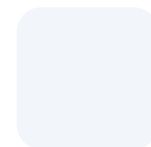


2024



# Sustainability Report

of “Sirma Group Holding” JSC and its Daughter Companies



## Consolidated Sustainability Report under Art. 48-52 of the Accounting Act of “Sirma Group Holding” JSC for the period 01.01.2024 – 31.12.2024

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# Statement by Tsvetan Alexiev

„In 2024, Sirma celebrates 33 years since its founding. Our long history is also proof of Sirma’s resilience in the face of various crises and challenges.

Sustainability has become a popular and controversial term in recent years. Today we publish our first CSRD-compliant Sustainability Report. However, 2024 is not the first year in which we have analyzed the footprint that our activities have on our environment and the impact that this environment has on us.

In 2022 and 2023, we published our our “Non-Financial Declarations” in accordance with the then-current NFRD. But our attitude to to “sustainability” dates back much earlier, although we did not disclose data about it at the time. Its genesis is in the business ethics we apply to our clients, the care for attracting and developing talent at Sirma, transparency towards our shareholders and investors, and last but not least—the care for nature and reducing the footprint of our activities on it. Sirma practices sustainable business not because it is fashionable or legally binding. We do it because it is the most logical business behavior.

Perhaps the most significant event in 2024 for Sirma was the merger of 6 subsidiaries into the parent company—“Sirma” Group Holding” JSC. This formal act strengthened the cohesion of our teams, made our work more effective, united and focused our strengths, and made the Group’s activities more transparent and predictable for our investors.

2025 started turbulently, and the coming years are set to be filled with multiple global crises, changes, and challenges. What has always helped will aid us now—the cohesion of our team, the dedication of our clients, and a sustainable approach to business.”

**Tsvetan Alexiev**

*CEO, Sirma Group Holding JSC*

# Scope

## Definition of Sustainability

“Sirma Group Holding” JSC, and its subsidiaries (Sirma, the Group, the Company) consider sustainability as the basis for their activities.

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

## Compliance with the Paris Agreement

Sirma’s business model and strategy are compatible with the transition to a sustainable economy and with limiting global warming to 1.5 °C in accordance with the Paris Agreement to the United Nations Framework Convention on Climate Change, as well as with the objective of achieving climate neutrality by 2050 at the latest, as set out in Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (OJ L 243/1 of 9 July 2021).

In recent years, Sirma has undertaken:

- Measurement and analysis of its Scope 1 and Scope 2 emissions;
- Installation of a photovoltaic system and start of renewable electricity production;
- Energy efficiency measures.

The goals that the Company sets for itself in the future (see below) aim to further reduce the carbon footprint of its activities in the coming years.

## Audit of the Sustainability Report

Following legislative changes by the Bulgarian Parliament in February 2025 and the postponement of the implementation of the transposed CSRD requirements into Bulgarian legislation by one year, this report has not been audited by an independent licensed auditor.

## Consolidated Basis

This Sustainability Report of “Sirma Group Holding” JSC has been prepared on a consolidated basis, with the scope of consolidation being identical to that for financial reporting, i.e., including all subsidiaries of Sirma, where “Sirma Group Holding” JSC has a majority stake in the capital. The financial information is included in Sirma’s Annual Management Report, Consolidated Financial Statements, and Notes thereto, which are published together with this Sustainability Report.

The companies of the Group have a common strategic framework, corporate values, financial and accounting policies, a vision for good corporate governance, internal regulatory documents, and personnel policy.

Visualization of the organizational structure of “Sirma Group Holding” JSC as of the end of 2024:

**Sirma Group Holding**





## Legal Framework

This Consolidated Sustainability Report has been prepared following the guidelines and requirements of Directive 2022/2464 of the European Parliament and of the Council (the Corporate Sustainability Reporting Directive – CSRD), its transposition into Bulgarian legislation, and the European Sustainability Reporting Standards (ESRS). Information related to the requirements of Regulation 2020/852 (the Taxonomy Regulation) is included in the Environmentally Sustainable Economic Activities section below.

The Consolidated Sustainability Report is an integral part of the Annual Consolidated Activity Report of the Group follows the requirements of Art. 51 of the Accounting Act.

Although Sirma will officially fall under the scope of the CSRD in 2026, we have chosen to adhere to the framework prescribed by the Directive since 2024, in line with our commitment to publicity and transparency.

## Value Chain

Sirma is a B2B company, i.e., the products and services that the company creates are primarily aimed at client companies (e.g., a bank client for an IT payment product). Accordingly, the value chain continues upstream after Sirma’s clients to the end users (e.g., the end user-payer of a bank client for an IT payment product).

Although Sirma generates high added value in its products and services, the company also uses products and services from its suppliers. These are downstream participants in Sirma’s value chain. These include:

- Energy suppliers
- Utility providers
- Subcontracted service providers
- External cloud infrastructure providers
- Hardware suppliers for Sirma’s own use and for resale to customers
- Software suppliers for Sirma’s own use and for resale to customers

The due diligence carried out in 2024 identified end users (upstream) and suppliers (downstream) as as “stakeholders” of Sirma’s activities and as sources of risks and opportunities for Sirma (see “Stakeholders” below). Some of these impacts, risks, and opportunities were also defined in 2024 (see “Dual materiality due diligence” below).

In 2025, Sirma aims to begin data collection and analysis along the value chain, and the inclusion of value chain stakeholders in Sirma’s internal documents and objectives is to be completed, or:

 <b>Analysis of IRO of the value chain</b>	 <b>Inclusion of the value chain in the internal documens of Sirma</b>	 <b>Data collection on the sustainability of the value chain</b>
2024	2025	2025

## Geographic Scope

All companies in Sirma are managed in the same way, use the same internal documents, and are often housed in the same office buildings. Therefore, a meaningful analysis of the Group’s sustainability focuses the measurement and management of all indicators on the geographical offices of the Company.

## Exceptions

The materiality of measuring and managing sustainability is a function of the number of employees in each office. The Company's offices with less than 1% of the average number of employees in the Company (six in 2024) are not material for sustainability management. The reasoning for this decision of the Investment, Risk, and Sustainability Committee is the temporary office accommodation of these small organizational units, where often the costs of electricity, water, and waste are an integral part of the rent. Accordingly, in addition to the fact that the impact of these offices is insignificant, and measuring their indicators is difficult or sometimes impossible. Hence these smaller business units have been excluded from the sustainability analysis.

## Breakdown

For control and optimization purposes, Sirma monitors sustainability indicators by countries where it has one or more significant offices. These are:

1. **Bulgaria** – with 9 offices (4 in Sofia, 2 in Varna, 2 in Plovdiv and 1 in Ruse)
2. **Albania** – with 2 offices in Tirana
3. **Romania** – with 3 offices (in Bucharest, Pitesti and Craiova)

Any other breakdowns of sustainability data:

- By companies;
- By verticals;
- By cities;
- By offices or others

are not of material importance to Sirma. The reasons for this are:

- the lack of any differences in the performance of Sirma's business;
- the use of the same infrastructure by all Sirma teams;
- the impact on nature or the social environment is identical throughout all Sirma teams;
- environmental and social risks and opportunities are the same for all Sirma offices;
- teams from different Sirma offices/companies work on the same project;
- teams working on different projects/verticals are often physically located in the same office/room.

# Description of the Business Model of Sirma


The companies of the Sirma economic group form one of the largest ICT companies in Bulgaria, with over 33 years of history. Sirma is a regional leader in the field of IT services, software development, and system integration. The group has a set of its own innovative technologies, in-depth expertise in a number of economic verticals, a diverse product portfolio, and a growing market share in Europe and North America. Information on Sirma’s financial performance in 2024 is included in the Consolidated Management Report, the Financial Statements, and the Notes thereto, which are published together with this report.



Sirma is a B2B company, i.e., the company’s clients are mainly other businesses. Sirma helps them on their path to digitalization by exercising its Mission:

**MISSION**

We help companies transition to intelligent enterprises, by rendering to them software technologies for digitalization and transformation.



Digitalization, in turn, makes customers more competitive, more efficient, and faster.

“Sirma Group Holding” JSC is a holding company, and as such its main activity is related to the strategic and operational management of investments in companies developing information technologies and providing information services, to which it provides management, administrative-legal, marketing, and financial services. The responsibilities of the holding company can be considered in the following areas:

- Strategic management;
- Financial management;
- Legal and administrative services;
- General management of operations, including intellectual property management, human resources, marketing, and brand management.

Over the years, Sirma has created over 20 companies, investing in them huge financial and human capital. Our strategy is to create businesses, incubate them, and develop them. Generating stable growth, profitability, and consistent business results are among the main priorities of the Holding.

Sirma's activities are not without risks—financial risks, business risks, and risks related to sustainability. Information on the risks Sirma faces and its approach to their mitigation is included in the Consolidated Management Report, the Financial Statements, and the Notes thereto, which are published together with this report.

Sirma's sustainability largely stems from the strong diversification of the Company's activities—diversification in terms of the technologies offered, diversification of the verticals served, and diversification of geographical penetration. This flexibility and sustainability has been proven over the years in the face of various global, regional, and local crises, where Sirma and the products and services it offers, along with all other IT companies, have been seen not as victims but as solutions to the crises.

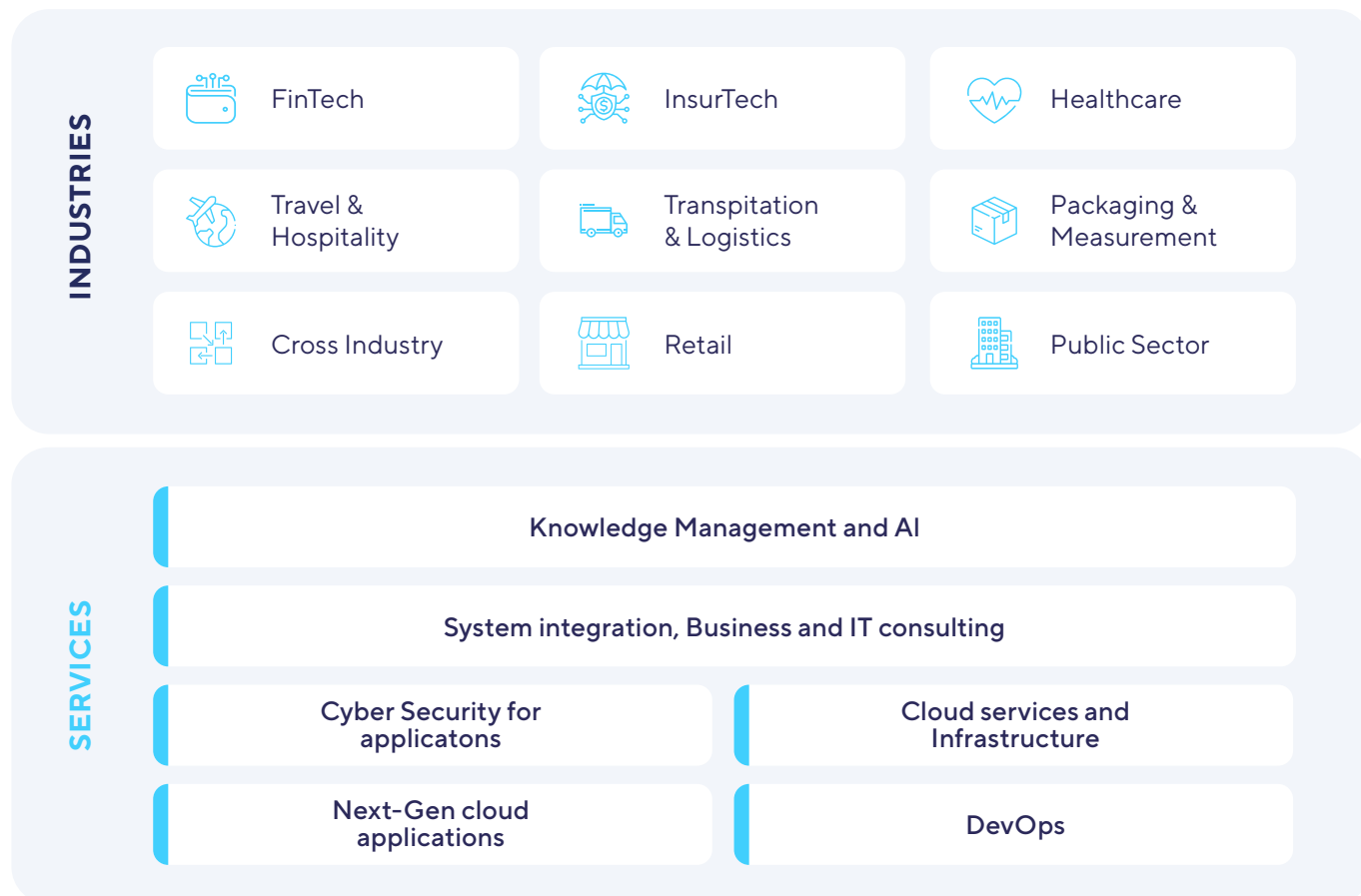
## Offered Technologies

The companies of Sirma Group offer the following technology solutions, and services linked with them to their clients:



## Serviced Client Groups

Currently, companies in the Group operate domestically and internationally in 6 client business groups, “sectors” or “verticals”: Financial Institutions and Fintech, Insurance Institutions, Industrial Software, Healthcare, Logistics and Transport, and Hospitality. Although Sirma offers similar IT products and services to each different vertical, over time the Company accumulates knowledge and expertise that are specific to the different client groups/verticals. This competence provides added value for clients from the different verticals and improves the results of the offered IT products and services.



