Sustainability policy

Content

General

Definition of sustainability

"Sirma Group Holding" JSC and its subsidiaries (Sirma, the Group, the Company) consider sustainability as the basis for their activity.

Sirma adopts the definition of sustainability given by the United Nations World Commission on Environment and Development: "*meeting the needs of the present without compromising the ability of future generations to meet their own needs, by striking a balance between economic growth, environmental protection, and social well-being*".

Legal framework

Sirma's sustainability policy is in compliance with the requirements of Regulation 2020/852 adopted by the EP regarding the taxonomy of sustainability, the Corporate Sustainability Reporting Directive (CSRD – successor to the Non-Financial Reporting Directive), the European Sustainability Reporting Standards (ESRS) applicable to it, and their transposition into Bulgarian legislation.

Due Diligence of Sustainability Topics

Under the guidance of the "Committee on Sustainability", Sirma underwent a due diligence process on sustainability topics, as defined in the ESRS. In this process, the different topics, Sirma's impact, the associated risks and opportunities were analyzed. This analysis identifies the material sustainability topics for Sirma. Various KPIs were then defined for the purpose of their management. Measuring, analyzing and disclosing the values of these indicators makes it possible to manage the material topics for Sirma – reducing negative impacts, reducing the impact of risks and making the most of the opportunities related to the sustainability

topics. This process and its results are documented in the "Sirma's Methodology for Sustainability Due Diligence".

The due diligence will be carried out annually, so that its results may be revised according to the changing environment and requirements.

Risks and opportunities

Each year Sirma conducts a due diligence review of the Company's material sustainability topics, their impacts, risks and opportunities. The identified material topics and their associated impacts, risks and opportunities are described in detail in the "Sustainability Due Diligence Methodology".

By implementing the Sustainability Policy (the Policy), Sirma **manages** the material topics of sustainability, **reduces the negative impact**, reduces the negative effect of various **risks** that could threaten the Group's activities and outlines various **opportunities** related to sustainability. By implementing the Policy, the Group while developing sustainably also helps to protect the natural environment, develops the social environment and seeks the realization of various opportunities related to sustainability topics.

In addition, the implementation of the Policy **reduces costs** related to realized risks (e.g. preventing the loss of quality qualified employees), as well as leads to a **direct economic/financial effect** (e.g. production of cheap and sustainable electricity from renewable sources).

Elements of sustainability

Sirma identifies the following main components of its sustainable development (ranked in descending order of their double materiality for the Group):

- Economic sustainability

- Social sustainability, which includes:
  - Employee resilience (internal sustainability)
  - Sustainability along the value chain (external sustainability)

- Governance sustainability

- Sustainability of the ecological footprint of the activity

ECONOMIC SUSTAINABILITY

Sirma was created to perform a specific economic activity, satisfy specific customer needs and achieve a

positive financial result. The financial and economic sustainability of the Company **is the basis** for all other forms of sustainability (as described in the definition of sustainability by the UN as stated above). An economically strong company has the opportunity to improve its environmental practices, develop its social program and improve its governance.

Sirma mainly performs "IT services" and "Software development" for its corporate clients (B2B) from various verticals. Through this activity, Sirma helps client organizations to achieve and/or develop their digitalization.

Our Comitment

"We are committed to accumulating knowledge about Sirma's various verticals of specialization, which, in combination with the most modern and innovative technological solutions, will help us transform various processes, activities and entire industries for the benefit of our clients and their end users."

Sirma

Steps to achieving this comitment

At Sirma, we believe that the digitalization we provide to our clients (our impact) leads to **sustainability and added value** for them and their activity:

- increasing the **efficiency** of each activity, by optimizing work processes of our clients;

- improving **working conditions**, by eliminating routine and repetitive operations and providing the opportunity for our clients' employees to focus their efforts on high-value-added activities;

- **reducing the negative environmental footprint** of their activities by reducing and eventually eliminating the need to use paper, reducing the energy required to perform digitalized activities and reducing and eventually eliminating the need to purchase hardware (through our cloud services and data center).

In this way, Sirma **impacts** its clients to become more sustainable and competitive, which in turn contributes to minimizing all risks associated with the economic sustainability. The increased sustainability of our clients as a result of Sirma's activities also ensures the sustainability of new orders for our products and services.

