy example is the 9-hole golf course with heated greens, made of synthetic turf. As one of the first of its kind in Europe, it helps preserve nature by reducing the need for pesticides, while enabling year-round golf activities.

RISKS



Healthy ecosystems are closely linked to the economic and financial performance of local communities and businesses. The influx of tourists and the waste generated by hotels can pose risks to sensitive ecosystems such as coral reefs and nature reserves. Poor environmental management practices may prevent hotels from obtaining new construction permits in these sensitive areas and, in the long term, may diminish the natural attractions that draw tourists and generate revenue for both communities and hotels. Conversely, strong environmental protection can enhance the appeal of tourist destinations and increase demand for room bookings.

The use of ecosystems for business purposes is based on the transformation of natural assets (soil, plants, animals, air and water) into raw materials/products/services that have direct financial value.

Potential physical risks include:

- acute risks (e.g. natural disasters exacerbated by the loss of coastal protection from ecosystems, leading to storm-related damage to coastal infrastructure; diseases or pests affecting the type or diversity of crops relied upon by a business—especially where genetic diversity is low; species loss and ecosystem degradation); and
- chronic risks (e.g. reduced crop yields due to declining pollination; increasing scarcity or fluctuating availability of key natural raw materials; ecosystem degradation caused by business activities such as coastal erosion and forest fragmentation; ocean acidification; land loss due to desertification and soil degradation, resulting in reduced soil fertility; species loss).

Potential transition risks include:

- policies and legal issues: e.g. introduction of new regulations or policies (such as expanded land protection); exposure to sanctions and legal proceedings (e.g. discharge of polluted wastewater harmful to human health and ecosystems; violations of rights, permits or biodiversity-related allocations; negligence toward endangered species or causing their harm); increased biodiversity, ecosystem and ecosystem-services disclosure requirements;

- technologies: e.g. replacement of products or services with alternatives that have lower biodiversity impact or reduced dependence on ecosystem services; lack of access to data or poor-quality data that complicates biodiversity-related assessments; transition to more efficient and cleaner technologies (i.e. those with lower biodiversity impacts); new monitoring technologies (e.g. satellites); requirements to use specific technologies (e.g. climate-resilient crops, mechanical pollinators, water treatment systems, flood-protection infrastructure);

- markets: e.g. changes in supply, demand and financing; volatility or increased costs of raw materials (particularly inputs that exert pressure on biodiversity and whose costs rise due to ecosystem degradation);

- reputation: e.g. shifts in societal, consumer or community perceptions of an organisation's role in biodiversity loss; violations of nature-related rights in its operations; negative media coverage regarding impacts on key species and/or ecosystems; social conflicts related to biodiversity, endangered species, protected areas, resources or pollution.

OPPORTUNITIES



The goals Terme aim to achieve include the protection, restoration and regeneration of ecosystems, as well as the sustainable use of natural resources. Through the biodynamic garden and the way land surrounding the hotel is managed, work toward these goals is already actively underway. However, there is also an opportunity for additional reforestation, which—beyond increasing CO₂ absorption (CO₂ offsetting)—would also enhance overall biodiversity.



10.5.2. Measures and resources for biodiversity and ecosystems

In accordance with the Terme Sveti Martin Sustainability Strategy for the period 2023–2030, the following goals and measures have been defined to support the preservation of biodiversity and ecosystems:

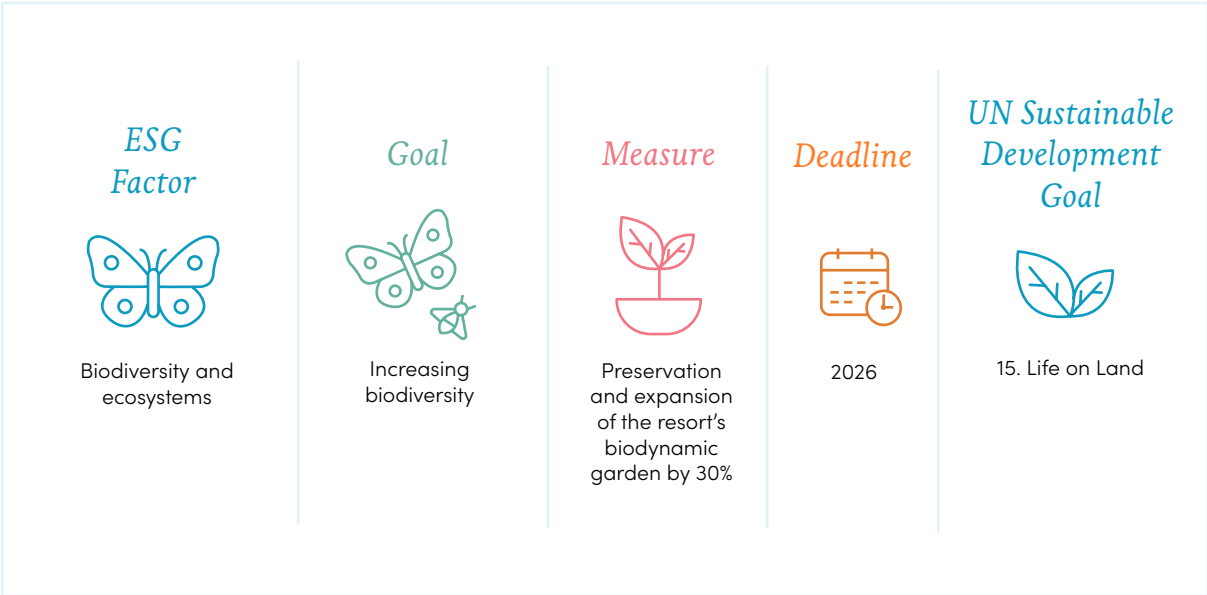


Table 19. Environmental objectives of the Sustainability Strategy for the period 2023–2030 in the area of E4

Note: As part of their environmental initiatives, Terme Sveti Martin successfully carried out a project in 2024 focused on the protection of bees, with the aim of creating a natural and sustainable environment within the thermal complex. The “Paradise for Bees” project designated selected areas of the resort as green oases where grass was intentionally left unmown to provide space for bees to live, feed and thrive. Bees, as key pollinators in natural ecosystems, play an irreplaceable role in maintaining biodiversity and supporting food production. Acknowledging their importance, Terme Sveti Martin chose to actively contribute to their protection by providing shelter and food sources within the resort’s natural landscape. This initiative also supports greater biodiversity and ecological balance across the resort grounds. This project is not only an environmental action but also part of the broader sustainability framework that Terme consistently implement.

Land area (m²)	
Built-up area (buildings, roads, parking lots, golf course greens)	115.671
Unbuilt land (lawns, meadows, forests)	114.340
Lawns (green areas around buildings, sports fields, golf course)	54.240
Meadows	31.096
Forests	29.004
Total area owned by the resort	230.011

Table 20. Land use in relation to biodiversity

10.6. E5 – Circular economy

Terme actively manage waste and promote circular economy practices through measures aimed primarily at reducing food waste (both in food preparation and consumption), increasing recycling rates, emphasising financial and reputational risks, and collaborating with partners—including suppliers and waste collection and disposal companies—to guide them toward solutions that enable reuse and recycling of waste into new products.



10.6.1. Significant impacts, risks and opportunities

The table below presents the most significant impacts, risks and opportunities in the context of E5 – Circular economy:



IMPACTS

Environmental stewardship and the efficient use of resources form an integral part of the company's business strategy, and all employees continuously prioritise the rational and efficient use of resources (energy, water, materials and waste) in alignment with the National Development Strategy of the Republic of Croatia 2030 and the Sustainable Europe 2030 Strategy.

The share of waste that is separately collected and delivered for recycling or recovery ranges between 20% and 50%. In order to further reduce its negative environmental impact in accordance with circular economy principles and environmental protection goals—specifically by reducing waste generated through product and service use—the company has acquired a composter for processing bio-waste produced in the kitchens, as well as a smart scale that measures the quantity of bio-waste by food type. Key environmental objectives include improving the treatment of kitchen wastewater and establishing “green islands” for selective waste collection.