Sirma's six main verticals of specialization are:

### Financial Vertical

- Services for the banking sector in system integration and implementation of various solutions based on Oracle Corporation's FlexCube and Temenos' T24 Core Banking;
- Provider of a cloud-based platform for financial institutions;
- Software services and solutions for financial institutions.

### Insurance Vertical

- Provider of a cloud-based platform for insurance brokers;
- Software services and solutions for insurance companies.

### Industrial Vertical

- Provider of CAD/CAM solutions for the packaging industry;
- Provider of products and solutions for the measurement industry;
- OEM partner (factory software for machines) for the supply of machines for the measurement industry;
- Online platform for connecting users and manufacturers in the packaging industry, based on its own product, EngView Package Designer Suite

## Healthcare and Life Sciences Vertical

- Software applications for the management and control of chronic diseases;
- A product for monitoring a chronic disease – diabetes (Diabetes M);
- Analysis of reports from clinical drug trials and data integration for pharmaceutical companies and health insurers.

## Hospitality Vertical

- Custom software development;
- System integration.

## Logistics and Transport Vertical

- Custom software development;
- System integration.

## Management System

Since 2015, “Sirma Group Holding” JSC has been a public company and is owned by its shareholders, who exercise full control over the company. The holding, in turn, owns a controlling stake (over 50%) of the capital of its subsidiaries.

The holding, as well as its subsidiaries, has a single-tier management system.

Operational control is delegated to the Board of Directors and, respectively, to the Executive Director. The Board of Directors of “Sirma Group Holding” JSC as of 31.12.2024 includes the following members:

<b>Georgi Parvanov Marinov</b> <i>Chairman</i>	<b>Tsvetan Borisov Alexiev</b> <i>Executive Director</i>
<b>Chavdar Velizarov Dimitrov</b> <i>Member</i>	<b>Atanas Kostadinov Kiryakov</b> <i>Member</i>
<b>Vesselin Anchev Kirov</b> <i>Member</i>	<b>Yordan Stoyanov Nedev</b> <i>Member</i>
<b>Yavor Lyudmilov Dzhonev</b> <i>Independent Member</i>	<b>Martin Veselinov Paev</b> <i>Independent Member</i>
<b>Peyo Vassilev Popov</b> <i>Independent Member</i>	

The ratio of independent members to the total number of members of the Board of Directors is 33%, and the entire Board composition is male. All members of the Board of Directors are highly qualified and competent to perform the tasks entrusted to them. Their qualifications have been reviewed and approved by the General Meeting of Shareholders when adopting the composition of the Board of Directors.

The mandate of the Board of Directors is set for 2 years from the date of registration. The mandate of the current Board of Directors expires in July 2026.

## Bodies to the Board of Directors

“Sirma Group Holding” JSC has established the following internal committees, which are assigned to manage the relevant activities at an operational level, as well as to propose decisions to the company’s Board of Directors. As of 31.12.2024, their composition is:

## 1. Investment, Risk and Sustainability Committee composed of:

- Yordan Nedev – Chairman
- Tsvetan Alexiev – Member (until 20.03.2024)
- Stanislav Tanushev – Member (after 20.03.2024)
- Georgi Marinov – Member

## 2. Remuneration Committee composed of:

- Georgi Marinov – Chairman
- Martin Paev – Member
- Yordan Nedev – Member

## 3. Disclosure Committee composed of:

- Tsvetan Alexiev – Chairman
- Stanislav Tanushev – Member
- Chavdar Dimitrov – Member
- Atanas Kiryakov – Member

## 4. Audit Committee composed of:

- Angel Kraychev – Chairman
- Alexander Todorov Kolev – Member
- Veselin Anchev Kirov – Member

## Intra-company Documents

The company applies a score of internal documents aimed at regulating the work, ensuring transparency, and preventing abuse. The majority of these documents apply to both the Holding and its subsidiaries. A small part (strictly specific or valid for the public company) concerns only “Sirma Group Holding” JSC.

Each of the internal documents is controlled by a member of the Board of Directors (detailed in the material topics below), who makes annual reviews of the results of the implementation, reports to the Board of Directors, and, if needed, makes necessary changes to the relevant document.

At the end of 2024, Sirma’s internal documents are:

System of Corporate Governance	Description	Adoption	Latest review	Application
Articles of Association	The Articles of Association define the rules by which important decisions are made in the Company	2015	10.01.2025	SGH
Decisions of the General Meeting of Shareholders	The decisions of the shareholders are fundamental to the Company’s activities	Minimum once per year	10.01.2025	SGH
Dividend Policy	Policy for the distribution of dividends of the public company	29.09.2022		SGH
Rules for the operation of the Board of Directors	Instructions and clarifications on the duties and responsibilities of the members of the Board of Directors	2015		All subsidiaries

System of Corporate Governance	Description	Adoption	Latest review	Application
Remuneration Policy	Remuneration policy for the members of the Board of Directors	2015	17.09.2024	SGH
Instruction for the obligations and responsibilities of insiders	Instructions and clarifications on duties and responsibilities when accessing and working with inside information.	2015	30.08.2023	All subsidiaries
Program for good corporate governance	A system of rules that protects the interests of shareholders and other stakeholders	2015	2023	All subsidiaries
Accounting Policy	Policy which governs the accounting and control in the companies	2015	30.06.2023	All subsidiaries
Anti-corruption Policy	Policy against all corruption practices and related phenomena	2015		All subsidiaries
Rules for the protection of whistleblowers	Internal Rules for Submitting Signals and Protection of Persons Submitting Signals or Publicly Disclosing Information for Violations – “Whistleblowers”	04.05.2023		All subsidiaries
Ethical code of conduct for employees	The Code establishes the norms for ethical behavior of employees at Sirma Group Holding	2020	15.12.2024	All subsidiaries
Data protection Policy	Privacy and data protection policy for the clients of Sirma	2021		All subsidiaries
Sustainability Policy	Policy for the sustainable function and development of the companies in Sirma	2021	30.09.2024	All subsidiaries
Human rights policy	Policy, which determines attitude to human rights in Sirma	2023	25.03.2024	All subsidiaries
CSR in procurement policy	A policy that integrates CSR into Sirma’s procurement practice	2023	25.03.2024	All subsidiaries
Waste management policy	The Policy which provides the guidelines for reduction of waste generation by Sirma and a transition to a circular economy.	2022	31.03.2024	All subsidiaries
Health and safety policy	The Policy for providing a safe and secure working space.	2021	25.03.2024	All subsidiaries
Risk management policy	The policy for identifying, measuring and managing of risks.	2020	25.03.2024	All subsidiaries
Workplace regulation	Defines the rules linked to the working process in Sirma	2015	25.03.2024	All subsidiaries
Policy for information dissemination	Policy for communication with investors and other stakeholders.	2015	25.03.2024	All subsidiaries



## Collaboration and Recognition

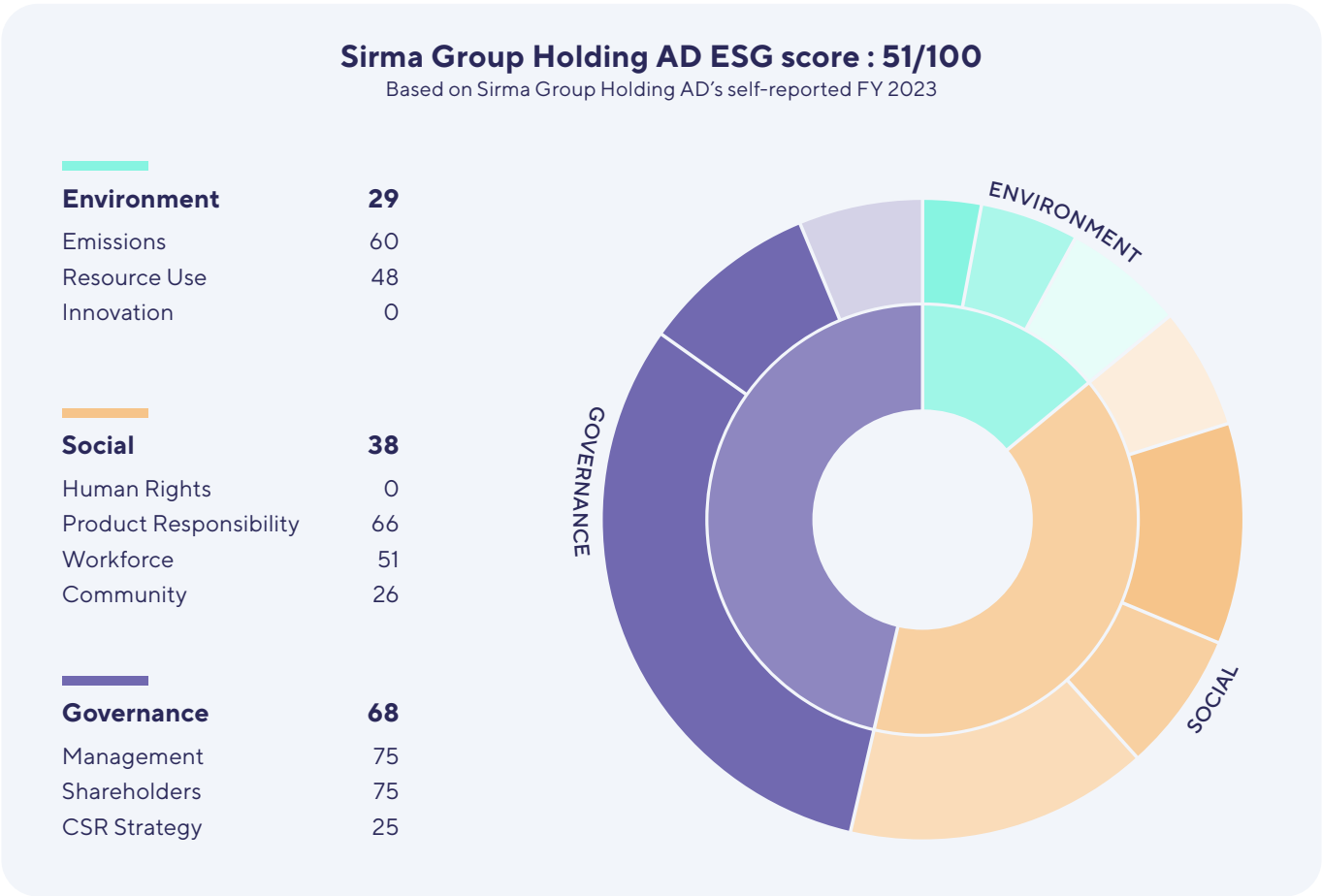
At Sirma, we believe that shared knowledge and experience make everyone stronger and more competitive. That is why Sirma is a founder and member of several leading industry and professional organizations. They reflect our commitment to sustainable development, innovation, and responsible corporate governance. Among them are the Bulgarian Association of Software Companies (BASCOM), the “Green Center” at the Bulgarian Stock Exchange (BSE), and the Association of Investor Relations Directors in Bulgaria (ABIRD). Sirma’s openness and efforts were rewarded in 2024 with an ESG rating from the internationally recognized London Stock Exchange Group (LSEG) and the prestigious ESG Contribution Award from PWC.

