

Responsible AI Principles

Public Statement

Commitment

CONCORD commits to the development and deployment of artificial intelligence (AI) systems and other emerging technologies in a manner that is lawful, transparent, human-centric, robust, secure, and aligned with internationally recognized rights. This Statement is the public articulation of ESG Reporting, Stakeholder Engagement, Customer Welfare and AI Ethics Policy §10 and represents a binding commitment of the Group.

Applicable Regulatory Framework

- **EU Artificial Intelligence Act (Regulation (EU) 2024/1689)** - primary regulatory framework for AI in the European Union;
- **Fundamental Rights Impact Assessment ('FRIA')** for high-risk AI systems pursuant to Article 27 EU AI Act;
- **NIST AI Risk Management Framework** - voluntary US framework; Group voluntarily applies;
- **ISO/IEC 42001 AI Management System** - under consideration for adoption;
- **EU GDPR Article 22** - restrictions on automated decision-making producing legal or similarly significant effects;
- **OECD AI Principles** and the **UNESCO Recommendation on the Ethics of Artificial Intelligence**.

Seven Binding Principles

- 1. Human-centric - AI augments rather than replaces human judgement in consequential decisions. Human oversight is maintained in production deployment of any AI system that affects rights, employment, credit, or other consequential outcomes.
- 2. Lawful and aligned with rights - AI development and deployment shall comply with the EU AI Act and applicable national and sectoral regulation. The Group shall not develop or deploy any practice listed in Article 5 EU AI Act (subliminal manipulation; exploitation of vulnerability; social scoring by public authorities; real-time remote biometric identification in public spaces except as narrowly permitted; predictive policing on the sole basis of profiling; emotion recognition in workplaces or educational institutions; biometric categorization; untargeted scraping of facial images).
- 3. Transparent and explainable - users shall be informed when interacting with an AI system; system design shall support explanation appropriate to the use context and audience.
- 4. Robust, accurate, and secure - AI systems are tested for performance, bias, robustness, and security; red-teaming and adversarial testing applied to material AI systems before deployment and on material change.

- 5. Privacy and data governance - AI training data shall be lawfully obtained, of appropriate quality, with privacy and intellectual-property rights respected.
- 6. Accountability - clear roles including AI Ethics Board oversight chaired by the Chief Technology Officer; human oversight in production; redress mechanisms for affected persons.
- 7. Fair and non-discriminatory - AI systems shall actively mitigate unlawful bias across protected characteristics.

Operational Requirements

- AI Inventory and Classification Register maintained for all AI systems developed or deployed by the Group;
- Fundamental Rights Impact Assessment (FRIA) conducted for high-risk AI systems pursuant to Annex III of the EU AI Act;
- AI Ethics Board chaired by the CTO; quarterly meetings minimum; review of new use cases and material changes;
- AI Transparency Notices published per site - EU AI Act Transparency Notice for the Sofia site;
- Bias testing and red-teaming for material AI systems before deployment and on material change;
- Privacy-preserving techniques including data minimization, differential privacy where applicable, and federated approaches where feasible.

Site-Specific AI Act Interface

The Sofia site of CONCORD Europe serves as the principal operational interface for the staged application of the EU AI Act to the Group, including the future engagement with the Bulgarian competent authority for AI Act enforcement upon designation.