RISKS

Waste management is essential in a complex such as Terme, as it is extremely important that visitors do not see or come into contact with any type of waste (to ensure comfort, encourage repeat visits and reinforce the perception that Terme care for their environment), while at the same time being aware of recycling and waste-separation practices. This area involves physical risks, including the depletion of resources and the use of untreated and treated renewable resources as well as non-renewable resources, as well as transition risks across operations and throughout the value chain, spanning legal, technological, market and reputational factors.



OPPORTUNITIES

The objective of improving waste management is, above all, to reduce the amount of waste generated within the resort and, in addition to reducing volume, to increase the percentage of waste that is recycled. A significant opportunity in this area lies in reducing food waste in the kitchen—both production waste and plate waste. Beyond food waste, another important topic, following the due-diligence process, is ensuring proper management of the designated waste-collection area within the resort complex.

10.6.2. Policies related to the circular economy

A Waste Management Ordinance (1 March 2021) has been established, defining procedures for handling all types of waste at the Toplice Sveti Martin d.o.o. site, Toplice Sveti Martin, Izvorska 3.

10.6.3. Measures and resources for the circular economy

In accordance with the Terme Sveti Martin Sustainability Strategy for the period 2023–2030, the following goals and measures have been defined to achieve a circular economy:

ESG Factor	Goal	Measure	Deadline	UN Sustainable Development Goal
 Waste management	Reducing food waste	Reducing plate and production waste	2030	12 – Responsible Consumption and Production
		Training kitchen staff	2024	
	Reducing total waste	Introducing returnable packaging where possible	2030	
		Education for guests and employees	Yearly	
	Single-use plastics	Complete elimination	2030	
	Increasing the amount of recycled and composted waste	Gradual implementation of waste separation at all points of generation	2030	

Table 21. Environmental objectives of the Sustainability Strategy for the period 2023–2030 in the area of E5

Note: During 2024, Terme Sveti Martin undertook a series of organised and systematic activities aimed at improving waste management and reducing its environmental impact. Total waste quantities are recorded, and containers are placed under the canopy at the service entrance of the hotel, where centralised collection takes place. Biodegradable kitchen waste is collected in dedicated 50-litre containers and stored in the waste room. Daily, trained technical staff place the waste into the composter. Waste cooking oil is collected in labelled containers and, when necessary, handed over to an authorised waste collector (Bio-goriva d.o.o.). Cardboard and paper packaging are collected next to the baler, where

technical staff compact them and transport them to the internal temporary waste storage area. Plastic and metal packaging are deposited in designated containers; non-returnable glass packaging is disposed of via glass collection containers, while returnable glass is sent back to suppliers and therefore not included in the waste records. Mixed municipal waste is collected in labelled bags and placed into the appropriate container, while all other waste—including specific and hazardous waste types—is handled through dedicated procedures with the support of the maintenance department. Employees have access to clear guidelines for proper waste separation within their work units. Throughout the hotel—guest rooms, reception, kitchen, restaurant and offices—bins for separate waste collection are installed to ensure consistent adherence to recycling principles. Waste streams separately collected include paper, cardboard, glass, plastic, aluminium, used light bulbs and batteries, as well as electronic waste such as computers, TVs and mobile phones. Monthly waste diversion rates (the share of waste recycled versus the amount ending up in mixed waste) are monitored throughout the year, enabling transparent tracking of system effectiveness and guiding further optimisation. These activities form part of a comprehensive approach to sustainable resource management and circular economy practices.

	Measuring Unit	2024
Waste sent for recycling or reuse	kg/year	84.802
Waste sent for disposal	kg/year	99.660
Total non-hazardous waste	kg/year	184.462
Hazardous waste	kg/year	2.150
Total waste	kg/year	186.612
Number of overnight stays		128.003
Waste sent for recycling or reuse per overnight stay	kg/night	0,66
Waste sent for disposal per overnight stay	kg/night	0,78
Total non-hazardous waste per overnight stay	kg/night	1,44
Hazardous waste per overnight stay	kg/night	0,02
Total waste per overnight stay	kg/night	1,46
Percentage of waste sent for recycling relative to total waste		46,60%

Amount of concrete waste in 2024	kg	167.000
Total recycled waste including concrete waste in 2024	kg	251.802
Total waste including concrete waste in 2024	kg	353.612
Percentage of waste sent for recycling including concrete waste in 2024		71,21%
Total biodegradable waste	kg/year	39.276
Number of overnight stays		128.003
Number of meals (guests)		283.312
Total biodegradable waste per overnight stay	kg/night	0,307
Total biodegradable waste per meal (guest)	kg/night	0,139
Amount of biodegradable waste delivered to the authorised waste collector	kg/year	692
Amount of biodegradable waste processed in the in-house composter	kg/year	38.584
Percentage of biodegradable waste processed in the in-house composter	kg/year	98%

Table 22. Waste data for 2024



Food waste management in 2024

During 2024, Terme Sveti Martin continued implementing activities aimed at reducing food waste, with a focus on waste generated during the preparation and consumption of meals (breakfast, lunch, dinner). Food waste is categorised as production waste (generated during food preparation) and plate waste (leftovers from guests' plates).