Membership in BASCOM connects us with the largest and most influential organization in the software sector in Bulgaria, which supports the development of the industry and promotes innovation and sustainable growth. This partnership allows us to actively participate in a dialogue with other leading companies and institutions, as well as to follow the latest trends and standards in the sector.

The “Green Center” at the Bulgarian Stock Exchange is an important platform for promoting sustainable development and the green transition in the corporate sector. Through its participation there, Sirma contributes to the development and implementation of policies and practices that support environmental responsibility and social engagement.

As members of ABIRD, we strive to increase professionalism in the field of investor relations and transparency in communication with the capital markets, which is key to the trust of our partners and shareholders.

Sirma is one of the first Bulgarian companies to receive an ESG rating from LSEG with an impressive score of 51 points, which positions us among the world leaders in the IT sector in terms of sustainability and corporate governance. This recognition is proof of our commitment to environmental, social, and governance standards.



In addition, in 2024, the company was awarded the prestigious ESG Award by PwC Bulgaria, which recognizes innovative and sustainable business practices. These recognitions establish Sirma as a leader in implementing responsible and sustainable business models that have a positive impact on society and the environment.

## Awards



### PwC ESG Awards

Special Prize for Outstanding Corporate Sustainability Among Public Companies

2024



### Innovation in Talent Education

Annual Employer Branding Awards 2023, B2B Media Group (Sirma Solutions)

2023



### Two Best of Show Awards at CES 2015

for Energous (NASDAQ:WATT) – embedded-cloud-mobile IoT infrastructure (Panaton)

2024



### B2B Media Awards

Innovation in Talent Education

2024



### Top B2B Companies – IT Services, Systems Integration and MS

Clutch Global Award winner 2023 (Sciانت)

2023



### Most Innovation Company

Bulgarian Chamber of Commerce and Industry Innovations Competition 2018 (Sirma AI)

2018



### B2B Media Awards

Excellence in Coaching

2024



### European Public Sector Award (EPSA)

at National Information System of Medicinal Products (Sirma Solutions)

2019



### Top 10 Mobile Banking Solution Providers 2017

by Banking CIO Outlook (Sirma Business Consulting)

2017



### Tech Elite Technology & Innovation Awards

Tech Growth Business of the Year

2024



### Best App for Healthy Living and Eating

at Webit Festival Europe 2017 (Sirma Medical Systems / Diabetes:M)

2017



### Top ICT Employer by ICT Media

(Sirma Business Consulting)

2014, 2016



### Tech Elite Technology & Innovation Awards

Technology for Good

2024



### Best IR Campaign

by the Association of Investor Relations Directors (Sirma Group Holding)

2016



### Best Entity Extraction

at BBC III News Hack Awards (Ontotext)

2014

The memberships and awards that Sirma holds are not only a sign of recognition but also an incentive to continue our efforts to be an example of sustainable and innovative business in Bulgaria and internationally.



# Sirma's Sustainability Team

## Emerging Organization

The implementation of sustainable practices has been inherent to Sirma long before the term “sustainability” came into circulation. A few examples: the support of various educational institutions began in the 1990s, the support of the home for disadvantaged children in Lesichevo began in 2007, the planting of the Sirma forest took place in 2019, and care for employees, inclusion, and diversity have been characteristic of Sirma throughout its existence. Despite these diverse ESG practices over time, Sirma has not had (there was no such requirement) a dedicated “Strategy”, “Plan” or dedicated employee. The spontaneity of ESG activities in Sirma does not diminish their importance, power, and effect. However, in 2021, with the entry of the requirements of the Non-Financial Reporting Directive (NFRD), Sirma gradually developed an internal organizational structure for the timely meeting of any compliance requirements in the non-financial sphere. This structure took shape with the preparation of the first two Non-Financial Declarations for 2022 and 2023.

## Sustainability Incentive Schemes

Incentive schemes and remuneration policies related to sustainability issues have been established for the members of the Board of Directors of Sirma. The “[Remuneration Policy for the Board of Directors](#)” (adopted by the General Meeting of Shareholders of Sirma) defines among the criteria for payment of variable remuneration to the members of the Board of Directors:

- Setting annual targets on sustainability topics and monitoring their implementation;
- Imposing high standards of corporate governance;
- Integrating corporate social responsibility into the daily management practice of the company;
- Stable and sustainable development of the company in economic, social, and environmental aspects;
- Compliance with applicable rules and procedures;
- Promoting cooperation with stakeholders.

Non-financial criteria for achieved results are determined annually by the Board of Directors of “Sirma Group Holding” JSC, in accordance with the short-term and medium-term development plans of the company. The assessment of the implementation of the non-financial criteria for achieved results is carried out annually, based on an analysis of the results achieved according to the non-financial criteria set for the previous year (text according to Art. 13 of the Remuneration Policy).

Reporting on the remuneration paid out to the members of the Board of Directors is carried out before, and adopted by, the General Meeting of Shareholders annually.

## Sustainability Director

In early March 2024, a new management position was created – Director Sustainability, to focus and coordinate all of Sirma’s activities in the area of sustainability and ESG, achieving full compliance with the relevant legal framework, monitoring progress, setting and implementing goals, strategies, and governance. Mr. Stanislav Tanushev was elected as Sirma’s first Director of Sustainability.



*Sirma has always had sustainable practices. These practices, for the most part, have been fully justified by business logic. What is new, of late, is the measurement of their results and the disclosure of what has been achieved. The results of the due diligence on sustainability topics carried out in 2024 gave us the framework for data collection, goal setting, and monitoring of what has been achieved. In this report, we share the first results.”*

---

**Stanislav Tanushev**

Sustainability and Investor Relations Director

## Sustainability Committee

Again, on March 20, 2024, the Board of Directors changed the name of the “Risk and Investment Committee” to the “Risk, Investment and Sustainability Committee” (Sustainability Committee for brevity in this document). This committee will manage all of Sirma’s sustainability efforts, analyze the impact, risks, and opportunities of sustainability-related topics. The Sustainability Committee will report to the Board of Directors. Its mandate was changed accordingly and was published on the company’s website in the Governance section. The Sustainability Director was accepted into the committee. The Chairman of the Committee remains Sirma’s CFO, thus ensuring good coordination between sustainability, risk management, and investments. The third member of the Committee is the Chairman of the Board of Directors of “Sirma Group Holding” JSC, which contributes to the excellent coordination of the activities of the Committee and the Board.

## CSRD competence

The volume of new regulatory requirements related to CSRD is significant. In parallel, the reporting requirements are new for the entire European Union, and good examples are lacking. To meet these challenges, the Sustainability Committee has taken steps to ensure the necessary competence, as follows:

- The Sustainability Director has successfully completed the Sustainability & ESG Introductory Course of the Exponential Education Institute and
- A contract has been concluded with a specialized consulting company to obtain specific knowledge from the Sustainability Committee and assist in achieving compliance with the new regulatory requirements and preparing Sirma’s first Sustainability Report.

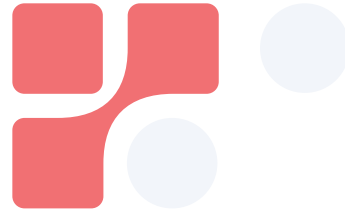
These measures have yielded the necessary result, culminating in the current Sustainability Report.

## Sustainability Ambassadors

The CSRD and ESRS requirements necessitate the involvement of many of Sirma's employees and managers in the process of collecting ESG information, its analysis, and reporting. All ESG initiatives usually involve many of Sirma's team. Thus, the Risk, Investment and Sustainability Committee coined the title "Sustainability Ambassador" to recognize the most important and active participants in Sirma's ESG efforts. Some of the Sustainability Ambassadors are such due to their official positions (e.g., HR Director, Chief Accountant, etc.). Other Ambassadors are such due to their own desire and conviction (e.g., Chief Graphic Designer). In both cases, the Ambassadors contribute both to explaining sustainability topics among employees and to collecting data, setting goals, and monitoring their implementation.

Sustainability Ambassadors include, but are not limited to:

- The Chief Accountants of all Sirma companies
- HR Director
- Marketing Director
- PR Manager
- Head of Sirma Academy
- Chief Graphic Designer
- Employee engagement expert
- Facility Manager



# Due Diligence of the Sustainability Themes

The first due diligence on sustainability topics for Sirma was carried out in accordance with ESRS requirements in 2024. Although this is the first time such an analysis has been carried out, Sirma has always made serious efforts for its sustainable development.

## Due Diligence Process

### Definitions

With its activities, Sirma has an impact on the environment and communities on various sustainability topics. At the same time, the various sustainability topics have their financial impact on Sirma's activities, with risks and opportunities arising from them.

Topics that are material either in terms of impacts or financial influence, or both together (dual material), are defined as the material environmental, social, and governance topics for the company.

A sustainability issue/topic is material in terms of impact when it relates to the material actual or potential positive or negative impacts of Sirma on people or the environment in the short, medium, or long term. The impact is considered both from the Company's own operations and from operations upstream and downstream in the value chain. The materiality of the impact is measured by the probability of occurrence, the strength, the scope, and for negative impacts—the possibility of eliminating the negative consequences.

On the other hand, a sustainability issue/topic is material in terms of its financial impact if it causes or can reasonably be expected to cause material financial effects on the Company. This is the case when the sustainability issue generates risks or opportunities that have a material impact or can reasonably be expected to have a material impact on Sirma's development, financial position, financial results, cash flows, access to financing, or the cost of capital in the short, medium, or long term. Again, the financial impact, or risks and opportunities, are not limited to the scope of Sirma's activities but also encompass the Company's interactions along its value chain. The materiality of risks and opportunities is assessed based on a combination of the likelihood of occurrence and the potential magnitude of the financial impact on Sirma.

Due diligence of the materiality of impacts, risks, and opportunities from/for Sirma's activities is the process by which actual and potential negative or positive impacts, risks, and opportunities on the environment and people are identified, prevented, mitigated, and accounted for. These include impacts related to the Company's own operations and its upstream and downstream value chain, including through its products or services, as well as through its business relationships.