Material topic

"Clients and end users" is a doubly material topic for Sirma.

Measurement and management of the economic sustainability

Sirma **measures** its economic sustainability using various indicators, among which:

- sales revenue;

- EBITDA;

- Net profit;

- Number of new orders and returning customers;

- Other KPIs and ratios.

The results of the measurement of these indicators are analyzed for the purpose of operational management of the economic activity of Sirma. Data from this evaluation is published in the quarterly and annual financial reports of the company.

SOCIAL SUSTAINABILITY

Internal social sustainability

Sirma considers the employees of the Group to be its main asset, which contributes to the sustainability of the activity.

The analysis of **risks and opportunities** for sustainable social development is carried out annually by the "Investment, Risk and Sustainability Committee", applying the "Methodology for the Implementation of CSRD". The results of this analysis are presented to the Board of Directors and serve as basis for the proper operational management of Sirma.

Our commitment

> "We are not satisfied with being just a 'fair employer' for our employees, fulfilling all legal requirements for employer care. We strive to be a 'preferred employer', whose care contributes to pride in achievement, professional growth, decent income, balance and social well-being of our employees."
>
> *Sirma*

Steps to achieving this comitment

The decrease or mitigation of any of the above risks tally the opposite **opportunities**. Sirma is committed to actively working to ensure the sustainability of its teams (**social impact**) and overcome the associated risks by:

- ensuring equality and equal treatment of all its potential and current employees;

- selection of highly qualified employees and constant improvement of their expertise through additional educational courses;

- promoting a culture of training and development among employees;

- creation and maintenance of its own Academy for personnel training and attracting quality personnel;

- competitive remuneration related to the achieved results, which is higher than the industry average for the territory of operations;

- provision of a healthy working environment and the possibility of remote work;

- provision of additional full health insurance for employees;

- provision of various additional health activities aimed at supporting healthy eating and healthy physical activity among employees;

- provision of additional events to support the cohesion of the various teams in the Group.

The **goal** of employee sustainability work is to achieve a diverse and sufficient workforce consisting of healthy, well-prepared, motivated employees who achieve personal satisfaction from the achieved results of the team's activities of which they are a part.

Material topics

Internal social sustainability is leading in its materiality for Sirma, containing three of the six material topics for the Company with almost maximum scores:

- Fair employer

• Preferred employer

• Lifelong learning

Measurement and management of internal social sustainability

The sustainability of Sirma employees is **measured** by:

- the average length of employment or management commitment to the companies in the Group measured in years;

- amount invested for training and qualification courses for the employees;

- total number of man-hours of training or qualification per year;

- other employee sustainability KPIs as defined in the annual Sustainability due diligence process (See "Methodology for Sustainabity").

The results of the measurement of these indicators are analyzed for the purpose of operational management of the various internal social measures enacted in Sirma. Data from this evaluation is published in the "Annual Sustainability Report".

External social sustainability

Four of the stakeholder groups are part of Sirma's value chain, but are external to the Company (see "Stakeholders" from the "Methodology for Sustainability Due Diligence"). These are:

- **Suppliers** of goods and services that are key to Sirma's business (hardware suppliers, cloud service providers, software providers, banks, regulators, etc.);

- **Clients** are the focus of Sirma's Mission and the reason for its existence. Sirma divides its activities into verticals/segments, taking into account the needs of its customers and the specific knowledge that is needed to serve them (banks, insurance companies, logistics companies, hotel chains, etc.). Sirma is a B2B company and accordingly the majority of its customers are other business organizations;

- **End users** are the customers of our customers (the end users of a payment system created by Sirma for its bank client). Although Sirma has no direct contact with them, the latter represent an important part of the Company's value chain;

- **Social communities** neighboring the operations of Sirma.

The sustainability of these external stakeholders is transferred to the sustainability of Sirma. Therefore, its research and management increases the sustainability of the Company.

Our commitment

> "Together with our suppliers, with whom we share common values, to provide our customers, end users and surrounding communities with added value that helps them become more sustainable themselves."
>
> *Sirma*

Steps to achieving this comitment

On suppliers

- Spreading Sirma's sustainable values, as described in this Policy, to our sub-contractors;

- Encouraging work with suppliers that have sustainable practices.