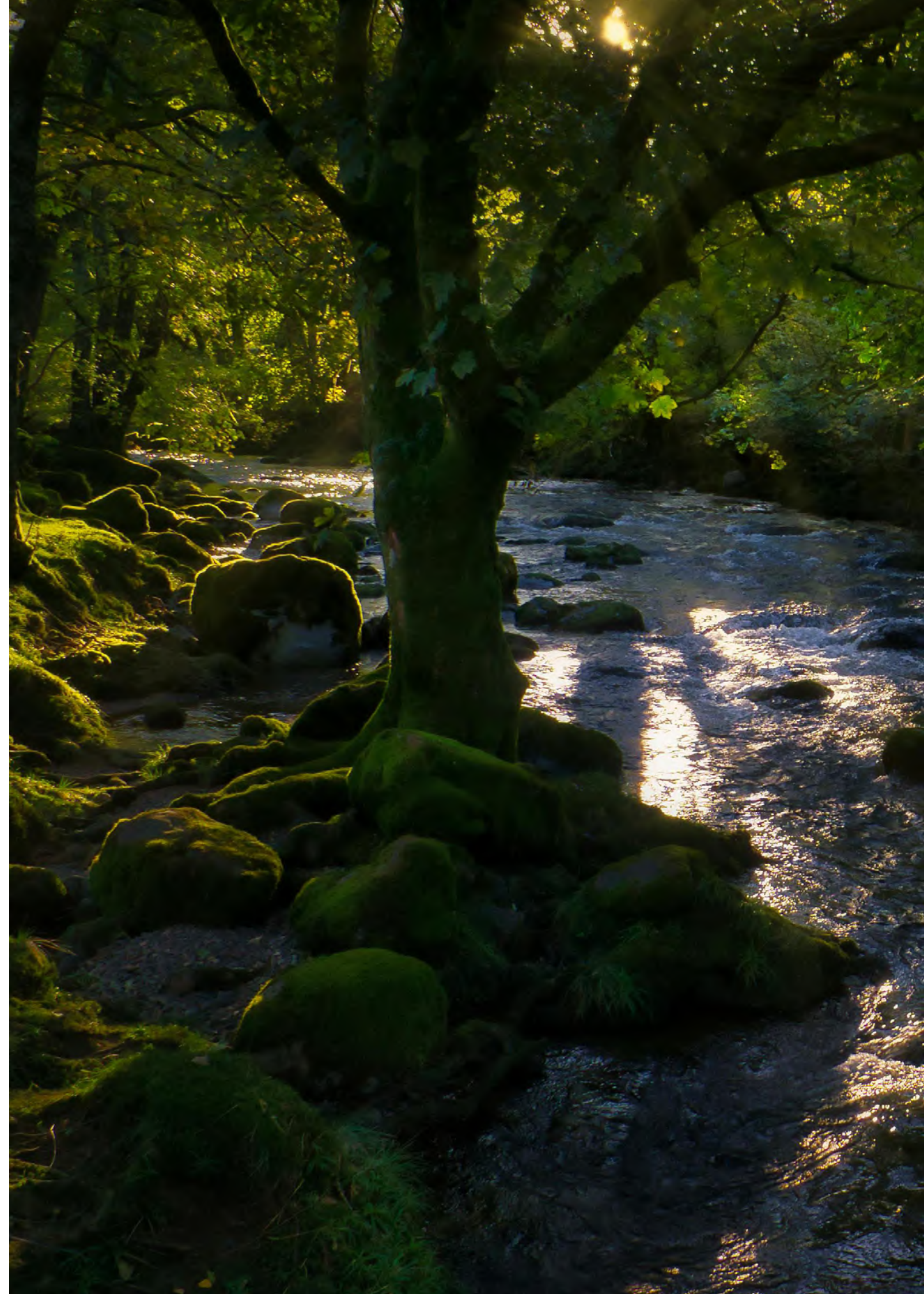


In the previous period, Terme invested in a composter for processing bio-waste and a smart scale that measures the amount of waste by food type. The composter is located in the service yard, and a camera records the waste being added, enabling analysis and feedback to staff to optimise food use and reduce disposal. For example, certain types of food can be redirected into other dishes or side items based on the analysis. In 2024, the process of weighing plate waste, which began at the end of 2023, continued, providing data on the amount of food guests leave uneaten. The goal of this activity is to further educate guests on responsible food consumption. Terme continue to develop their food-waste management system and emphasise that, despite the investments and efforts made, there is still room for further improvement, particularly through cooperation and awareness-raising among partners across the value chain.

Good practices in 2024

During 2024, Terme Sveti Martin continued to apply and further develop a range of good practices that support sustainable operations and environmental conservation. In the wellness segment, environmentally friendly and sustainable products are used for treatments and therapies, with some preparations sourced locally and others—based on guest preferences—purchased from larger suppliers with verified quality standards. In accordance with the Green Key certification requirements, eco-friendly cleaning products are used in daily housekeeping to minimise harmful emissions into the environment. An initiative was also launched to expand the use of recyclable packaging, with a focus on paper and wooden packaging in everyday operations. To reduce paper consumption, recycled paper has been introduced, and new energy-efficient printers have been leased to reduce toner and electricity consumption.

Guests are actively encouraged to behave responsibly toward the environment through informational plexiglass notices in rooms. These notices outline benefits guests can receive if they opt out of daily room cleaning or linen changes, such as a complimentary drink at the hotel bar. As a standard, bed linen is changed every three days and towels daily, unless the guest requests otherwise, contributing to resource savings and reducing environmental impact.





SOCIAL-RELATED MATERIAL TOPICS

11.

In 2024, Terme Sveti Martin continued to build its operations on the principles of social responsibility, with a particular focus on employee wellbeing, guest satisfaction, inclusion, safety and contributions to the local community. This chapter presents the key social impacts of the business and the measures implemented to foster positive change and support sustainable development within the community in which we operate.

11.1. S1 – Own workforce

The own workforce represents a key stakeholder group for Terme. The company aims to remain the most desirable employer for its staff, promoting a culture of innovation and continuous improvement across all areas, including work skills and business processes in the development and delivery of products and services.

11.1.1. Significant impacts, risks and opportunities

The table below presents the most significant impacts, risks and opportunities in the context of S1 – Own workforce:

IMPACTS



With the introduction of reporting under the CSRD Directive and ESRS standards, Terme Sveti Martin must clearly disclose information on working conditions, employment, work-life balance and social responsibility toward employees.

RISKS



Workforce turnover can present a challenge, as constant staff rotation increases recruitment and training costs. Team stability is essential for maintaining continuity of operations.

If Terme are unable to attract and retain a qualified workforce, they may face difficulties in meeting reporting requirements and maintaining a high standard of service quality.

OPPORTUNITIES



By implementing strong standards related to labour practices and social responsibility, Terme Sveti Martin can strengthen their position as an attractive employer, draw in more qualified candidates and reduce employee turnover rates.

Compliance with ESRS guidelines can support the development of sustainable practices that improve operational efficiency and reduce costs, such as lowering resource consumption and increasing employee satisfaction.



11.1.2. Policies related to the own workforce

Through its Quality and Environmental Management Policy, Terme commit to employing qualified and ambitious personnel who have both the opportunity and responsibility to continuously develop and improve their skills, while also reducing the risk of employee injuries and illnesses through preventive activities.

Terme do not have a standalone human-rights policy; instead, human-rights protection is included within the Work Regulations. Informally, strict criteria regarding respect for human rights are applied, and these principles are consistently upheld in practice. Mechanisms for remediation in cases of human-rights violations are defined in Articles 78 and 83 of the Work Regulations.

11.1.3. Indicators and target values

In accordance with the Terme Sveti Martin Sustainability Strategy for the period 2023–2030, the following goals and measures have been defined to ensure the wellbeing of the own workforce:

ESG Factor	Goal	Measure	Deadline	UN Sustainable Development Goal
Working conditions – working hours	Reducing the number of overtime hours	Training team leaders in communication and team management	2025	8. Decent work and economic growth
Working conditions – fair wages	Equalising wages	Adopting a wage policy aligned with job requirements and role complexity	2025	10. Reduced inequalities
Working conditions	Accurate recording of employee clock-in/clock-out times	System implementation	2027	8. Decent work and economic growth
	Systematic management of occupational health and safety	System implementation	2030	3. Good health and wellbeing

Table 23. Social objectives of the Sustainability Strategy for the period 2023–2030 in the area of S1

Employee structure

Segmentation of TSM employees by gender and residency status	Number of employees	% of total employees
Women	105	59,32%
Men	72	40,68%
Croatian nationals	142	80,23%
Foreign nationals	35	19,77%
Total number of employees	177	100%

Table 24. Employee structure of Terme Sveti Martin by gender and residency status, as of 31 December 2024.

Segmentation of employees by department	Number of employees	% of total employees
Management	7	3,97
Sales and marketing	14	7,93
Maintenance and security	17,5	9,92
Procurement and retail	6	3,4
Finance and IT	8	4,53
Hotel operations	129	73,09
Front office	8	4,53
Housekeeping	39	22,1
Wellness and pools	16	9,07
Sports and recreational facilities	1	0,57
Human resources	1	0,57
Food	32	18,3
Beverage	27	15,3
Total number of employees	176,5	100

Table 25. Employee structure by department, as of 31 December 2024.

*The number of employees is presented in full-time equivalents (FTE); decimals in the reported figures refer to employees working part-time (e.g., 0.5 = half-time employment).



Contribution to quality of life

On the company's website, under Careers at Terme Sveti Martin, the following contributions to employee quality of life are listed:



An internal reward and advancement system enables employees to progress into leadership positions, even when some began their careers as students in support roles;



Free access to exercise, yoga and mindfulness meditation for all employees, which has encouraged many to change their habits and adopt a healthier, more active lifestyle;



Internal initiatives, such as the anti-smoking challenge, motivated employees to give up this harmful habit in a fun way while winning attractive prizes;



Encouraging and developing a cycling culture has helped establish Terme as a bike-friendly destination and raised awareness among employees about this environmentally sustainable mode of transport;



Promoting local culture, traditions and gastronomy has inspired some employees to start their own family farms (OPGs) and private businesses;



Through the project "Work and Earn Extra", employees have become partners and suppliers, strengthening cooperation between the local community and the company;



Involving employees in projects has resulted in a growing number of competent, skilled and educated individuals who now possess the know-how and references for future career development.



Dedicated to local culture, customs and traditions, Terme create new value that is shared with everyone who allows them to be their host. Terme Sveti Martin respect their organisational culture, and above all, the people who form part of it. The website notes that

*"Working at Terme Sveti Martin means working in the leading tourist resort in continental Croatia. High standards offer countless opportunities for learning, professional and personal growth, and working in an environment where hard work, effort and commitment are truly recognised and rewarded."*¹¹

Working conditions – Working hours

In an interview with the Director of Human Resource Management regarding the identification of existing challenges, one of the highest-ranking issues was the exceptionally high number of overtime hours accumulated by top-performing employees (some individuals have up to 400 overtime hours). A total of 12,000 overtime hours was recorded. At the same time, there are employees who do not fulfil even the minimum required working hours. Management is fully aware of this situation and is actively seeking solutions, such as introducing a proper, verifiable system for recording overtime. During the interview with the Director of Hotel Operations, it was established that employee clock-in and clock-out times are currently reported verbally to supervisors, meaning there is no independent or direct system entry recording actual working hours.