## Base Year

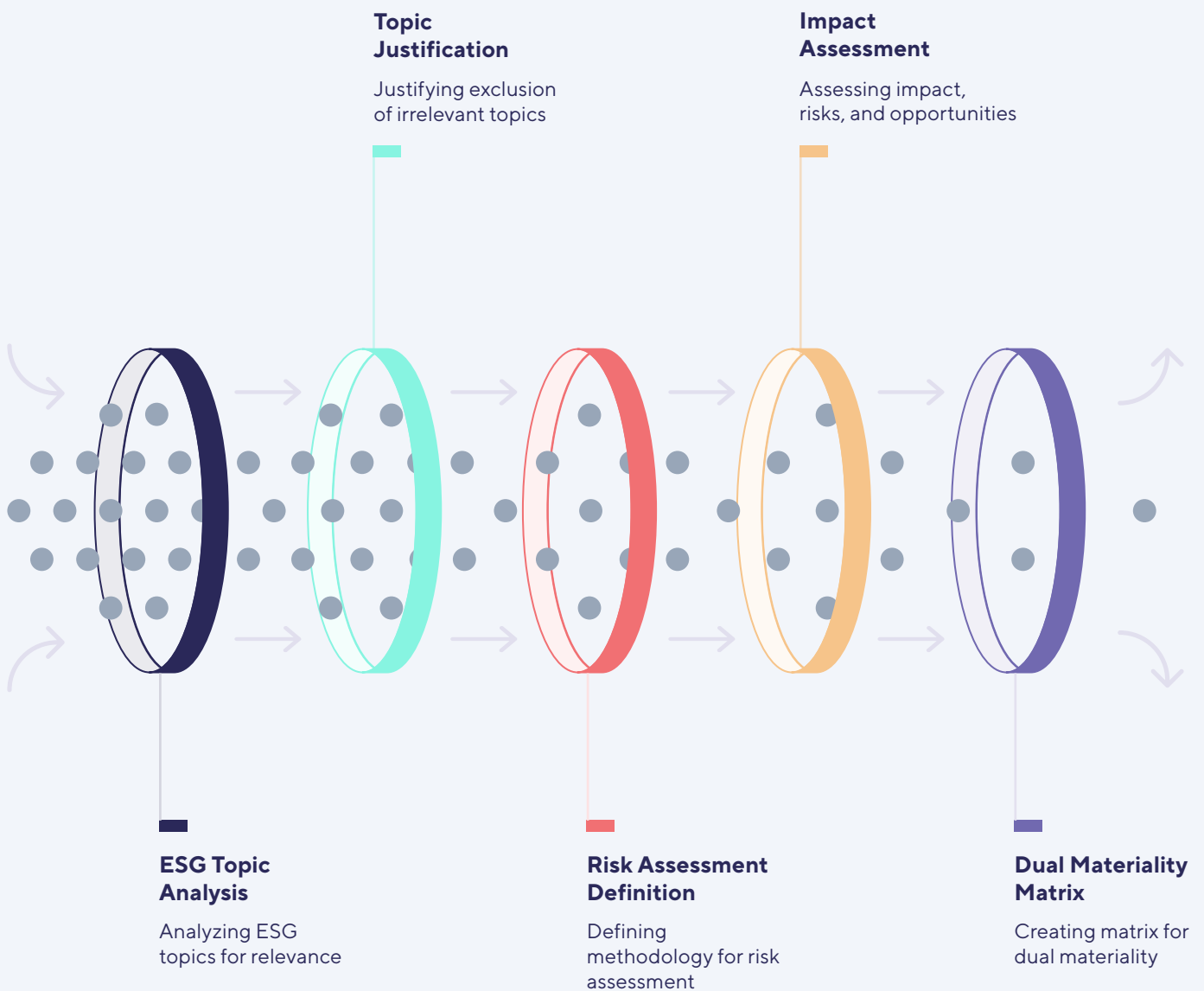
2024 is the year in which the CSRD requirements were transposed into Bulgarian legislation. Accordingly, this is also the first year in which Sirma performed its due diligence on sustainability topics. 2024 is set as the base year against which the objectives will be set and progress on sustainability topics will be measured in the future.

## Aim-setting and Strategy

2024 is the first year that Sirma has produced its Sustainability Report. The Due diligence has shown that Sirma has been devoting significant efforts and resources to progress on all material sustainability topics in recent years. The objectives related to the sustainability topics are listed below for each of them. A unifying goal for 2025 is the development of Sirma's Sustainability Strategy, which will help to focus work on achieving the goals in the coming years.

## Stages of the Due Diligence

Sirma's sustainability due diligence and dual materiality assessment (DMA) process consists of the following main stages:



- identification of stakeholders and their engagement;
- analysis of all ESG topics according to ESRS and determination of those not applicable to Sirma;
- justification of the reasons for excluding certain topics;
- definition of the risk assessment methodology;
- identification and analysis of applicable topics for Sirma - impact, risks, and opportunities;
- assessment of the impact, risks, and opportunities of each applicable topic;
- ranking of applicable topics and determination of those with dual materiality;
- preparation of a dual materiality matrix;
- definition of indicators for measuring material topics;
- collection and analysis of data on the indicators of material topics;
- verification of “Eligibility” and “Compliance” of Sirma’s activities.

The due diligence methodology is documented in detail.

## Applicable Themes

Not all themes suggested by ESRS may be applied to Sirma and its activity. The themes and their sub-themes, which are applicable to Sirma, were identified by the Sustainability Committee as the following:

### Applicable environmental themes for Sirma



#### Energy Efficiency

Focuses on optimizing energy use and promoting renewable sources.



#### Water Use

Addresses the conservation and management of water resources.



#### IT Hardware Purchase

Involves acquiring IT equipment for organizational needs.



#### IT Hardware Resale

Covers the process of selling IT equipment and “System Integration”.



#### Office Waste Management

Deals with the disposal and recycling of office waste.



#### Electronic Waste Management

Focuses on the proper disposal of electronic devices.



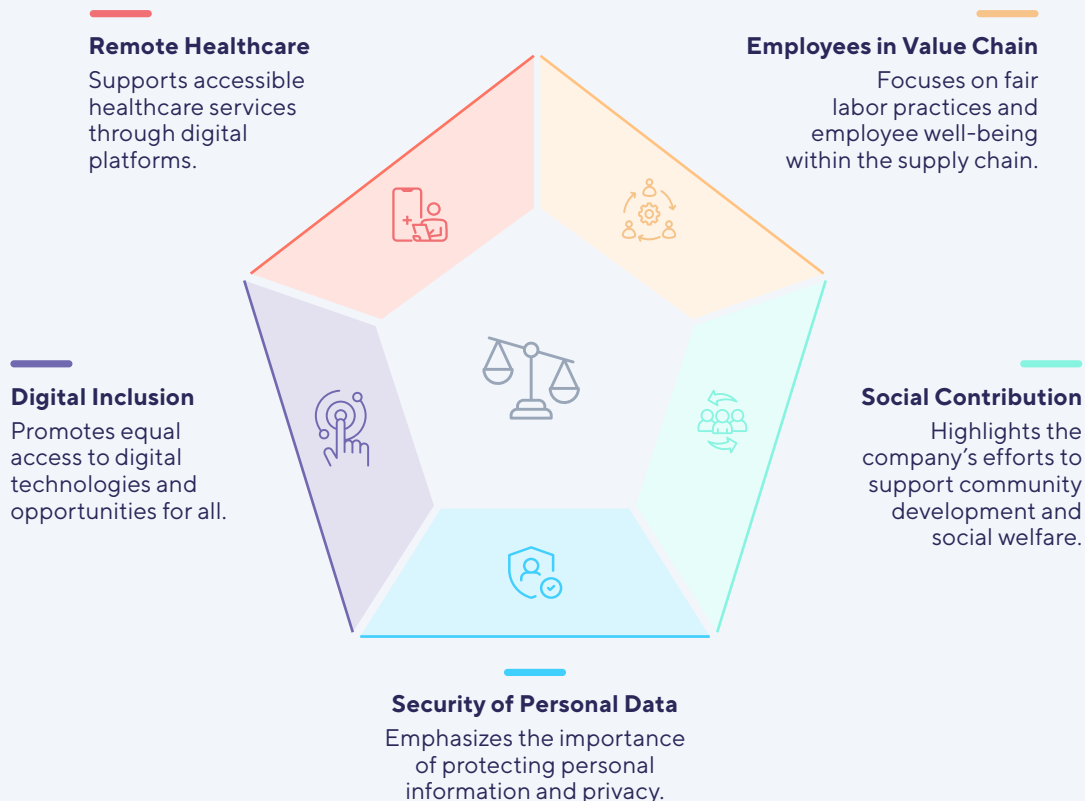
## Applicable social themes for Sirma

1/2

Characteristic	Description
 <b>Workplace security</b>	Security of work
 <b>Working time</b>	Time spent at work
 <b>Competitive remuneration</b>	Fair payment for work
 <b>Health and safety</b>	Being healthy and safe at work
 <b>Work-life balance</b>	Balancing work and life
 <b>Equal pay</b>	Equal payment for equal work
 <b>Inclusion of people with disabilities</b>	Including everyone at work
 <b>Safe working environment</b>	Safe place to work
 <b>Diversity</b>	Diverse people at work
 <b>Life long learning</b>	Learning new skills

## Applicable social themes for Sirma

2/2



## Corporate Governance, Values and Dialogue

### Whistle-blowing

Protection for reporting illegal activities.



### Procurement Policy

Guidelines for fair and ethical purchasing.

### Anticorruption Measures

Upholding business ethics and integrity.



### Data Protection

Ensuring the security of sensitive information.

### Transparency

Openness and honesty in business practices.



### Cyber-security

Protecting digital assets from online threats.

The full list of sustainability topics, subtopics, and sub-subtopics (according to ESRS) was analyzed by the Investment, Risk, and Sustainability Committee. Each topic was assessed simultaneously, whether:

- Sirma's activities have a significant impact on the elements of the relevant topic (e.g., carbon emissions, impact on society) and whether
- it carries risks and/or opportunities (e.g., operational, financial, reputational) for Sirma's activities.

To assess both the impact and the risks and opportunities, the 5-point scoring system that Sirma uses in its „Risk Management Policy“ was used, as follows:

## Methodology for evaluation of the strength of impact

The strength of the impact (from Sirma on the external environment) of all topics was assessed using a predefined scale as follows:

The following methodology was used to assess the strength of the impact:

Scale	Description	Social impact	Ecologic impact
1	Minor	Minor impact on the quality of life	Minor impact on eco-systems and climate change. E.g.: release of minimal quantities into the environment that do not cause significant impact.
2	Small	A small impact on the quality of life of those effected. E.g.: от на засегнатите. Напр. small inconveniences caused by a product or service.	Small impact, which does not change substantially eco-systems or the climate. E.g.: Напр.: increased use of air conditioning systems to cool servers in the summer.
3	Moderate	Impacts quality of life. E.g.: moderate health impact from working at night (serving US customers).	Impacts ecosystems. E.g.: dumping obsolete hardware in standard general waste landfills
4	Strong	Substantial and lasting impact on quality of life. E.g.: ensuring high wages that correspond to work results.	Significant impact on the natural environment, leading to changes in ecosystems and climate. E.g.: dumping obsolete hardware in unregulated landfills.
5	Promising/ Severe	Prospective impact on quality of life. E.g.: providing training that leads to significant future consequences even with another employer.	Severe impact on the natural environment. Changes in ecosystems may be irreversible. E.g.: systematic and massive release of toxic gases.

## Impact Assessment Methodology

The following scoring system was used to measure the impact of each individual topic:

Scale	Description	Social impact	Ecologic impact
1	Individual	It affects a limited number of people (0-10 people).	Impacts locally within 1 office and is usually not related to the activity. E.g.: water consumption by Sirma office.

2	Limited	It affects a limited group of people (10-100 people).	Impacts affecting the wider surroundings of an operational office, related to specific stages of the activity. E.g.: a data center that uses a significant amount of electricity for AI.
3	Increased	It affects a large group of people (100 – 1000 people).	Impact spanning multiple operational offices in a specific geographic area, involving multiple core processes. E.g.: expansion of Sirma data centers and increased electricity consumption by them.
4	Broad	Affects communities of stakeholders (1000 – 10,000 people).	Impact covering large geographical areas, such as a municipality, city or region, at different stages of the value chain, related to suppliers, own operations or upstream. E.g.: implementing software that requires high electricity consumption from our customers.
5	Mass	Affects a large number of interested and uninterested parties (10,000 – 1 million and more).	Impact covering a significant geographical area, such as a country or continent, affecting multiple stages of (or the entire) value chain and involving key processes at suppliers, own operations and customers across the country/continent. E.g.: software implementation requiring mass replacement of existing hardware.

## Methodology for assessing reparability

To determine the possibility of **correcting a negative impact** (applicable only to topics with a negative impact), the following methodology was used:

Possibility of repair	Description	Social impact	Ecology impact
1	Easy to repair	One-time, episodic, and easily reversible. E.g., need for overtime to fix a problem with our software at a client.	The impact is short-lived and easily reversible. For example, a water supply failure and its removal.
2	Easy to repair, but through efforts	Short-term impact, but requires effort to overcome. E.g.: a defect with our hardware that requires its complete replacement.	The impact is short-term and requires some effort to eliminate. E.g.: increase in electronic waste during retrofitting.
3	Possible to repair, but through substantial efforts	An impact with potential for long-term consequences, but with the possibility of correction. E.g.: violation of the company's inclusion rules, which requires new mass training.	The impact has the potential for long-term damage, but is fixable with significant effort. E.g.: a bug in our software that leads to excessive paper usage by customers.