On customers

- To acquire and maintain a maximum level of knowledge of customer verticals and their IT needs;

- To be well-versed in the latest IT products and services in the world;

- To be as innovative as possible in combining the above two points to provide first-class IT products and/or services to our customers;

- Through the use of our products and services, our customers become more sustainable, efficient and competitive.

For more information, see "Economic Sustainability" above.

On end users

- Strengthening digital inclusion;

- Facilitation and optimization in everyday life;

- Digital security.

On communities

- Assistance in digital qualification and requalification of willing community members;

- Acceptance, inclusion and care for the community representatives appointed to Sirma (see "Internal social sustainability" above);

- Joint events, financial and material support to local educational institutions, schools and universities in

the digital sphere;

- To support and develop budding entrepreneurs and innovators in the digital sphere;

- Positive impact from various initiatives of Sirma employees and managers.

Material Topics

The due diligence showed that external social sustainability has no material sustainability topics for Sirma. However, two of the external social sustainability topics, although with lower scores for impact, risks and oportunities, remain under monitoring:

- Social Contribution

- Working Conditions in the Value Chain

Measurment and management of the external social sustainability

The sustainability of participants in Sirma's value chain is measured through indicators determined during the annual due diligence process (see "Sustainability Methodology"), which include:

- Duration in years of partnering with a given supplier;

- Repeat sales to old customers – percentage of turnover;

- Number of learning initiatives and number of students at Sirma Academy;

- Other KPIs as determined by the sustainability due diligence.

The results of the measurement of these indicators are analyzed for the purpose of operational management of the various initiatives with the participants in the Sirma value chain. Data from this measurement are published in the "Annual Sustainability Report".

ENVIRONMENT

A sustainable natural environment is crucial for Sirma's overall long-term sustainability. The company strives to measure, control and reduce the negative impact that its activities have on nature. At Sirma, we are convinced that a responsible attitude towards our surroundings should not collide with economic development and/or the social contribution of our activities. Quite the opposite – these three types of impact must be balanced in order to achieve true corporate sustainability.

Sustainable practices such as producing our own energy from renewable sources, energy-efficient hardware, cloud computing and responsible management of e-waste minimize environmental impact while optimizing operational efficiency and increasing competitiveness. This not only corresponds to the growing consumer demand for environmentally friendly businesses, but also improves corporate reputation and compliance with

environmental regulations. In addition, environmental sustainability can lead to cost savings and improved brand perception among environmentally conscious stakeholders.

The sustainability due diligence in Sirma (see Sustainability Due Diligence Methodology) has proven the following **negative impacts** of the Company's activities on the natural environment:

- Greenhouse gases generated from fossil fuel energy used

- Generation of electronic waste

- Water consumption

The identified impact and material **risks and opportunities** related to the sustainability of the natural environment are updated annually through the application of the "Sustainability Due Diligence Methodology".

Our commitment

"We will make every effort to minimize the negative impact of our activities in terms of energy use, e-waste and water consumption."

Sirma

Steps to achieving this comitment

Sirma will achieve this comitment by:

- maintenance and improvement of energy-efficient offices;

- minimizing the amount of paper used and its use in Sirma's offices only when this is a regulatory/legal requirement;

- full implementation and maximum evaluations of all recommended practices for energy efficiency of the Sirma Data Center, according to the European Code of Conduct on Data Center Energy Efficiency;

- reducing e-waste and achieving complete recycling of hardware that has gone out of use;

- improving energy efficiency;

- increasing the use of electricity from (own) renewable sources;

- maintenance of the system that allows the remote work of Group employees;

- limiting trips that use carbon fuels;

- encouraging remote video-conferences.

In this way, we believe that we will contribute to reducing the negative impact of our activities on the natural

environment and reduce the identified risks associated with this.