Management has decided that once an employee exceeds 200 overtime hours, they must use the accumulated excess hours/days. The threshold of 200 hours has been set as the upper limit for allowable overtime. In September 2023, efforts to reduce overtime began, resulting in a reduction of 1,485 overtime hours during that month alone, indicating a shift in trend. Given the simultaneous issue that some employees do not meet the required monthly working hours, questions arise regarding the adequacy of workforce planning and management within departments.

Note: The Directors of Human Resources, Hotel Operations and Food & Beverage agree that training for department managers in communication and team leadership is essential.



¹⁰Terme Sveti Martin – Open positions, [link](#)

¹¹Terme Sveti Martin – Open positions, [link](#)



Working conditions – Fair wages

Regular and timely payment of wages is standard practice. The ratio between the median total annual compensation of the highest-paid individual at Terme and the total annual compensation of all other employees (excluding the highest-paid individual) is **< 8**.

The ratio between the average compensation of men and women is **< 1,05**. Wages for men and women are equal for the same positions/job roles.

Managers actively assess business objectives and team needs and report the required number of employees to the Human Resources Department in line with operational goals. When filling these needs, challenges arise that are not specific to Terme alone (such as a shortage of qualified labour), which has led to changes in workforce structure (domestic vs. foreign workers). In 2018, most of the 20 chefs employed were Croatian nationals. In 2024, the majority are non-residents, primarily from India.

Note: During interviews with the Director of Food & Beverage and the Director of Human Resources, a disparity was observed between the salaries of newly hired non-resident chefs and those of domestic chefs, resulting from disruptions in the labour market.

Working conditions – Freedom of association, workers’ councils, and employee rights to information, consultation and participation

Terme have established a consultation process with employee representatives or trade unions regarding significant business changes. These consultations occur periodically, at the initiative of management, in cases involving major operational changes. Terme have also implemented programmes and activities that support the re-employment of individuals leaving the organisation, in cooperation with employment agencies or other institutions. However, such cases are extremely rare due to the general shortage of labour in the market.

Working conditions – Health and safety

Workplace safety and occupational health are managed by the maintenance department. Terme have developed their own occupational health and safety management system.

According to available data on workplace injuries, it can be concluded that:

there have been
no fatal incidents

the rate of
workplace injuries
relative to the
total number of
employees is 1.5%



In addition to becoming the first healthness resort in 2021, Terme Sveti Martin have invested significantly in employee health. In 2024, they fulfilled the requirements for the “Company – Friend of Health” certificate, becoming the first thermal resort in Croatia to receive this recognition due to their highly developed awareness of the importance of a high-quality work environment.



Terme actively promote healthy lifestyle habits, workplace health and safety, employee wellbeing and environmental protection. To obtain this certificate, a company must meet a series of criteria defined by experts from the Croatian Institute of Public Health in the areas of nutrition, physical activity promotion, workplace health protection, prohibition of smoking and alcohol consumption, and environmental management and employee health protection.

All employees, as well as their immediate family members, are granted free access to swimming pools, the gym and group exercise programmes. In addition, employees receive continuous discounts across all business units of the resort—from massages to food and beverage services.



Working conditions – Work–life balance

Terme Sveti Martin recognise the impact they have on the community in which they operate and in which they play a leading role in development and positive social relations. By setting an example, they aim to encourage other employers to support the establishment of a healthy balance between professional and private life. With the introduction of the Family-Friendly Company certificate, a set of measures was implemented to improve human-resource management, with a strong focus on aligning employees' professional and family responsibilities. This project supports employers in enabling their employees to more effectively balance work and family obligations. Introducing this certificate brings numerous short- and long-term benefits, such as attracting and retaining top talent, strengthening employee loyalty, improving organisational culture and collaboration, and reducing sick-leave days. Terme Sveti Martin advocate healthy, ethical and responsible business practices toward all team members, as well as toward the local community. Active engagement through various programmes, volunteering, including local residents in the supply of domestic products, encouraging the establishment of small family farms (OPGs), supporting the development of local tourist attractions, donations to those in need, sponsorship of associations and support for local initiatives are just some of the activities carried out to ensure shared growth with the environment that surrounds the resort.



Employees whose children are starting first grade of primary school are granted an additional day off on the first day of school, and small gifts are prepared for the children for a successful first school day. Employees are also entitled to an additional day off on the last day of their child's first school year.



An additional paid day off is provided to employees so they can attend secondary-school orientation days for their children.



Employees are granted an additional paid day of absence to accompany a seriously ill child in hospital—an absence for which statutory rules normally do not provide paid leave (up to 5 days per year).



Terme also support fathers by providing additional paid leave, beyond the legally guaranteed paternal leave, at a rate no lower than sickness-benefit compensation. These additional days may be used until the child enters first grade. Furthermore, fathers are granted three additional paid days of leave at the birth of a child.



The Work and Earn Extra project received the award for 2nd place in the competition for the best Croatian HR practices—a recognition of responsible practices toward employees and the working environment, and a distinction of which Terme are particularly proud.



Working conditions – Collective bargaining, including the number of employees covered by collective agreements

All employees are covered by the national Collective Agreement for the hospitality sector.

Equal treatment and opportunities for all – Gender equality and equal pay for equal work

From a gender-equality perspective, the share of women in management positions (executive and senior management) has been steadily increasing and now exceeds 30%.

Equal treatment and opportunities for all – Training and skills development

Professional development plans have been established at Terme at the level of the hotel, departments and business units. Additionally, when a new position opens, it is first advertised internally, and the need is addressed through internal reassignment whenever possible. Only if this is not feasible is the position publicly advertised.

To increase participation in available training programmes aimed at strengthening competencies, it is necessary to create a structured training plan that defines which trainings are mandatory as a prerequisite for further financial incentives. Such a plan may also include training for housekeeping staff on sustainable practices in performing daily tasks.

Equal treatment and opportunities for all – Employment and inclusion of persons with disabilities

In its employment policies and practices, Terme applies positive measures for individuals belonging to socially disadvantaged or labour-market-disadvantaged groups. Regarding the legal requirement to promote the employment of persons with disabilities, Terme have, over the past three years, met this obligation through the substitute quota system and by contracting services with organisations that employ persons with disabilities.

Equal treatment and opportunities for all – Measures against workplace violence and harassment

Terme have taken a clear stance and concrete actions to protect employees from discrimination and ensure they can be themselves in the workplace. The organisation has established internal mechanisms for handling cases of discrimination. Such cases are considered a serious violation of employment obligations and may result in immediate termination of employment. In 2022, a discrimination incident involving an employee was reported. The employee responsible for the discriminatory behaviour left the company by mutual agreement, and the employment relationship was terminated.

Terme actively conduct internal training and other awareness-raising activities aimed at combating prejudice and discriminatory practices while promoting diversity within the workplace and work processes. Examples include the LGBTIQ+ Labour Law Employer training for managers and department heads.



Equal treatment and opportunities for all – Diversity

For Terme as an employer, it is crucial that employees respect and value one another and use their diverse experiences and knowledge in teamwork, contributing to the organisation’s positive overall performance.

Aligned with the vision of making positive improvements in daily life for as many direct stakeholders as possible, Terme embrace the responsibility—and privilege—of advocating for a more just and equal society while contributing to positive social change. Each year, the number of non-resident employees from distant countries continues to grow. Terme invest considerable effort in supporting the integration of these employees with the predominantly local workforce, offering Croatian language courses and various competency-based training programmes. To support this, the Code of Professional Conduct includes a written diversity and non-discrimination policy. The Code also outlines acceptable workplace behaviour aimed at eliminating discrimination and unfavourable treatment, while safeguarding human dignity.

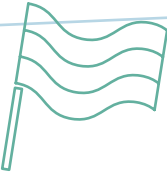
Positive examples of inclusive hiring include employing refugees from Ukraine, workers from third countries and members of the Roma national minority.