4	Hart to fix, with possibilities of lasting consequences	Impact with consequences that can be remedied within one year. E.g.: recovery of an employee after a work accident.	An impact that causes consequences that can only be resolved in a year. E.g.: excessive electricity usage by a data center.
5	Irreparable leading to lasting negative consequences	An impact with long-term consequences that is difficult or impossible to repair. E.g.: loss of personal customer data due to a successful hacker attack.	An impact with long-term consequences that are difficult or impossible to remedy. E.g.: a data center fire that releases toxic gases from burning hardware.

## Methodology for assessing financial impact (risks and opportunities)

The assessment of **risks and opportunities** that arise for Sirma are assessed **according to their potential impact** on the Group, as well as according to the **probability of their occurrence** (in accordance with Sirma's "Risk Management Policy").

When assessing the **impact of risks and opportunities**, the following scoring system was used:

Impact	Description	Of Risks	Of Opportunities
1	Insignificant <b>&lt;1%</b> of annual consolidated revenue	Minor impact, with minimal financial consequences. E.g.: a sanction imposed by the Financial Supervision Commission for an established irregularity.	Minor impact with minimal financial result. E.g.: one-time windfall revenue.
2	Small <b>1% - 5%</b> of annual consolidated revenue	Weak effect without lasting impact on the activity. E.g. increased price of electricity, which takes up a relatively small part of the company's expenses.	Weak effect that does not significantly change the activity. E.g.: development and sale of a new product for digitization of sustainability reports.
3	Moderate <b>5% - 10%</b> of annual consolidated revenue	It results in a significant but temporary financial loss and would impact the company's operations. E.g.: electricity supply regime imposed in the country.	It has a financially significant, but temporary, impact on the company's operations. For example: reducing employee turnover, absences, and sick leave.
4	Strong <b>10% - 20%</b> of annual consolidated revenue	Significant and lasting impact on the company's operations. E.g.: disrupted hardware supply chains due to a pandemic.	Significant and lasting impact on the company's operations. E.g.: attracting many new customers, investors and employees who value sustainable practices.
5	Substantial <b>&gt;20%</b> of annual consolidated revenue	Significant impact on the company's operations. For example: inability to hire or complete lack of the necessary IT experts to perform the activity.	Significant and irreversible impact on the company's operations. E.g.: reduced electricity costs due to an installed photovoltaic system.

## Assessment of the probability of occurrence

When assessing the likelihood of impact, risks and opportunities, the following scoring system was used:

Probability	Description
1	<b>0-20%</b> low probability
2	<b>20%-40%</b> some probability
3	<b>40%-60%</b> probable
4	<b>60%-80%</b> highly probable
5	<b>80%+</b> extremely probable, almost certain

## Stakeholders

Stakeholders are those individuals and organizations that can influence or be affected by Sirma's activities or its sustainability reports, both positively and negatively. Some stakeholders are affected by both Sirma's operations and reports.

### Identification of Stakeholders

Sirma is a B2B company. Its IT products, solutions, and services are sold primarily to other businesses. To do this, Sirma uses its internal capacity as well as external suppliers (e.g., Oracle, Temenos, Microsoft, hardware suppliers, etc.). Sirma's products are sold to its customers. They, in turn, use them to facilitate their own internal processes or to serve their "end customers".



The process map above outlines the 7 main operational stakeholders in Sirma. However, there are also 4 additional stakeholder groups that are both affected by and have an impact on the company's operations: regulators, the environment, communities, and potential investors.

This comprehensive list of stakeholders was determined after an analysis by Sirma's Investment, Risk, and Sustainability Committee, listed in descending order of their impact:

- Management (operations)
- Shareholders (operations and reporting)
- Employees (operations)
- Banks and other creditors (reports)
- Customers (operations)
- Suppliers (operations)
- Environment (operations and reporting)
- Regulators (reports)
- Communities where Sirma operates (operations)
- End-users of products and services produced by Sirma (operations)
- Potential investors (reports)

## Stakeholder Research and Engagement

After examining the importance and influence of each of these stakeholder groups, it was determined that the Employee, Management and Shareholder groups are the three main stakeholder groups. The reason for this decision is the fact that these three groups are critically important for the functioning of the Company and it would not exist without them.

Subsequently, a survey was conducted among these leading 3 stakeholder groups to determine the respective interest of each stakeholder group in Sirma's activities and their influence on Sirma's activities. The opinion of each participant was given equal weight. However, stakeholders who participate in two different groups (e.g., shareholders and management) are counted twice – once for each group—therefore having a greater influence on the outcome of the survey. Below is a graphical representation of the three main stakeholder groups in Sirma (with their number as of June 30, 2024) and their overlap.

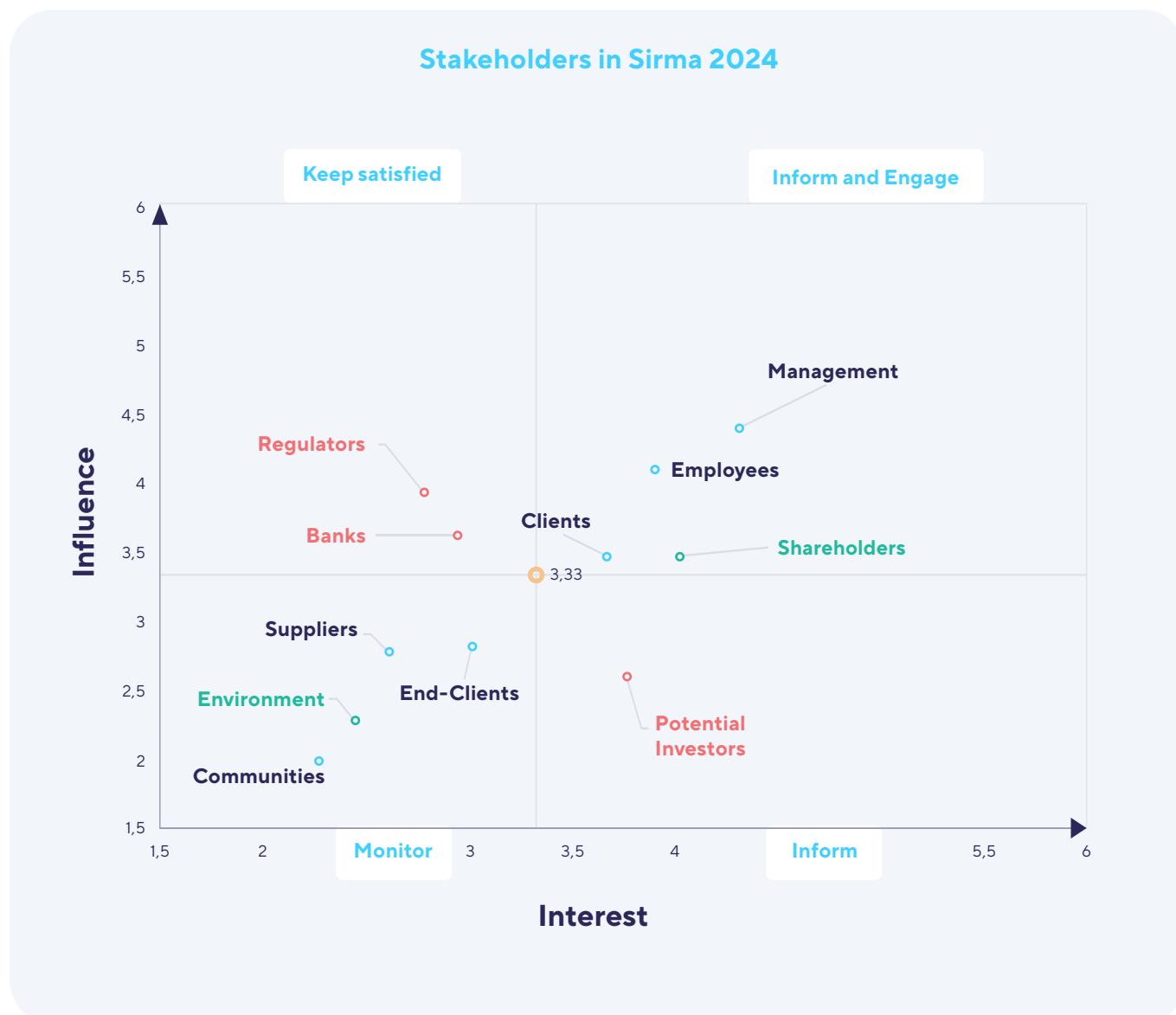
### The three leading groups of stakeholders



## Sirma's Stakeholder Matrix

Different groups of stakeholders have different influences on Sirma's activities and are themselves influenced in different ways by these activities. The stakeholder survey identifies and enables graphical expression.

The result of the stakeholder survey is as follows:



Sirma adopts the three-tiered approach, which is established in the Company's Risk Management Policy when grouping the different stakeholders. Accordingly, the weight of each stakeholder group is divided graphically into three segments, with only values above 3.33 (the upper third) being considered as material influence or interest.

Stakeholders are grouped into four quadrants depending on their individual influence/interest in Sirma, using the value 3.33 to distinguish the quadrants of materiality. The quadrant with the lowest interest and influence (bottom left) should be monitored by Sirma. The quadrant with high interest but low influence (bottom right) should be well informed about Sirma's activities. The quadrant with low interest but high influence (top left) should be fully satisfied with Sirma's activities. The quadrant with the highest influence and greatest interest (top right) should be fully informed and highly engaged with Sirma's activities.

It is also important to know what Sirma's output is of interest to each stakeholder group. The matrix above uses colors to indicate this. Red color denotes stakeholder groups that are interested in the reports that Sirma generates. Blue color denotes stakeholder groups that are primarily interested in the company's operations. The green color denotes stakeholder groups that are interested in both the reports and Sirma's operations.



## Engaging Stakeholders in Stakeholder Mapping

The Sustainability Team engages with stakeholders through explanatory content, surveys, interviews, and workshops to collect qualitative and quantitative data on sustainability topics (Sirma's stakeholder mapping is a prime example of this approach). Stakeholders are often asked to identify all of Sirma's significant impacts and the risks and opportunities the Group faces related to sustainability.

This information simultaneously:

- helps prioritize issues based on their importance, both to the business and to stakeholders
- Increases stakeholders' knowledge and awareness of sustainability issues and the steps Sirma is taking in this direction.

## Value chain

In due diligence on the material topics, impacts, risks, and opportunities related to the value chain of Sirma's activities, the company sticks to Tier I counterparties, i.e., suppliers and customers who are in contractual relations with Sirma. These are the partners that the Company has the opportunity to select and on which the Company has the opportunity to exert some influence with regard to sustainability topics.

## Consolidation of Topics

A large part of the topics proposed by ESRS are strongly related to each other. Their control and management are also the same (e.g., working hours, workplace security, and workplace safety). Moreover, groups of topics are regulated by national or European legislation (e.g., Labor Code, Waste Management Act, etc.). That is why Sirma groups related subtopics. As a result, the applicable topics for the Group are the following:

Consolidated theme	Impact on environment	Impact on Sirma	Overall score
Energy and climate change	9,78	10,50	20,28
Management of electronic waste	15,56	8	23,56
Fair employer	12,08	17,75	29,83
Preferred employer	12,92	17	29,92
Life-long learning	15	10,05	25,50
Employees in the value chain	2	2	4
Social contribution	10	5	15
Clients	12,89	14	26,89
Corporate governance	9,6	10,4	20
Shareholder care	10	13,33	23,33

To obtain an individual assessment of the impact on the environment and the impact on Sirma, the arithmetic mean value of the impacts of each of the included sub-themes (listed in detail below) is taken into account. Subsequently, to obtain an "overall assessment" of the given topic, the values of the assessments of the impact on the environment and the impact on Sirma are added together. The maximum total number (impact on the environment and impact on Sirma) reaches almost 30 points (29.92).

## Sustainability Themes that are Material for Sirma

After a detailed analysis of all topics and subtopics proposed by ESRS, those that are applicable to Sirma and its activities were screened out. Some of the topics were reasonably excluded. A scoring assessment of the impact (of Sirma's activities on them) and risks and opportunities (the impact of these topics on Sirma's activities) related to them was applied to the remaining topics (described in detail above).