Material Topics

The Sustainability Due Diligence has determined two environmental topics which have material impact, risks and opportunities for Sirma:

- E-waste management

- Combating climate change

Measurement and management

We **measure** the sustainability of Sirma's environmental impact by:

- the percentage share of recycled unnecessary hardware, aiming for the achievement of full recycling;

- the amount of electricity used per employee;

- the percentage share of used electricity that is produced from renewable sources;

- the amount and percentage share of used electricity that is produced from its own renewable sources;

- the number of days of business trips of Sirma employees related to the total number of employees;

- number of official vehicles and their annual mileage;

- number of environmental initiatives for Sirma employees;

- onther KPIs as detailed in the Methodology for Sustainability Due Diligence.

The results of the measurement of these indicators are analyzed for the purpose of operational management of environmental impact, risks and opportunities. Data from this measurement are published in the "Annual Sustainability Report".

SUSTAINABLE GOVERNANCE

At Sirma we believe that sustainable corporate governance is the glue between all other elements of sustainability.

To protect good practices and impact, as well as to overcome the risks associated with the lack of sustainable governance, and benefit from its opportunities, Sirma has developed a system of instructions, policies, procedures and codes. The latter are absolutely mandatory for compliance by all employees of the Group. These documents are published on the website www.sirma.com.

Our commitment

> "Sirma is committed to building and continuously improving an ethical, transparent, secure and accountable management system and corporate culture."
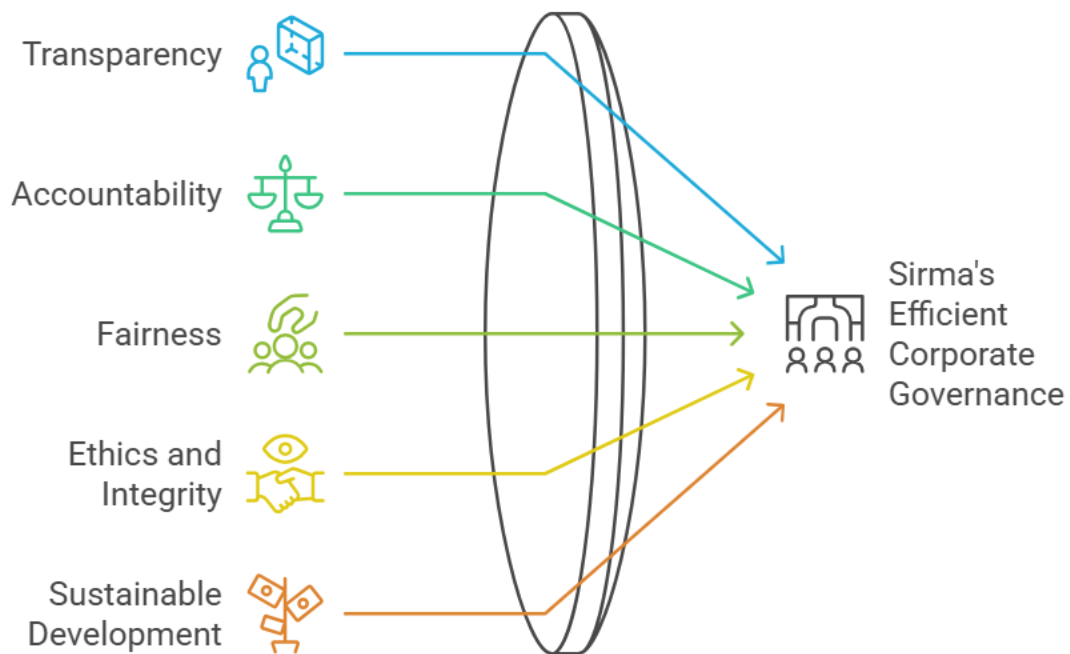> *Sirma*

Steps to achieving this comitment

Sirma will achieve this commitment by following these steps:

- Building operations that are protected from corruption and related phenomena;

- Ensuring quality control of activities and results;

- Ensuring equal treatment of different categories of stakeholders;

- Protecting the Company from any form of discrimination that would violate social sustainability;

- Protection and control from abuse of inside information;

- Ensuring compliance and prevention of any sanctions from state and regulatory authorities;

- Cybersecurity and data protection of the Company and its customers;

- Compliance with the following principles of corporate governance.

Principles of corporate governance

Corporate governance principles are essential for the successful functioning of Sirma. They provide a framework for decision-making that is transparent, accountable and ethical. Adherence to these principles not only improves business management, but also strengthens stakeholder trust and builds a stable corporate culture, which are key to the sustainable development of the organization.