Promoting sustainable practices, protecting human rights and dignity

Terme provide financial or material assistance and support to organisations or groups working to improve the position of socially marginalised groups (persons with disabilities, individuals with intellectual difficulties, members of national minorities, members of the Roma minority, LGBTIQ+ individuals and older adults). Support is also provided to associations supporting women who have experienced abuse—however, donations of this type are not publicised in order to protect the beneficiaries of these organisations. For single mothers and fathers, Terme organise a special visit to the resort, offering a full day of swimming in the pools with lunch included in one of the restaurants, along with a small gift as a token of appreciation and a keepsake from their stay.

Two designated persons are responsible for safeguarding dignity at work: Sara Posavec, Director of Human Resource Management, and Josip Karlovčec, Internal Operations Manager.



During June, celebrated globally as Pride Month, the resort adapted its social media branding by changing the Terme Sveti Martin logo to a rainbow-coloured version. An LGBTIQ+ flag was displayed at the hotel entrance, and stickers were created with the message: LOVE COMES IN MANY COLOURS, AND WE WELCOME YOU WITH EVERY SHADE OF OUR HEART.



Beyond these actions, Terme publicly express their support for all marginalised groups and hold the “LGBTIQ+ Labour Law Employer” certificate as part of the “Equality at Work for All!” programme. The goal of this programme is to raise awareness about discrimination against LGBTIQ+ individuals in the workplace and in recruitment, and to highlight the necessity of building an inclusive, equitable society grounded in solidarity and equal rights for all. Regarding the promotion of children’s rights, donations are made to associations and homes for children without parental care—again, without public disclosure, to protect the beneficiaries. Most often, Terme organise a full-day pool visit with lunch included for these children, accompanied by a small gift to remember their visit. Examples include:

- Obiteljski dom Bogar – organisation of swimming and lunch with surprise gifts;
- Dječji dom Maestral – donation of full accommodation including meals, swimming and a special surprise in the form of a movie night (animated film screening) within the resort.

Employee relations

Terme continuously monitor organisational climate and employee satisfaction using interactive communication channels (intranet, internal surveys). Feedback collected on employee satisfaction is used to inform staff and to plan corrective actions aimed at improving the working environment and organisational climate.

11.2. S3 – Affected communities – Relationship with the local community

Terme Sveti Martin maintain a strong connection with the local community and are fully aware of their influence on the social and economic life of the region. Through cooperation with local suppliers, involvement in social and cultural initiatives and the encouragement of employment in surrounding areas, Terme actively contribute to community development. The focus is on building long-term, transparent and mutually beneficial relationships with stakeholders in the local environment.

11.2.1. Significant impacts, risks and opportunities

The table below presents the most significant impacts, risks and opportunities in the context of S3 – Affected communities:



IMPACTS

Alongside investing in facilities and the development of their own products and services, Terme continuously collaborate with the local community, which they consider essential for the ongoing development of tourism in Međimurje County. One form of cooperation is sourcing ingredients from local producers who supply the resort daily with fresh, high-quality produce, which skilled chefs transform into healthy dishes.



RISKS

An increase in visitor numbers can place additional pressure on local infrastructure—such as roads, public services and municipal resources—which may lead to congestion and higher costs for the community.

Potential risks related to social impact that are taken into consideration include:

- resistance from certain local community members to Terme’s business plans,
- dependence of the local economy on the operations of Terme,
- dependence of local cultural, social and sports activities on sponsorships and donations,
- dependence of the local budget.

OPPORTUNITIES

Terme can create new jobs and stimulate the local economy through increased tourist spending, growth in services and the development of small businesses. As tourism expands, there is an opportunity to invest in improved infrastructure and services, bringing long-term benefits to the community. Terme can also support the preservation and promotion of local cultural heritage through hosting events and collaborating with local artists and entrepreneurs.



11.2.3. Indicators and Target Values

In accordance with the Terme Sveti Martin Sustainability Strategy for the period 2023–2030, the following goals and measures have been defined for affected communities:

ESG Factor	Goal	Measure	Deadline	UN Sustainable Development Goal
 Economic, Social, and Cultural Rights of Communities	 Positive Impact on the Local Community	 Hosting 500 Children from Disadvantaged Social Groups	 2030	 10. Reduce Inequalities

Table 26. Social Goals of the Sustainability Strategy for 2023–2030 in the S3 Area



**Collaboration with
Local Domestic Producers**

There is a well-developed initiative to support local communities or promote local cultural experiences for guests during their stay. In addition to available promotional materials within the Terme premises, staff always suggest visiting local product and service providers whenever appropriate.



*Collaboration with family farms (OPGs) began in 2015. Products are sourced from approximately **111 local OPGs**. Some employees are owners of OPGs that act as suppliers, e.g., for pumpkin seed oil. Terme's impact on local OPGs, and thus on the regional economy, is significant. Some OPGs generate up to **80% of their revenue** by doing business with Terme. Products are purchased from nearly all local winemakers, as well as producers of fruit, vegetables, eggs, and other domestic products.*

A practice has been introduced of filming promotional videos in collaboration with OPGs, showcasing activities in the field such as harvesting, delivery, and preparation – essentially “from garden to table.”

Contribution to the Local Community through Donations and Sponsorships
A budget allocation for donations was set for the past financial year 2024, amounting to 0.1% of the hotel's total revenue, with defined priorities/main areas for giving:



1. Local sports and volunteer associations

Active Lifestyle – Both guests and employees are encouraged to engage in activities, both within the complex and outside it. By donating to sports associations, Terme highlights how important an active lifestyle is for the health of body and mind, which lies at the very core of Terme's operations – as the first Healthness resort in Europe.



2. Local animal protection organizations

Associations for Abandoned Animals – Ways are always sought to use materials and resources in the best possible way, and, whenever possible, to recycle them. For example, blankets or carpets that can no longer be used within the complex are donated to help care for abandoned animals. Protecting wildlife, as well as the environments they inhabit, is very important. Therefore, during the New Year holidays, fireworks are not set off so that guests' pets staying at the resort, as well as all animals nearby, can live without disturbance. Funds that were previously allocated for fireworks are now donated to animal protection associations. Guests are also asked not to use pyrotechnics, not only to protect animals but also to preserve the environment, and they are offered the opportunity to donate directly to these associations if they wish. Additionally, all fees paid by guests for accommodating their pets are donated by Terme to animal protection associations.



3. Local associations for persons with disabilities and special needs

Associations for Persons with Disabilities and Special Needs – Donations related to the social aspect of supporting these individuals are not publicly promoted, as Terme believes there is no need to highlight them in this way. Assistance is provided either financially or through services and products, and often in collaboration with these associations by purchasing their products (for example, the association Humana Nova, which produced aprons for the staff).



4. Local institutions for orphaned or disadvantaged children



Criteria: social activity, level of need, and volunteer engagement

Associations and Institutions for Orphaned or Disadvantaged Children – As previously mentioned, donations to these types of organizations are not publicly promoted, primarily to protect the beneficiaries of these associations. For children, excursions to Terme are most often organized, as described above in the section on children's rights protection.

Terme directs its areas of interest and the purpose of donations in alignment with its mission and/or business strategy. The allocation process follows an internal procedure for handling received requests, while emergency donations in the event of sudden community needs or events, such as earthquakes, floods, or fires, are determined on a case-by-case basis according to necessity.

Monitoring the results/impact of donated activities is carried out through informal contact with donation recipients, monitoring media coverage, on-site visits, and joint meetings with the recipients of donations.

Financial Donations in 2024 are presented below.

2024	Recipient and description of the donation	Donation Amount (EUR)
April	Donation for printing promotional materials for the festival	440,00
August	Jazz in the Vineyard, donation for printing promotional materials	500,00
January – December	DVD Sveti Martin na Muri	1.592,64
15 October	DVD Sveti Martin na Muri	5.000,00
22 October	NK Mura, Hlapičina	1.500,00
9 October	STUDIO ZODIAC, donation for a charity concert	200,00
11 November	Donation for the FundRace charity run	2.690,00

Table 27. Financial Donations in 2024

The list of in-kind donations (services) in 2024 is presented on next page.