Topics with a total score greater than 2/3 of the highest total score (in this case 20) are defined as the material topics for Sirma in 2024.

The due diligence of topics related to sustainability and the first dual materiality matrix includes sustainable topics with the greatest impact on the Group and/or with the most significant risks and opportunities for the Group in 2024:



The following double materiality themes for the Group's sustainable development, ecology, and society were identified:

### Social sustainability

- Fair employer
- Preferred employer
- Lifelong learning
- Customer care

### Environmental sustainability

- Energy and climate change
- E-waste management

### Governance sustainability

- Corporate governance, values, and dialogue
- Shareholder care

Each material theme consolidates several material sub-themes, which will be discussed below. Other themes were also identified that have a relatively smaller impact on Sirma's sustainable development and/or its impact on the environment and society: employees in the value chain and social contribution.



# Data Collection

Sirma collects data from all its geographical divisions. The Sustainability Director initiates the process by receiving the necessary information (see the different indicators) from the relevant responsible employees in the different offices. The line managers exercise control and support of the process.

Different Sustainability Ambassadors provide data for the different organizational units of Sirma. The data is provided in uniform templates, which, after being filled in, are sent to the Sustainability Director for summarization, analysis, and disclosure.

## Methodology and Features

The collection, summary, and analysis of data are carried out in compliance with the following methodology and specific approaches in certain specific cases:

- When collecting data, monetary values are reported without VAT in euros;
- When collecting data on consumed electricity, received subsidies/compensations are not taken into account;
- When collecting data on consumed electricity, in cases of re-invoicing of a value by a landlord and failure to mention the kWh used, prices per 1 kWh are used to establish consumption;
- If a landlord, when re-invoicing used energy, omits an invoice due to receiving compensations, for reporting purposes Sirma will use the data from the previous month;
- If there is no invoice for water/electricity/heating, for reporting purposes, Sirma will use the data from the previous month.

## Offices of Sirma

For sustainability purposes, Sirma collects data from its divisions where more than 1% of the company's employees work (for 2024, 6 employees).

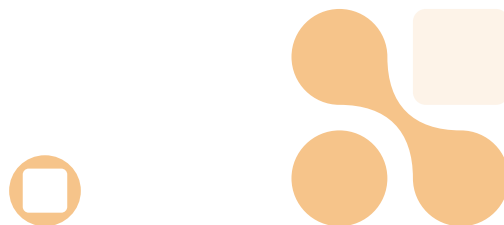
# Social Impact of Sirma's Activity



*People – they are the engine of Sirma Group. Taking care of their qualifications, motivation, and well-being directly affects the economic achievements of the companies and the satisfaction of our clients.”*

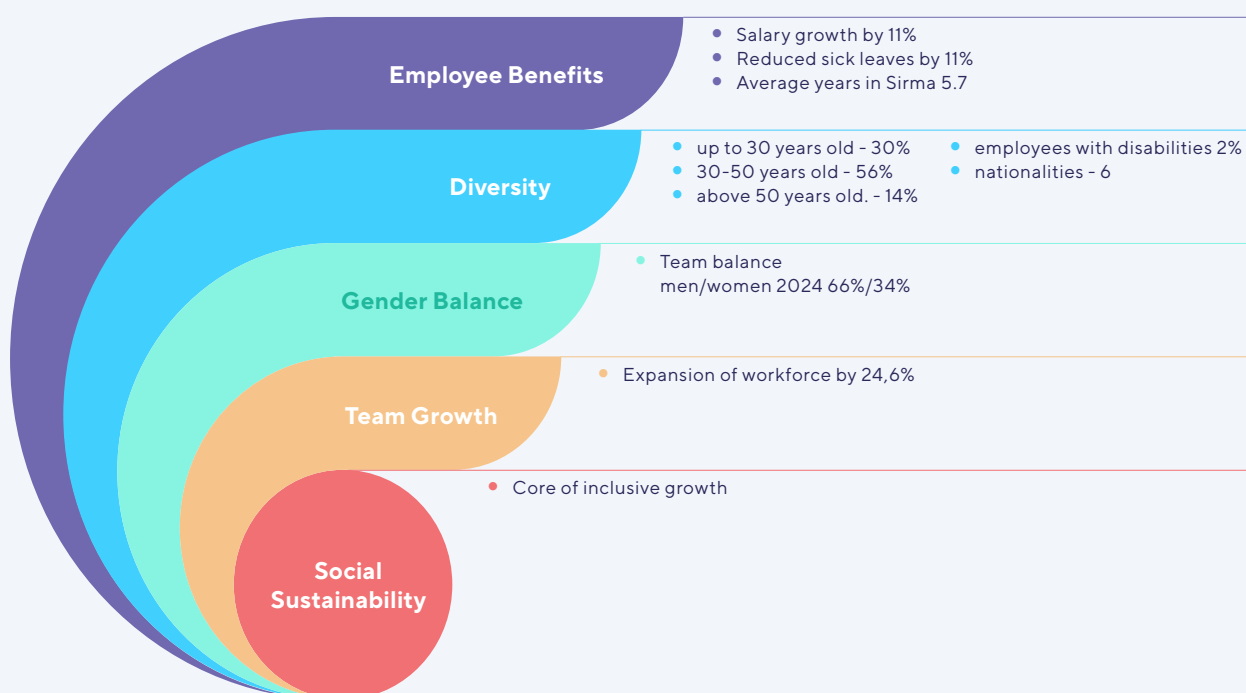
**Chavdar Dimitrov**

CTaO of Sirma Group Holding JSC



## Social Highlights

### Social Sustainability at Sirma



## Main Social KPIs

Social KPIs	2024
<b>WHO ARE WE – THE DEMOGRAPHICS OF SIRMA</b>	
Number of employees as at 31.12.	740
Including number of employees with civil service contracts as of 31.12.	44 (5,9%)
Including number of employees with employment contracts and part-time work as of 31.12.	2 (0,3%)
Including managers as at 31.12.	26
Including number of employees with employment contract and full-time work as of 31.12.	694
Average number of employees and managers	714
Male/female ratio	66% / 37%
Share of employees with disabilities out of the total number of employees	2%
Employees under 30 years of age (% of all)	30%
Employees aged 30-50 (% of all)	56%
Employees over 50 (% of all)	14%
Average length of service in the company	5 years
New employees during the year – men	53 (64%)
New employees during the year – women	31 (36%)
Employees who left during the year – men	69 (76%)
Employees who left during the year – women	22 (24%)
Ratio men/women – Albania 31.12.	45 (51%/49%)
Ratio men/women – Bulgaria 31.12.	518 (64%/36%)
Ratio men/women – Romania 31.12.	131 (89%/18%)

Additional indicators are published under the relevant topics below.

Due diligence places social sustainability-related topics at the forefront of the material topics. Four out of seven material topics are socially focused. Three of them are related to the employee stakeholder group and one to the customer and end-user stakeholder group. Here is a brief description of each topic and the subtopics included, the identified impacts, risks, and opportunities, the actions taken, and the relevant indicators for measuring and controlling each of them:

## Fair Employer

The management of the social topics described in ESRS S1 – Own Workforce, in Sirma are united in the company's efforts to be a "Fair Employer" and always to be a "Preferred Employer".

The topic "Fair Employer" summarizes all social subtopics that are regulated by law in Bulgaria and the European Union. The topic ranks second (after „Preferred Employer“) in materiality for Sirma with a total score of 29.83 points found in the due diligence process. In addition to being legally mandatory, the subtopics included here are of utmost importance for Sirma employees:

### Workplace Security

Workplace security has a strong **impact** on every employee. Workplace security is fundamental to the peace of mind and the ability to focus on the work of every employee. The **risks** associated with an unsafe work environment are both fines and sanctions from regulatory authorities and poor motivation and concentration of employees. The lack of or high turnover of employees poses a serious threat to the sustainability of a company specializing in IT services. Conversely, good workplace security is an **opportunity** to create a basis for strong employee motivation and talent retention.

**Actions taken:** In order to reduce (or completely eliminate) the risks associated with this subtopic and take advantage of the opportunities, Sirma, as an employer, strictly adheres to the labor legislation in the countries where the Company's offices are located.

Workplace security is measured and managed with the indicator of the ratio of employees employed with regular employment contracts to those who perform their activities under civil contracts.

### Working Time

The length and flexibility of working hours have a strong impact on employees. Working hours also have a strong impact on the work-life balance of the experts in the Company.

**Actions Taken:** in order to reduce (or completely eliminate) the risks associated with this subtopic and take advantage of the opportunities, Sirma complies with the legal requirements for the length of working hours, with employees largely employed on a full eight-hour working day. In parallel, the majority of employees have the opportunity to work remotely for 25% of the total working hours. In 2024, the employee administration system was expanded with a module for requesting and approving remote work.

The **risks** of non-compliance with labor legislation regarding working hours are both fines and sanctions from regulatory authorities, as well as poor motivation and concentration of the company's own employees. In turn, flexible working hours provide an opportunity for strong employee motivation and the opportunity to achieve a balance between work and personal time.

An **indicator** that controls this sub-theme is the ratio of full-time employees to part-time employees or less. Another indicator for measuring working time flexibility is the percentage of teleworking to office-based work.

### Safe Working Environment

Sirma strives to provide a comfortable and safe working environment for its employees. The **impact** that a safe working environment has on employees often goes unnoticed. At the same time, the absence of incidents in the workplace is essential for the smooth running of the work process. The **risk** associated with this sub-topic is injury to employees at the workplace and their reduced working capacity as a result. Conversely, ensuring a safe working environment provides the **opportunity** for a smooth and efficient work process.

**Actions taken:** in order to reduce (or completely eliminate) the risks associated with this subtopic and take advantage of the opportunities, Sirma complies with the legal requirements regarding the provision of a smooth and safe working environment. Sirma also adheres to its Internal Rules and Health and Safety Policy.

The **indicator** by which the safety of the working environment is measured is the number of recorded work accidents and the number of lost working hours as a result of work accidents. The goal is for these two indicators to be equal to zero.

## Diversity and Inclusion

Diversity among Sirma employees is a major source of innovation and rapid adaptation to the rapidly changing environment in the IT sector. The Company does not discriminate against its employees based on age, gender, religion, ethnicity, nationality, or disability. This lack of discrimination ensures the **impact** of including a wide range of diverse talents. This in turn ensures the ability for the Company to quickly adapt to the dynamic business environment. The **risks** of non-compliance with labor legislation regarding diversity and inclusion are both fines and sanctions from regulatory authorities, as well as weakened motivation, employee uniformity, and reduced adaptability of the Company.

**Actions taken:** in order to reduce (or completely eliminate) the risks associated with this subtopic and take advantage of the opportunities, Sirma strictly complies with legal requirements, its Human Rights Policy, and its Code of Ethics.

The company measures and controls diversity and inclusion through a number of **indicators** that measure the distribution of employees by gender, newly hired employees by gender, employees who left by gender, age mix of employees, and percentage ratio of employees with disabilities to the rest. Sirma monitors these indicators and takes action when significant discrepancies are found.

## Preferred Employer

The leading theme identified by the due diligence process, with a score of 29.92, is the theme of „Preferred employer“. It again includes the social sub-themes described in ESR S1 – Own Workforce. Sirma does not settle for compliance of its policies and practices with labor legislation. The Group strives to be an “Employer of Choice” for its employees. The theme of „Employer of Choice“ encompasses social sub-themes that contribute to job satisfaction and remuneration, professional development, and work-life balance for our employees and thus contribute to Sirma being an employer of choice for them.

## Pay Equality

Remuneration should be the result only of the results achieved from the work done and not be influenced by the gender, age, or other differences of the employees. The **impact** that this subtopic has on our employees is motivation that the remuneration is determined solely and exclusively by the results of the work done. The **risks** associated with this subtopic are demotivation of the unequal group of employees and their potential departure. The **opportunity** that this subtopic provides is high motivation to achieve even better results among all employees.