Principles of Corporate Governance of Sirma

1. Transparency

Transparency is a fundamental principle of corporate governance that requires that information about Sirma be easily accessible, timely, and understandable to all stakeholders. This includes financial statements, strategies, risks and other important aspects of the business. Transparency helps build trust between shareholders, employees and the public.

2. Accountability

Accountability is another important principle that requires managers and Board of directors to act in the best interests of the company and its shareholders. They should make decisions that benefit the long-term value of the company, not just short-term profits. Accountability also includes accountability for the actions and decisions that are taken.

3. Fairness

Fairness in corporate governance means that all shareholders and stakeholders should be treated equally. This includes protecting the rights of small shareholders and ensuring equal access to information. Fair governance is important for preventing conflicts of interest and promoting good practices.

4. Ethics and Integrity

Ethics and integrity are fundamental principles that should guide the behavior of managers and employees. The corporate culture should promote honesty, integrity and responsibility. Compliance with ethical standards
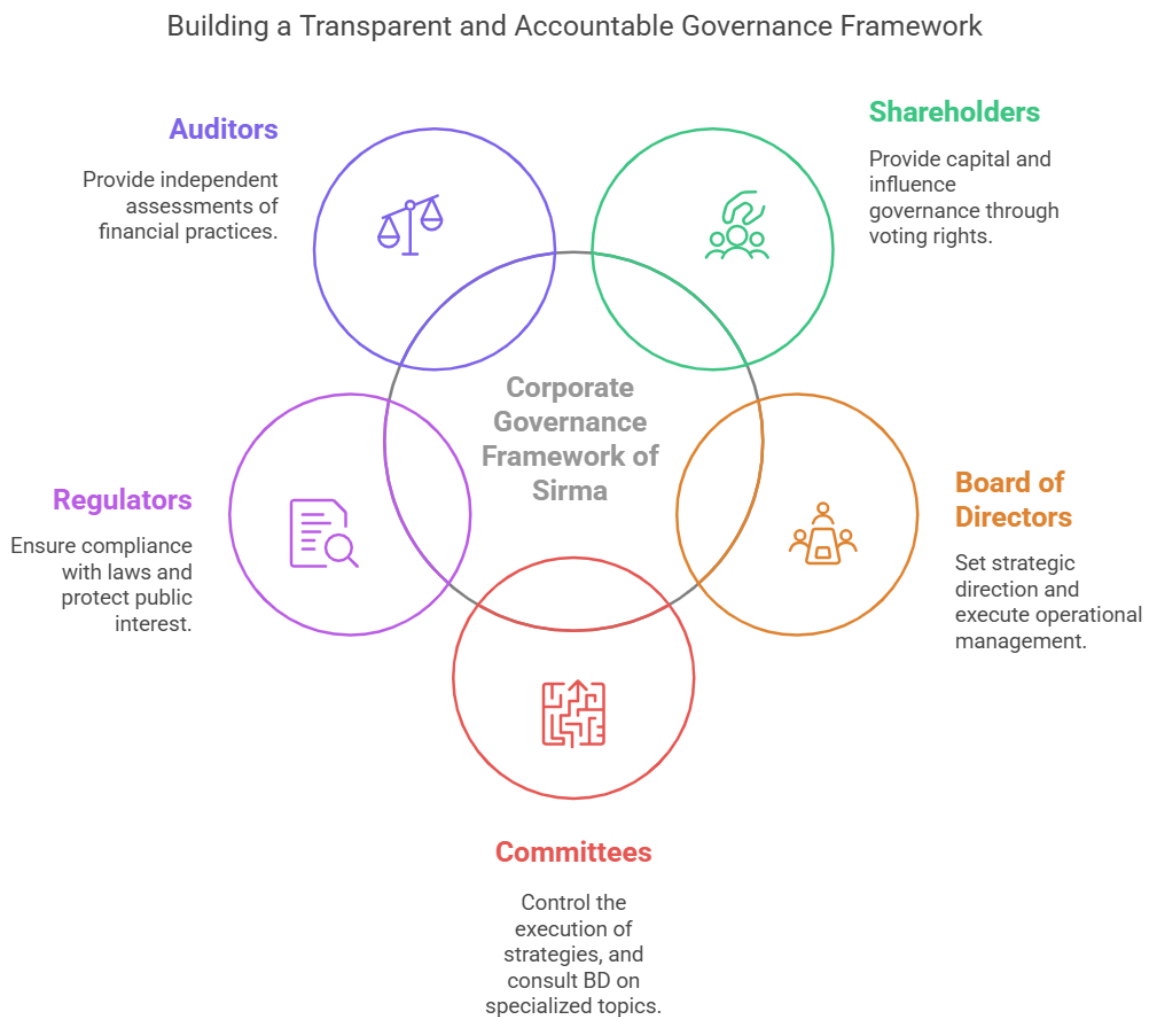
is essential for building a positive image of the company and maintaining trust among customers and partners.