2024



Description of the donation

9 January	Voucher for accommodation and 10 full-day swimming tickets for members of AK Blacklisted
10 January	Voucher for accommodation – promotion of TZMŽ within the event "Magical Night in Ljubljana"
22 January	4 vouchers of €250 each – prizes for winners of the Vincekovo tournament
5 February	5 swimming tickets for the raffle of Medical School Rijeka
6 February	10 swimming tickets for members of the Volunteer Fire Department Sveti Martin na Muri
7 February	1 voucher for accommodation – prize in the Event Management Competition
12 March	354 family tickets for employees
11 March	10 tickets for the prom raffle of SŠ Marka Marulića from Slatina
25 March	10 tickets for local activities (unspecified)
4 April	10 swimming tickets for children of NK Bistrica
9 April	5 family tickets – STEM quiz for high school students
15 April	1 weekend voucher – recognition for Zvone for caregivers in alternative care
15 April	20 swimming tickets – NK Donji Koncovčak on the club's 40th anniversary
16 April	1 accommodation voucher for 2 people and 10 swimming tickets – Sports Charity Days (FMTU)
18 April	12 vouchers for 1 night for 2 people – Čakovec Zrinski Half Marathon
18 April	1 weekend voucher – International Folklore and Tamburica Festival
19 April	2 accommodation vouchers for 2 people, 1 voucher for swimming and sauna, 5 pool tickets – Hotelier's Ball (FMTU)
9 May	20 full-day swimming tickets and 10% discount on accommodation – Aquacity Challenge (Triathlon Club North)
13 May	10 swimming tickets – Charity flea market of the ZEU Friends of Animals and Nature Association
18 May	6 tickets – Gornji Lakoš Tourist Association (Slovenia) – hand scythe grass-cutting competition
10 June	20 swimming tickets – prize for top students of OŠ Sveti Martin na Muri
18 June	2 swimming tickets – project "Face of Croatia" (via TZMŽ)
18 June	1 swimming ticket – project "Best Model" (via TZMŽ)
19 June	12 vouchers for 1 night for 2 people – Čakovec Night Run
15 July	3 children's tickets, 12 regular tickets, and 2 vouchers for sauna and swimming – Gorički Trail VK Hažić
22 July	10 children's and 10 adult full-day swimming tickets – Pogled Association for Autism
24 July	1 weekend voucher for apartment accommodation – Basketball Club Glin
August	Accommodation, wellness, and pool vouchers – Jazz in the Vineyard
7 August	5 swimming tickets – Volleyball Club Plavi
9 August	19 swimming tickets – winners of the AK Međimursko Središće race
13 September	150 children's swimming tickets – football camp for national minority members
22 October	20 swimming tickets – quiz "Urban Quiz Story"
25 October	12 swimming tickets – charity campaign "Many for Rare"
28 October	12 swimming tickets – project "Youth Financial Literacy," Economic and Trade School Čakovec
31 October	4 vouchers for massage and sauna, 4 vouchers for massage, 4 vouchers for sauna, and 300 swimming tickets – FundRace
9 November	15 tickets – Gulašijada at Mlin on the Mura
14 November	1 weekend voucher for 2 people – Rotary donation for the Klaičeva Children's Hospital



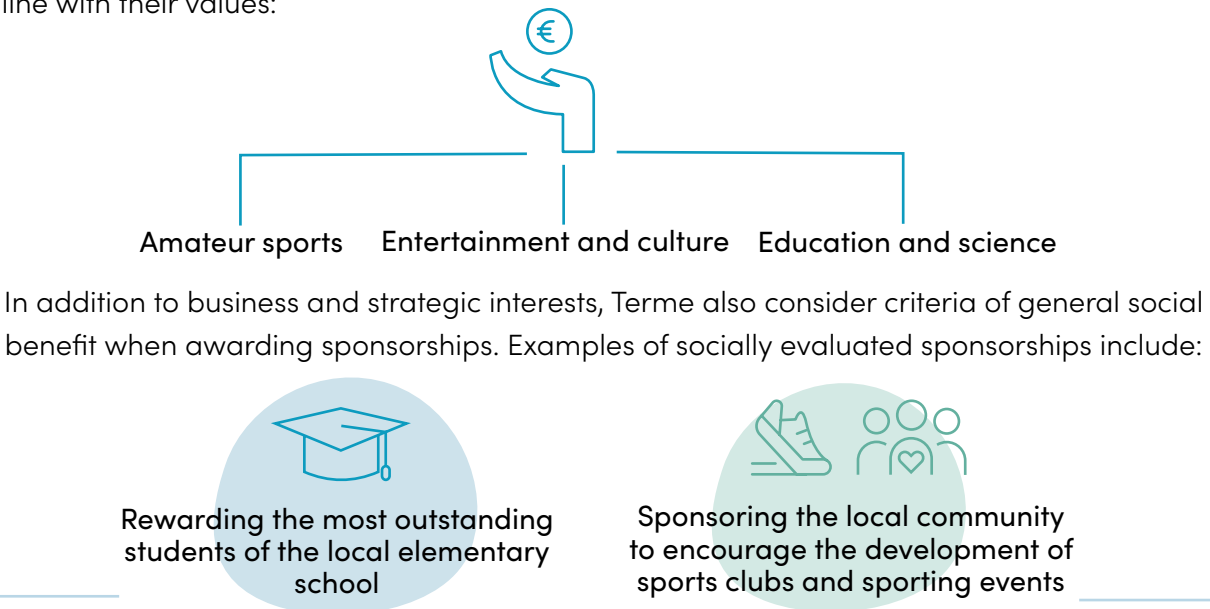
15 November	300 swimming tickets for children – mini football tournament (Međimurje Sports Network)
25 November	Donation for charity auction – Student Council RIT Croatia for PUŽ Association
28 November	15 swimming tickets – Charity flea market ZEU Čakovec
28 November	3 swimming tickets – Squash 3. Arena Čakovec Open Tournament

Table 28. Material donations in 2024

Among the numerous donations, particular attention goes to participation in the FundRace 2024 charity run, held on 3 November and organized by the Municipality of Sveti Martin na Muri, with Terme Sveti Martin as the main partner. A total of €5,540 was raised, of which €2,850 came from runner registration fees, while Terme Sveti Martin donated an additional €2,690, corresponding to €10 for each registered participant. This initiative is yet another example of Terme’s strong connection with the community and its consistent promotion of social responsibility through concrete and measurable actions.

Sponsorships

In implementing its sponsorship program, three types of activities are promoted by Terme in line with their values:



Highlight: Terme take particular pride in one socially beneficial activity from last year aimed at the community: the donation of accommodation in apartments for 12 children from the Maestral Children’s Home, including meals and drinks with dinner, swimming in the pools, and a movie night in the Terme Sveti Martin facilities.

Projects and Events

As part of the project “Green Terme Sveti Martin in Green Međimurje,” Terme hosted a volunteer group participating in green actions across the region. Volunteers learned about sustainable business practices within the Terme complex, participated in educational workshops, and made candles from recycled oil, actively contributing to the promotion of a circular economy and environmental awareness. This initiative further reinforces Terme’s strong connection with the local community and their role in shaping a sustainable future for Međimurje.

Within the framework of the Urbanovo 2024 event, Terme Sveti Martin contributed to the cultural and eno-gastronomic life of the region by organizing the Wine & Smile quiz. The event brought together winemakers, wine enthusiasts, and influencers in a relaxed quiz atmosphere filled with laughter, tastings of Međimurje wines, and a sense of community. This initiative demonstrates how Terme actively enrich local events and promote regional identity through a contemporary approach to tradition.

11.3. S4 – Consumers and End Users

This standard covers significant impacts on guests and other users of Terme’s services related to business operations and the created value chain up to the final service/product user. For Terme, consumers and/or end users are a key group of affected stakeholders.

