

SUSTAINABILITY POLICY

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I. GENERAL

Art. 1. "Sirma Group Holding" JSC and its subsidiaries (Sirma, the Group) consider sustainability as the basis for their activity.

Art. 2. 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"*.

Art. 3. 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.

Art. 4. By implementing the Policy for Sustainable Development (the Policy), Sirma reduces or completely eliminates various risks that would threaten the Group's operations. At the same time, by implementing the Policy, the Group helps to protect the natural and social environment.

Art. 5. The Policy **reduces costs** associated with realized risks (e.g. prevention of losses of qualified employees) as well as leads to **direct economic and financial benefits** (e.g. production of cheap and sustainable electricity from renewable sources).

Art. 6. Sirma identifies the following main components of its sustainable development (ranked in descending order of their effect on the Group):

- Social sustainability
 - Sustainability of the activity and its results (external sustainability)
 - Employee resilience (internal sustainability)
- Governance sustainability
- Sustainability of the ecological footprint of the activity

II. SOCIAL SUSTAINABILITY

External social sustainability

Art. 7. Sirma mainly performs "IT Services" and "Software Development" for its corporate clients (B2B) from various verticals. Through this activity, Sirma helps client organizations achieve and/or develop their digitalization.

Art. 8. Sirma has identified the following **risks** of external social instability:

- Reduction of clients and contraction of activity;
- Reduction of the demand for products and services that support the sustainability of buyers;
- Regulatory limitations on sales of products and services that support customer sustainability.

Art. 9. At Sirma, we believe that the digitalization we provide to our customers is the way to:

- increase the efficiency of each activity by optimizing work processes;
- improve working conditions by eliminating routine and repetitive operations and enabling our clients' employees to focus their efforts on activities with high added value;
- reduce the negative ecological footprint by reducing and possibly eliminating the need to use paper, reducing the energy required to perform digitized activities and reducing and possibly eliminating the need to purchase hardware (through our cloud services and data center).

This helps our customers to be resilient and competitive, which in turn contributes to minimizing the risks described above.

Art. 10. The increased sustainability of our customers as a result of Sirma's activity also ensures the sustainability of new orders for our products and services.

Art. 11. Sirma's **goal** is to help its customers become more sustainable by continuously improving its services and products in line with the world's leading technologies, thereby creating a loyal and sustainable customer base and reducing the possibility of realizing the above risks.

Art. 12. Sirma **measures** the sustainability of its customer base by annually measuring new orders from existing customers as a percentage of total sales. Data from this measurement are published in the Annual Non-Financial Consolidated Report.

Internal social sustainability

Art. 13. Sirma considers the employees of the Group to be its main asset, which contributes to the sustainability of the activity.

Art. 14. Identified material risks related to the sustainability of our employees include:

- inability of employees to perform their duties (e.g. restrictions on movement during a

pandemic);

- shortage of qualified employees;
- insufficient professional training for employees;
- deterioration of the employees' health condition;
- poor team coordination;
- lack or weak motivation of employees.

Art. 15. Sirma is committed to actively working to ensure the sustainability of its teams 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;
- 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.

Art. 16. 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.

Art. 17. 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;
- total number of man-hours of training or qualification per year.

Data from this measurement are published in the Annual Non-Financial Consolidated Report.

III ENVIRONMENT

Art. 18. The subject of the Group's activity does not have a serious negative impact on the natural environment. The main carbon footprint of Sirma's activity is:

- the building owned by Sirma and housing the HO of the Group;

- own data center;
- electrical energy, which is used directly in the activity, as well as to ensure a comfortable working environment in the Group's offices;
- hardware;
- business trips.

Art. 19. Identified **risks** if environmental sustainability is poor:

- extreme weather events that hinder the Group's activities;
- disrupted supply chains and shortages of hardware components that are necessary for the Group's operations;
- increase in the price of electricity;
- restrictive mode of electricity use;
- shortage of electrical energy, as a result of stopping or restricting the activity of power plants that use coal.

Art. 20. Sirma's **goal** regarding the relationship between its activity and the environment is:

- maintenance of an energy-efficient building, in which the Group's headquarters are located, and fulfillment of the requirements for acquiring a "class A" energy efficiency certificate;
- 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;
- achieving complete recycling of hardware that has gone out of use;
- improving energy efficiency and increasing the use of electricity from (own) renewable sources;
- development and implementation of a system that allows the remote work of Group employees;
- limiting trips that use carbon fuels.

In this way, we believe that we will contribute to reducing the identified risks of the unsustainability of the natural environment and their consequences.

Art. 21. 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.

Data from these measurements are published in the Annual Non-Financial Consolidated Report.

IV. SUSTAINABLE GOVERNANCE

Art. 22. The management of the companies in the Group is of primary importance both for the activity and for overcoming all the risks described above in the Policy.

Art. 23. The identified risks of a lack of sustainable management are:

- The occurrence of corruption that impairs Sirma's competitiveness;
- Lack of quality control of activity and results;
- Unequal treatment of different categories of interested persons;
- The occurrence of discrimination that would disrupt social sustainability;
- Abuse of inside information;
- Imposition of fines by state control bodies;
- Breach of cyber-security and compromise of the company's computer systems, including loss and misuse of inside information.

Art. 24. To overcome the risks associated with the lack of sustainable governance, Sirma has built 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 and include:

- Work instructions for employees who have access to inside information;
- Accounting policy;
- Management staff remuneration policy;
- Social code of conduct for employees from the financial and accounting spheres;
- Program for good corporate governance;
- Rules for the work of the Board of Directors;
- Ethical code of conduct;
- Dividend policy;
- Policy against corruption and related phenomena;
- Internal whistleblowing rules and whistleblower protection;

- Policy on privacy and storage of personal data.

Art. 25. The control over the implementation of the prescriptions of the internal documents of the Group is carried out by:

- Board of Directors of the companies in the Group;
- Audit Committee;
- External licensed auditor.

Art. 26. The **goal** of the sustainable governance implemented by Sirma is to achieve absolutely transparent, predictable management and proper notification of all interested parties about the results of the activity.

Art. 27. Sirma's sustainable governance is **measured** by:

- Lack of discrimination against employees of different genders, such as percentage ratio between men and women;
- Number of reports of corruption, bribery, or other types of abuse, according to the Group's internal documents.

Data from these measurements are published in the Annual Non-Financial Consolidated Report.

Due to the complete lack of discrimination related to:

- The religious views of employees;
- The ethnicity of the employees;
- The health condition of the employees and
- The age of employees

The group does not collect information related to these indicators and does not measure them.

V. DISCLOSURE

Art. 28. Sirma discloses its Non-Financial Consolidated Report in accordance with the European taxonomy as part of the annual consolidated reports and in accordance with regulatory requirements.

VI. 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, 2023 related to the preparation for the transposition of the Corporate Sustainability Reporting Directive (CSRD) into the Bulgarian legislation.

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