5. Sustainable Development

Sustainable development is a principle that emphasizes the need for a balance between the economic, social and environmental aspects of business. Companies should strive to minimize their negative impact on the environment and contribute to social well-being. Sustainable management is key to the long-term success of business.

Driving Forces

The corporate governance system of Sirma (built on the above principles) organizes, directs and controls all processes in the Company. Its main driving forces and their discrete functions within this framework are:

Building a Transparent and Accountable Governance Framework

Auditors

Provide independent assessments of financial practices.

Shareholders

Provide capital and influence governance through voting rights.

Corporate Governance Framework of Sirma

Regulators

Ensure compliance with laws and protect public interest.

Board of Directors

Set strategic direction and execute operational management.

Committees

Control the execution of strategies, and consult BD on specialized topics.

Responsibility and control

The corporate governance framework of Sirma is under the direct control of the Board of Directors and the operational management of the Chief Operating Officer. The remuneration policy of the Board of Directors, which is adopted by the General Meeting of Shareholders, links the remuneration and bonuses of the Board of Directors to the achieved results.

The management system consists of a number of internal documents that help regulate a number of internal functions, with each group of documents having a designated coordinator, and he in turn – a department head, who is also a member of the Board of Directors, as follows:

- Internal documents related to the management of Sirma's **human potential** with the coordinator HR Director with the department head Chief Talent Management Director;

- Internal documents related to the **sustainable development** of Sirma with the coordinator Sustainable Development Director with the department head Chief Financial Officer;

- Internal documents related to **digital security** with the coordinator Cybersecurity Officer with the department head Chief Operating Officer;

- Internal documents related to **certification under various ISO standards** with a coordinator Responsible for Compliance with the department head Chief Operating Officer.

The control over the implementation of the provisions of the internal documents of the companies and the results achieved is carried out by:

- Board of Directors of the companies in the Group;

- Audit Committee;

- External licensed auditor;

- General meeting of shareholders;

- External regulators.

Material topics

The sustainability due diligence identified two governance topics that are important for Sirma. The first one has a material score for its impact, risks and opportunities for the Group, and the second one, although not as highly scored, also remains important for the business:

- Shareholder Care

- Corporate Governance, Values and Dialogue

Measurement and sustainable governance

Sirma's sustainable governance is measured by the various indicators, some of which are:

- Absence of discrimination of employees of different genders - as a percentage ratio between male and female employees;

- Number of signals of corruption, bribery or other types of abuse, according to the Group's internal documents;

- Number of registered breaches in Sirma's digital security system;

- Number of sanctions imposed by the regulators of Sirma's activities and amount of fines;

- Strict compliance with the regulated deadlines for disclosing complete information on the company's development each quarter;

- other indicators defined in the Sustainability Methodology.

The results of the measurement of these indicators are analyzed in order to achieve sustainable operational governance. Data from this measurement are published in the "Annual Sustainability Report".

DISCLOSURE

Sirma discloses all information related to sustainability in its annual Sustainability Report as part of the annual Consolidated Reports and in accordance with regulatory requirements.

ADDITIONAL PROVISIONS

§1. This Policy was developed by the Board of Directors of "Sirma Group Holding" JSC.

§2. The latest update of the Policy is from September 30, 2024 related to the transposition of the Corporate Sustainability Reporting Directive (CSRD) into the Bulgarian legislation.

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