11.3.1. Significant Impacts, Risks, and Opportunities

Below is a tabular overview of the most significant impacts, risks, and opportunities in the context of the S4 topic – Consumers and End Users:

	IMPACTS In addition to the healing thermal water, which is the foundation of Terme’s operations, the company aims to provide guests not only with complete relaxation and a healthy stay but also with an extra feel-good experience. Therefore, partial renovations are carried out every year. Recently, new slides were installed in the Aquapark, a mascot was introduced along with a new name, the children’s playroom was redesigned and became one of the most modern hotel playrooms in the region, and the restaurants were renovated. For this purpose, Terme systematically measure customer/end-user satisfaction through an online survey. In addition to efforts directed at employees, the company also invests in educating guests about small actions they can take to protect the environment in which they stay.
	RISKS With an increasing number of users, there may be a reduction in personal attention to each consumer, which could decrease user satisfaction and loyalty. A higher number of visitors can also lead to overcrowding, which may negatively affect service quality and the overall user experience (e.g., longer waiting times, crowded facilities).



OPPORTUNITIES

Terme offer consumers access to high-quality wellness services, health treatments, and relaxation, which can positively impact their physical and mental health. With the development of tourism, users may benefit from promotions, discounts, or packages that allow access to various services at more favorable prices.

11.3.2. Policies Related to Affected Communities

The goal of the business strategy is to offer guests the highest quality of service in order to meet the expectations of each individual guest, ensuring that every visitor leaves Terme satisfied and with a desire to return.

11.3.3. Indicators and Target Values

In accordance with the Terme Sveti Martin Sustainability Strategy for the period 2023–2030, the following goals and measures have been defined for consumers and end users:

ESG Factor	Goal	Measure	Deadline	UN Sustainable Development Goal
Access to Products and Services	Service improvement and data collection	Introduction of online check-in	2026	End-user impact goals

Table 29. Social Goals of the Sustainability Strategy for 2023–2030 in the S4 Area

Marketing and Communication

In marketing communication, the **Advertising and Marketing Communication Code** is applied. Elements of Terme’s marketing communication include positive practices such as:



Not denigrating competitor hotels and products



Promoting socially beneficial projects that encourage positive values, activities, and behaviors



Applying green marketing to promote eco-production, recycling, purchasing local products, and sustainable development



Promoting a healthy lifestyle, engagement in sports activities, and spending time in nature



Promoting the protection of human rights and diversity policies through support for vulnerable groups (LGBTIQ+, persons with disabilities, the elderly, etc.), and



Educating hotel guests about specific ingredients and characteristics of products and services that may or do impact the health, safety, or well-being of guests.

Accessibility and Inclusivity for All Guests

In addition to welcoming, supporting, and educating employees about the rights of LGBTIQ+ individuals, Terme pays special attention to the rights and needs of persons with disabilities or special needs. The hotel has three rooms designed for guests with disabilities. Hotel staff are always available to assist persons with disabilities or intellectual challenges.

Human Rights

The company holds LGBTIQ+ certification and the Family-Friendly Employer certificate, which promote awareness and protection of human rights. The human rights protection policy is not formally defined but is described in the Work Regulations. In practice, the company consistently ensures that human rights are respected and all forms of human diversity are honored.

The company does not conduct formal analyses of the impact of business processes on human rights but has established compensation mechanisms in case of violations, defined in Articles 78 and 83 of the Work Regulations. Additionally, the company followed the UN Guiding Principles on Business and Human Rights (UNGP) when drafting the Work Regulations.

The following rights are protected under the company’s human rights policy:



1. The right to freedom of association

2. The right to union membership

3. The right to freedom of expression

4. The right to privacy

Children’s Rights

Children’s rights fall under the topics that define the social impact of the company. The following are the results of the ESG self-assessment questionnaire. The company has defined measures for the protection of children’s rights within Article 88 of the Work Regulations. In the context of due diligence on the impacts of business processes on children’s rights, established compensation mechanisms in case of violations of children’s rights, and supplier assessments in relation to children’s rights, the company does not have formally prescribed policies or measures. However, the company identifies certain areas of interest implemented through its business strategy and internal policies, which relate to children’s rights and associated rights:



The company has a signed cooperation agreement with an educational institution for programs including internships, mentoring, volunteering, company visits, and career counseling.



12.

MANAGEMENT SIGNIFICANT TOPICS

Terme Sveti Martin apply the principles of responsible and transparent governance in their operations, thereby ensuring compliance with applicable legislation, risk reduction and the long-term sustainability of the business. Governance structures support the implementation of sustainable practices, while decisions are made taking into account economic, environmental and social factors. Particular emphasis is placed on ethics, internal control, risk management and the integration of sustainability into strategic planning.

12.1. G1 – Business Conduct

A general review of the company's operations shows significant effort invested to ensure that Terme Sveti Martin acts responsibly toward the environment and society and manages the company by implementing policies that promote sustainable development.

12.1.1. Significant Impacts, Risks, and Opportunities

When describing the process of identifying significant impacts, risks, and opportunities related to business conduct issues, the company discloses all relevant criteria used in the process, including location, activity, sector, and transaction structure.

IMPACTS



The operations of Terme Sveti Martin have a significant positive impact on the local community through job creation, encouragement of local sourcing, and participation in social initiatives. The environment is affected through resource consumption, emissions, and waste; however, measures are implemented to reduce negative impacts, including water management, energy efficiency, and selective waste collection. Additionally, Terme contribute to raising awareness of sustainability among employees and guests.

RISKS



Terme Sveti Martin's operations are exposed to numerous risks arising from climate change and regulatory frameworks. Physical climate risks, such as droughts, heatwaves, floods, and storms, can negatively affect the resort's infrastructure, reduce water availability, and increase maintenance costs. Transition risks include adapting to new legislative requirements, particularly those related to the EU taxonomy and ESG standards, which may require additional investments and adjustments to business models. Operational risks also exist, such as supply chain disruptions, rising energy costs, and waste management challenges. Failure to meet guest and stakeholder expectations in sustainability can lead to reputational damage and reduced market competitiveness.



OPPORTUNITIES

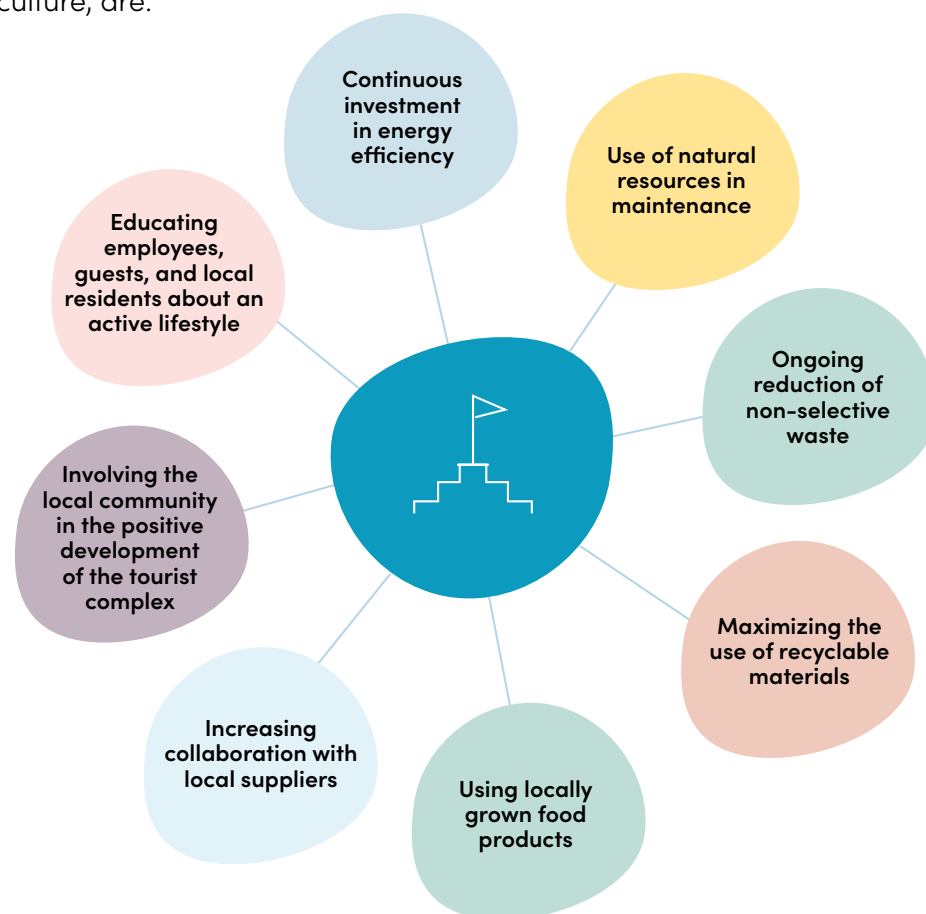


Terme have significant potential to strengthen sustainable business practices through further investments in renewable energy, digitalization, and circular economy infrastructure. Alignment with ESG standards and sustainability certifications creates opportunities for stronger market differentiation, attracting environmentally conscious guests, and accessing sustainable financing sources.