**Actions taken:** To ensure objectivity and equality of remuneration, the Company has introduced six-monthly appraisals, which provide the opportunity to increase remuneration (when deserved) and receive bonuses (related to the achieved results), as well as feedback and dialogue between the employer and each employee. Through appraisals, employees themselves can control the equality of their remuneration and its functional dependence on the achieved results. Furthermore, Sirma, as an employer, strictly adheres to the Group’s Code of Ethics, which eliminates any form of inequality or discrimination within Sirma.

An **indicator** by which this is controlled is a comparison of the average salaries of male employees with those of female employees. If significant deviations are found, the company analyzes the reasons and takes measures to overcome them.

Social KPIs	2024
<b>FAIR AND COMPETITIVE REMUNERATION</b>	
Average monthly salary in EUR as at 31.12. for men	EUR 3.149
Average monthly salary in EUR as at 31.12. for women	EUR 2.927
Deviation of the average monthly salary of men/women.	7%
Average salary level compared to average in the IT sector	-5.5% from max.
Employees who have passed attestation at least once a year	100%
Increase in average monthly salary during the year	11,5%
Employees with social security	100%
Employees with health insurance	100%

## Competitive Remuneration

The IT sector is a highly competitive market for talent. In this environment, to attract quality employees, Sirma must also provide competitive remuneration. The **impact** that this sub-theme has on employees is most easily visible – it increases the standard of living of each employee. The **risks**, in turn, are also easily predictable: loss of quality employees, low motivation, high turnover, and the financial losses resulting from this. The **opportunities** that this sub-theme provides are significant: high motivation, reduced turnover, talent retention, and increasing knowledge and specialization in the Company.

**Actions taken:** The main expense of the Company is the cost of salaries and bonuses. Sirma carefully controls this main economic expense, as well as the ratio of individual remuneration to the average for the country of operations.

The **indicator** by which the competitiveness of remuneration in Sirma is measured is the ratio of the average remuneration in Sirma and the average remuneration in the IT sector of the relevant market. The average salary in Sirma should be higher than the average salary in the market (for 2024, it nears the maximum within the range of the average remuneration in the IT sector).

## Employee Healthcare

Maintaining and improving health is the **impact** that this sub-theme has on employees. The **risks** associated with the sub-theme are: reduced work capacity, distraction and low efficiency, absenteeism, turnover, and the associated financial losses. The **opportunities** are significant: high efficiency, few absences, motivation, innovation, and attraction of talent.

**Actions taken:** Health is the most important thing for every person and the basis for their well-being. Accordingly, Sirma applies various practices to maintain and improve the health of its employees:

- Annual medical examinations conducted in the work offices;
- Providing a free card for visiting sports facilities and training;
- Providing additional medical insurance with maximum coverage;
- Providing informal teambuilding events.



The **indicators** through which Sirma controls and manages this subtopic are related to the number of sick leaves lost working days due to illness, as well as the funds invested in additional employee health care.

Social KPIs	2024
<b>HEALTH</b>	
Number of sick leaves	324
Number of family leaves	156
Number of maternity leaves	48
Employees who have undergone an annual health check-up	91%
Number of work accidents during the year	0
Employees with the right to remote work	93%
Employee engagement costs	EUR 215.741
Employees with additional health insurance	77%

## Work-life Balance

Sirma's management understands that over-motivation and dedication to work also come with a negative price. The lack of work-life balance poses a risk to employees' physical, mental, and social health.

**Actions taken:** Sirma makes efforts to help employees achieve a balance between their work commitments and their personal lives. All employees are entitled to family leave and remote work. Ensuring this balance for employees is the main positive impact sought. The opportunities that the achieved balance provides are numerous: attracting talent, few absences from work, low turnover, and high motivation and efficiency.

In addition to the significant organizational measures taken during the year, Sirma took a step forward in caring for its people by appointing an employee engagement specialist. The main mission of this key professional is to create an inspiring and supportive environment in which every employee feels valued, listened to, and motivated to unleash their potential, all with a smile. This is further proof that Sirma believes in the power of the team and places the well-being of its people at the foundation of its success.



*During the year, we organized over 30 engagement-related events and initiatives. The goal of these activities was to foster a cohesive, inclusive and engaging workplace culture that contributes to improving employee well-being and developing corporate identity."*

**Ivona Boneva**

Employee Engagement Specialist

The **indicators** through which the company tracks the development of this subtopic are the number of days of leave taken for family reasons and maternity, the number of working days from home office of its employees, as well as the average length of employment of employees in Sirma.

## Life-long Learning

The IT sector is extremely dynamic and competitive. The ability to provide adequate and quality IT services and create competitive IT solutions is a function of the continuous additional qualification of each of its employees. Sirma makes serious efforts and invests significant funds in training and additional qualification of all its employees. The **impact** that this topic has is highly positive and twofold: on the one hand, Sirma ensures continuous maintenance and improvement of the professional qualification of each of its employees and the provision of increasing remuneration, and on the other hand, this qualification makes Sirma’s services and products highly competitive. Accordingly, the **risks** associated with this topic are lagging behind the knowledge of employees from the rapid progress of the market, a decline in the efficiency and motivation of employees, and loss of talents and the resulting financial losses.

**Actions taken:** Sirma invests in the additional qualification of its employees. The forms of training are diverse: from webinars, seminars, and symposiums to thematic courses leading to the relevant graduation. In order to support the culture of “Lifelong Learning,” Sirma has also created “Sirma Academy” - a center for additional IT qualification, both for Sirma employees and for students external to the company. The new innovative form of training was launched in 2024 - a podcast by the main lecturer of “Sirma Academy” on technological topics, which in the second half of the year alone has over 10,000 views. Sirma controls the number of employees who have attended various courses and seminars during the year, as well as the funds invested for this purpose.

Social KPIs	2024
DEVELOPMENT	
Expenses for training through the year	EUR 142.403
Employees who attended courses, seminars and symposiums during the year (other than those organized by Sirma Academy)	1017
Employees who attended Sirma Academy courses during the year	338
External students at Sirma Academy during the year	1.229
Visits to Sirma Academy's YOUTUBE channel during the year	10.300
Hours of viewing on Sirma Academy's YOUTUBE channel during the year	3.245 hours

## Clients and End Users

Sirma is a B2B company, i.e., the company’s IT services and IT solutions are aimed at other companies - clients. The latter, in turn, use these services and solutions to carry out their activities and serve their end users. Three directions (respectively three subtopics) can be highlighted as the most important:

### Personal data security

All of Sirma’s services and solutions are in the digital space. Hence, Sirma’s **impact** on personal data protection and digital security is of paramount importance for the protection of customers and end users. In recent years, digital

security risks have been increasing. The **threats** of cyberattacks, theft and misuse of personal data, and various other cyber threats are increasing. A breach in Sirma's security systems would lead to the compromise of customer data, loss of customer trust, loss of reputation, and possible loss of customers. The **opportunities** that enhanced personal data protection and security provide are increased competitiveness, customer satisfaction, and the attraction of new ones.

**Actions taken:** Due to the extremely high materiality of the topic, Sirma has developed and implemented the necessary internal documents and is certified under three ISO standards related to data security:

- ISO 27001:2022—Information Security Management System
- ISO 27018:2019 - Information technology. Security methods. Code of good practice for the protection of personal data in public clouds acting as personal data controllers
- ISO 27701:2019 - Guidance on the management of personal data in the context of information security management systems (ISMS)

Sirma **measures** and monitors the development of this subtopic by monitoring the number of signals received for misuse and lack of security of personal data during the year.

## Digital Inclusion

Sirma's IT services and IT solutions contribute either to increasing the competitiveness and efficiency of customers or to the digital inclusion of customers and their end users. The impact of including customers and end users in the digital society is extremely positive. Sirma's products and services lead to both the digital inclusion of previously undigitalized groups and the inclusion of already digitalized customers in new technologies entering the market. The **risks** associated with this subtopic are the loss of customers and their end users. The opportunities that this sub-theme provides are related to the growing need and correspondingly solvent demand for digital inclusion due to:

- increased need for inclusion due to extreme weather events
- continuous rapid progress of IT technologies and the need for new waves of digital inclusion
- continuous innovation and improvement of the technologies applied by Sirma

These **opportunities** have been recognized by Sirma and lead to action in two directions: on the one hand, training clients and end users about the various opportunities that digitalization provides (through consultations and through Sirma Academy), and on the other hand, providing IT solutions whose functionality ensures the inclusion of previously unserved users (for example, providing online banking to users who did not have this opportunity or providing control of the condition of users suffering from diabetes remotely through our application).

Additional **actions taken** in this direction include

- Expanding the coverage of Sirma Academy
- Creating a blog to explain various IT topics
- Certification according to ISO 20000-1:2022- IT Service Management

Digitalization and digital inclusion are at the core of Sirma's Mission. All IT products and services that the Company sells lead to digital inclusion in one aspect or another. Accordingly, the main indicator for measuring the scope of digital inclusion is Sirma's sales volume. Data on the development of this indicator is disclosed in the Company's financial statements.

## Remote Healthcare

"Sirma Medical" JSC is the only company in Sirma that is B2C, i.e., the company provides IT services to end users. The solutions that the company offers are aimed at providing remote monitoring of the development of various diseases and digitalization of healthcare. The **impact** that these solutions have is highly positive in the years during which there is an acute shortage of physical medical personnel. The digitalization of healthcare and its remote implementation make physical medical personnel much more effective in providing the necessary care for the sick. The risks of the lack of remote healthcare are visible - a shortage of physical medical workers and delays or lack of service to sick patients. There are also other types of risks - those that are related to the possibility of popularizing the various applications

that have been developed by “Sirma Medical” JSC. The healthcare sector is highly regulated, and often already developed technological solutions have to wait a relatively long time for the appropriate licensing by the authorized bodies. Multiplying these risks by the number of countries where Sirma sells its applications sometimes represents a barrier to achieving positive impact.

The **actions** that Sirma is taking to limit risks and seize opportunities are:

- Improving telehealth products
- Increasing sales and reaching an increasing number of users
- Working on certifying Sirma products before the relevant regulators in the healthcare market

Sirma measures its progress in providing telehealth by reporting the number of users of the relevant applications developed by “Sirma Medical” JSC.

## Applicable Policies

Applicable policies	Description	Adoption	Found at:	Responsible manager
<a href="#">Ethical code of conduct for employees</a>	The Code determines the norms for ethical conduct of employees of Sirma	2020	Online	CTaO
<a href="#">Personal data protection policy</a>	Policy for protection of the personal data of the cliets of Sirma	2021	Online	COO
<a href="#">Sustainability policy</a>	Policy for sustainable functioning and development of the companies in Sirma	2021	Online	CFO
<a href="#">Policy for human rights</a>	Policy which determines the approach to human rights in the companies of Sirma	2023	Online	CTaO
<a href="#">Policy for health and safety</a>	Policy for creating a safe and healthy working place	2021	Online	CTaO
<a href="#">Workplace regulation</a>	Defines the rules for the working process at Sirma	2015	Online	CTaO

## Social Goals for 2025

As the most important pillar of Sirma’s sustainability, social goals occupy a leading place in the Company’s activities. They are also the first to have their own separate budget, which is part of Sirma’s general budget for 2025. In this way, the Group guarantees the achievement of the set social goals:

- Reducing the imbalance between the average salaries of men and women within Sirma;
- Maintaining proximity (up to 5%) to the maximum average salary values in Sirma;
- Maintaining good indicators in all sub-themes of “Fair Employer”;
- Inclusion of newly acquired companies in all sub-themes of “Preferred Employer”;
- Collection of data on the number of hours allocated for training of each employee in 2025 and inclusion of this information in the goal setting for 2026.