12.1.2. Business Ethics and Corporate Culture

According to the Quality and Environmental Management Regulations, the corporate culture of Terme includes encouraging the fulfillment of societal needs, specifically those of the local community, through either financial contributions or employee volunteer activities. It promotes responsibility for protecting the natural environment as well as ensuring the health and safety of employees and guests, as a core corporate value, by encouraging the development of innovative and flexible solutions that bring positive change.

The main areas of activity, and therefore the impact of Terme as well as the foundation of corporate culture, are:



A **Corporate Culture Manual** has been adopted, which defines business objectives and desirable employee behavior to foster and spread Terme's positive corporate culture.

12.1.3. Suppliers and Payment Practices

Terme are strongly focused on local and domestic production and have defined obligations to pay suppliers on time in accordance with contractual commitments, an unwritten rule that they adhere to strictly and without exception. Terme are aware of their responsibility as an exceptionally significant economic entity in the region. For some micro-suppliers (family farms/OPGs), over **80% of their revenue** comes from doing business with Terme, and it is Terme's responsibility—which they take seriously—not to put their suppliers, partners, or the local community at risk of liquidity issues.

Terme also invest in the business development of key suppliers, specifically in improving business processes, and share their knowledge (know-how) and best practices with them.

12.1.4. Political Influence and Lobbying

Terme are against any material or financial support for political parties. Direct political lobbying outside of business organizations is prohibited. Over the past three years, the company has participated in shaping public policies through written comments collected by business organizations, direct comments or proposals to competent authorities, public appearances in the media and expert discussions, engaging intermediaries who could exert influence (e.g., PR/lobbying agencies or influential intermediaries), and active involvement of Board members in business and interest organizations. Additionally, over the past three years, the company has participated in industry-level social dialogue, given that various relevant policies were being developed during this period, ranging from energy efficiency to sustainable tourism development in Croatia.



12.1.5. Animal Welfare

Terme Sveti Martin is a proud pet-friendly tourist complex that does everything possible to ensure the welfare of pets and other animals. They are committed to promoting animal welfare and have carried out several initiatives to support this goal. One way they contribute to animal shelters is through recycling old materials. Instead of discarding items, they repurpose and donate them to local animal shelters. This helps provide much-needed resources and comfort for the animals under care.

well-being of their four-legged and events, they have as the loud noises opting for alternative they create a calm, for both pets and all animals living when guests Terme Sveti generated from animal shelters. directly contributes need. Through active implementing pet-friendly an inclusive and compassionate environment. Terme Sveti Martin is a place where pets are respected and cared for, and every stay positively impacts the lives of animals in the destination. Terme Sveti Martin also care for stray animals by providing them with food and accommodation. They believe in showing compassion to animals in need and strive to create a safe and nurturing environment for them within the complex. To promote the importance of animal protection, Terme Sveti Martin have chosen a doe, Martina, and a stag, Marti, as their mascots. These symbolic mascots serve as a reminder to guests of the need to respect and care for wild animals.



Their priority is the safety and guests. During celebrations chosen not to use fireworks, can disturb animals. By forms of celebration, stress-free environment their owners, as well as nearby. Additionally, bring their pets to Martin, all revenue pet stays is donated to In this way, a pet's stay to the welfare of animals in support of animal shelters and policies, Terme aims to create



Tabular overview of CAPEX, OPEX, and revenue in accordance with the Taxonomy Regulation

Share of revenue from products or services associated with economic activities aligned with the EU Taxonomy in 2024

Economic activity	Code	REVENUE		Criteria for substantial contribution to environmental objectives						Criteria for the Do No Significant Harm (DNSH) principle						MSS (YES/NO)	Share of revenue aligned with the EU Taxonomy (%)	Enabling activity (O)	Transitional activity (P)			
		Absolute revenue (EUR)	Share	CCM (%)	CCA (%)	WTR (%)	CE (%)	PPC (%)	BIO (%)	CCM YES/NO	CCA YES/NO	WTR YES/NO	CE YES/NO	PPC YES/NO	BIO YES/NO							
A.1 Environmentally sustainable activities (aligned with the EU Taxonomy)																						
/		€	0%	0%	0%	0%	0%	0%	0%	/	/	/	/	/	/	/	0%	/	/			
Revenue from environmentally sustainable activities (A.1)		€ -	0%	0%	0%	0%	0%	0%	0%	/	/	/	/	/	/	/	0%	0%	0%			
A.2 Taxonomy-eligible but environmentally unsustainable activities (not aligned with the EU Taxonomy)																						
2.1 Hotels, resorts, campsites and similar accommodation	155.10 155.20 155.30	€ 10.013.509,00	97%	/	/	/	/	/	97%	YES	NO	NO	YES	YES	/	NO	97%	/	/			
Revenue from taxonomy-eligible but environmentally unsustainable activities (A.2)		10.013.509,00 €	97%	0%	0%	0%	0%	0%	97%	YES	NO	YES	YES	YES	/	NO	92%	/	/			
(A.1 + A.2)		10.013.509,00 €	97%																			
B. Taxonomy-ineligible activities																						
Revenue from taxonomy-ineligible activities (B)		354.970,00 €	3%																			
Total (A+B)		10.368.479,00 €	100%																			

Share of capital expenditures for products and services associated with economic activities aligned with the EU Taxonomy in 2024

CAPITAL EXPENDITURES

Economic Activity	Code	EXPENDITURES		Criteria for substantial contribution to environmental objectives						Criteria for the Do No Significant Harm (DNSH) principle						MSS (YES/NO)	Share of CapEx aligned with the EU Taxonomy (%)	Enabling Activity (O)	Transitional Activity (P)
		Absolute CapEx	Share	CCM (%)	CCA (%)	WTR (%)	CE (%)	PPC (%)	BIO (%)	CCM (YES/NO)	CCA (YES/NO)	WTR (YES/NO)	CE (YES/NO)	PPC (YES/NO)	BIO (YES/NO)				
A.1 Environmentally sustainable activities (aligned with EU Taxonomy)																			
/	/	€ -	0%	0%	0%	0%	0%	0%	0%	/	/	/	/	/	/	/	0%	0%	0%
Expenditure (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	/	/	/	/	/	/	/	/	0%	0%
A.2 Taxonomy-eligible but environmentally non-sustainable activities (not aligned with EU Taxonomy)																			
6.4. ¹²	*13	15.594,00€	3%	3%	/	/	/	/	/	/	NO	/	NO	/	/	NO	3%	/	/
6.5. ¹⁴	*15	3.018,00€	1%	1%	/	/	/	/	/	/	NO	/	NO	NO	/	NO	1%	/	/
7.3. ¹⁶	*17	9.464,00€	2%	2%	/	/	/	/	/	/	NO	/	/	NO	/	NO	2%	O	/
2.1. ¹⁸	155.10 155.20 155.30	442.154,00€	94%	/	/	/	/	/	/	94%	YES	NO	NO	YES	YES	/	94%	/	/
Expenditure (A.2)		470.230,00	100%																
(A.1 + A.2)		470.230,00	100%																
B. Taxonomy-non-eligible activities																			
Revenue from taxonomy-non-eligible activities (B)		€ -	0%																
Total (A+B)		470.230,00	100%																

¹²Operation of personal mobility devices, bicycle logistics
¹³N77.11, N77.21
¹⁴Transportation by motorcycles, passenger cars, and light commercial vehicles
¹⁵H49.32, H49.39, N77.11
¹⁶Installation, maintenance, and repair of equipment for energy efficiency
¹⁷F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12
¹⁸Hotels, resorts, campsites, and similar accommodation

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