## Achievements in the Social Sphere in 2024

- Updating all internal documents of Sirma
- Building an online system for servicing employees in Sirma [www.staff.sirma.com](http://www.staff.sirma.com)
- Introducing 360 digital attestation for each employee in Sirma
- Appointing an employee engagement specialist and organizing over 35 events during the year
- Maintaining a high level of employee remuneration, the average levels of which approach (5%) the maximum average remuneration in the IT sector
- Collecting information on the diversity of employees in Sirma - by gender, age, and nationality
- Collecting information on various external trainings of Sirma employees, which reach 1017
- Collecting information on Sirma employees who use corporate additional health insurance, which reaches 77% of employees
- Involving Sirma employees in courses organized by Sirma Academy with 1,229 participants
- Creating a Sirma Academy YT channel with 3,245 hours of viewing
- Monitoring the Group's training budget, which reached EUR 142,403 during the year

# Ecological Footprint of Sirma's Activities



*Sustainability does not have to come at the cost of slowed growth and reduced profits. On the contrary, sustainability reduces both risks and costs for the company. At Sirma, we are fully aware of this."*

**Tsvetan Trenchev**  
Chief Operating Officer of Sirma  
Group Holding JSC



## Ecological Highlights

### Clean Energy and Carbon Footprint: 2023 vs. 2024

Characteristic	2023	2023
Clean Energy Produced	▶ 17 MWh	▶ 73 MWh
Clean Energy Usage	▶ 1.05%	▶ 3.82%
Activity Carbon Footprint	▶ 839 tCO <sub>2</sub> e	▶ 727 tCO <sub>2</sub> e
Carbon Intensity	▶ 10.36 kgCO <sub>2</sub> e/ BGN '000	▶ 7.21 kgCO <sub>2</sub> e/ BGN '000
Carbon Footprint per Employee	▶ 1.58 tCO <sub>2</sub> e	▶ 1.02 tCO <sub>2</sub> e

# Main Ecological KPIs

## Scope 1

Fuel for own auto-park 2024	Number of cars	Benzine in liters	Diesel in liters
Quantity	11	7.282	5.456
Cost in EUR		8.562	6.853
tCO <sub>2</sub> e*		15,18	13,71

\* for conversion into CO<sub>2</sub> equivalent the platform of Defra GHG Conversion Factors for Company Reporting at <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024>

## Scope 2

Ecological KPIs	2024	2024 tCO <sub>2</sub> e*
Heat consumption	286 MWh	51,31
Electricity consumption	1910 MWh	646,69
Total energy in MWh	2196 MWh	698,07
Per employee	3,08 MWh	0,98
Generated renewable electricity in MWh **	73 MWh	24,72

\* for conversion into CO<sub>2</sub> equivalent the platform of Ember Climate 2025 at <https://ember-energy.org/>

\*\* which is part of the "Electricity consumed", and accordingly the above factor was used, reflecting saved energy tCO<sub>2</sub>e

## Other ecological KPIs:

Ecological KPIs	2024
Water consumption m <sup>3</sup>	2620
Average hardware usage time	7,65 years
Recycled hardware in 2024	4.255 kg.

# Energy and Climate Change

The review of the topics related to sustainability found that electricity is of leading importance for Sirma's activities while also having a negative impact on the environment and climate. The risks for Sirma's activities related to energy and climate change are significant:

- lack or interruption of electricity supply;
- increase in the price of electricity (similar to the price of electricity in Bulgaria in 2022);
- financial costs related to the transition to a low-carbon economy;
- changes in regulations and increased administrative burden and costs (e.g., costs related to CSRD);
- lack of water and the challenges arising from this.

The topic of “Energy and Climate Change” presents, in addition to risks, a number of **opportunities** for Sirma:

- Potential for new software solutions and services related to sustainability among Sirma’s customers;
- Production of own renewable energy and reduction of electricity costs;
- Attracting investors who, like Sirma, are concerned about protecting nature;
- Reduction of costs from reduced energy and water consumption.

The **actions taken** to adapt to these risks, reduce their impact, and realize the opportunities include

- improving operational sustainability;
- changing business practices;
- measures for energy efficiency of own offices;
- certification according to ISO 14001:2015—Environmental Management Systems;
- production of renewable energy;
- measures to reduce overall greenhouse gas emissions and align with global climate goals.

In order to support its activities regarding environmental sustainability, in October 2024 Sirma was certified to ISO 14001:2015—Environmental Management Systems. This is an internationally recognized standard for environmental management systems designed to help organizations improve their environmental performance, comply with legal requirements, and achieve sustainability goals. It follows a structured framework that outlines specific requirements such as understanding the organizational context, demonstrating leadership, planning to address risks and opportunities, providing resource support, operational control, performance evaluation, and continuous improvement. The standard emphasizes risk-based thinking, integrating environmental management into business processes, and identifying environmental aspects and compliance obligations. ISO 14001:2015 promotes accountability, transparency, and proactive environmental management while enabling continuous improvement of environmental practices.

## Management of Electronic Waste

The topic „Energy and Climate Change” was identified as doubly material after due analysis (described above). The topic covers subtopics of ESRS E1 and E3.

Electronic waste, or e-waste, refers to discarded electrical and electronic devices, including equipment such as computers, servers, and peripherals. The rapid pace of technological innovation and shorter product life cycles have significantly increased the global generation of electronic waste, which reached an estimated 59.4 million metric tons in 2022. This growing problem poses serious environmental and health risks due to the presence of hazardous materials such as lead and mercury while also representing a missed opportunity to recover valuable resources such as gold, copper, and rare earth elements. Despite its recycling potential, only about 22% of electronic waste is formally collected and treated globally, with much of it ending up in landfills or exported to regions with inadequate waste management systems. Effective management of e-waste is crucial to minimizing environmental damage, promoting resource recovery, and advancing global sustainability efforts.

Sirma’s core business is directly dependent on the use of electronic equipment. This unfortunately eventually may generate e-waste. In parallel, Sirma often equips its customers with various electronic system components (the System Integration service). This may generate additional e-waste. This is why the due diligence identified “E-waste Management” as a material topic for the Group.



The sustainability risks related to e-waste for Sirma include:

- **Environmental pollution:** Incorrect disposal of IT equipment such as computers and servers can release hazardous substances such as lead, mercury and cadmium into the environment, contaminating soil, water, and air.
- **Health risks:** Workers in informal or hazardous recycling operations can be exposed to toxic chemicals, leading to health problems such as respiratory problems, neurological damage, and hormonal disruptions.
- **Loss of valuable resources:** E-waste contains valuable materials such as gold, cobalt, and rare earth elements. Inefficient recycling practices lead to the loss of these resources and increase the dependence on environmentally harmful mining.
- **Non-compliance with regulatory requirements:** Failure to comply with e-waste regulations, such as the Bulgarian Waste Management Act and the EU WEEE Directive, can lead to legal sanctions and hinder compliance with sustainability goals.
- **Reputational damage:** Improper handling of e-waste can damage Sirma's reputation, especially as customers and stakeholders increasingly demand responsible environmental practices.
- **Contribution to climate change:** Improper disposal of electronics contributes to greenhouse gas emissions both through direct emissions and through the need to extract new raw materials.

To mitigate these risks and realize opportunities, Sirma has adopted sustainable e-waste management practices, such as:

- **Compliance with its Waste Management Policy;**
- **Prevention:** Some waste is inevitably generated by every business. Sirma strives to prevent the disposal of non-biodegradable waste. Avoiding plastic, using glass, and reducing packaging are routine projects in the company.
- **Reduction:** Efforts to reduce the waste generated by Sirma are at the heart of our waste management.
- **Recovery:** The biggest impact on the waste generated by Sirma is electronic waste (e-waste). Electronic equipment can be repaired and refurbished to extend its usefulness. Sirma does just that. We measure this by monitoring the average age of the electronic equipment we use.
- **Reuse:** Even when electronic equipment cannot properly fulfill its function in the demanding environment of IT professionals, it can still be useful for personal or educational use. Sirma organizes auctions for the resale of older IT equipment and actively donates to educational organizations – from kindergartens to the Technical University.
- **Recycling:** If the equipment becomes completely useless, Sirma hands it over to licensed recycling companies who will extract all useful materials and dispose of the rest in a safe manner.
- **Disposal:** Finally, after recycling any useful materials, what is left is disposed of in the safest possible way at designated licensed locations.

## Applicable policies

Applicable policy	Description	Adoption	Available at	Responsible manager
<a href="#">Remuneration policy</a>	Policy for the remuneration of the members of the Board of directors	2015	Online	Chairman of the BD
<a href="#">Ethical code of conduct for employees</a>	The Code determines the norms of ethical behaviour of the employees of Sirma	2020	Online	CTaO
<a href="#">Sustainability policy</a>	Policy for sustainable functioning and development of the companies in Sirma	2021	Online	CFO
<a href="#">Waste management policy</a>	Policy which provides the guidelines for decreasing of the generated waste and transition to a circular economy.	2022	Online	COO
<a href="#">Workplace regulation</a>	Defines the rules for the working process at Sirma	2015	Online	CTaO

# Ecological Goals for 2025

Sirma has always had a responsible attitude towards the environment, the energy used, and the ecological footprint of its activities. For the needs of the process of setting reasoned and scientifically based decarbonization targets, from 2023 and subsequently in 2024, the foundations were laid for collecting information and measuring the ecological footprint of the Group’s activities under Scope 1 and 2, as defined in the Greenhouse Gas Protocol. As a result of the work carried out in 2024, we already have data on the impact on nature for three years. Using this data in 2025, Sirma will be able to correctly determine its next steps to reduce the negative impact on the environment and specific decarbonization targets.

The direct environmental goals that the Group sets for itself in 2025 are:

### Ecological aims for 2025



Definition and adoption of science-based aims for decarbonization of the activity of Sirma



Limiting the use of paper in Sirma’s operations only to legally needed documents



Continuation of the practice of zero electronic waste





Analysis of the components of Scope 3



Launch of data collection of ecological data from the value chain



Increase of the charging stations for EVs around the offices of Sirma



Increase of the use of renewable energy in the energy mix of Sirma, by doubling the production of the photovoltaic system

# Ecological Achievements in 2024

## Ecological Data

### Environmental results of Sirma for 2024



Data collection on the carbon footprint from the activity of Sirma under Scope 1 & 2 during the year



Data collection on recycling of IT equipment by Sirma during the year



Data collection on water use in Sirma’s offices during the year



Launch of material production of renewable electricity by Sirma

Photovoltaic System

The photovoltaic system, which was installed at the end of 2023 on the central building of Sirma, has been operating successfully throughout the year. The system generated 73 MWh of renewable energy during the year, thus meeting 27.5% of the building’s energy needs.



In line with its goal of increasing the share of renewable energy in the energy mix, Sirma continued its investments in the photovoltaic project. In 2024, a special substation for the system was built (with an investment of BGN 211,000), which is expected to increase the renewable energy generated and reach 1/3 of the building's energy needs. In 2025, Sirma plans to double the installed capacity and the amount of renewable energy produced from it.

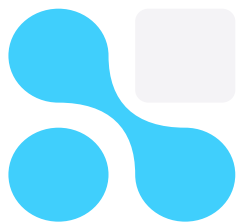
## Charging Electric Cars

In addition to the production of renewable electricity, in 2024 Sirma laid the foundations for supporting the use of electric cars. Since the Company Car Policy assumes the maximum possible long-term operation of the existing fleet, Sirma does not yet have any company electric cars. At the same time, more and more employees of the company have electric cars. In fulfillment of both its environmental goals and social care for its employees, in 2024 Sirma installed the first electric car charging point next to its office in Plovdiv.

After a consumption analysis, an expansion of the network of charging points around Sirma's offices is planned for 2025.



# Corporate Governance at Sirma



*We uphold the highest ethical standards in our management and operations, ensuring transparency, accountability, and integrity. Our governance framework is built on the principles of responsible business conduct, ensuring that our clients can trust us not only for cutting-edge technology but also for ethical business practices.”*

**Georgi Marinov**

Chairman of the Board of Directors  
of “Sirma Group Holding” JSC

## Applicable Governance KPIs

Governance KPIs	2024
Revised and updated internal documents	all
Cybersecurity incidents detected in Sirma during the year	0
Received reports of irregularities in Sirma during the year	0
Cases of corrupt practices identified in Sirma during the year	0
Shareholder participation - voting shareholders % of capital	65,86%
Violations and fines found by supervisory authorities	0
Payment of dividends on each share	BGN 0,02
Change in the price of SGH shares in 2024	+43,66%

The due diligence identified two essential topics that are related to sustainable governance:

## Corporate Governance, Values, Dialogue and Culture

Sustainable corporate governance is the means of embedding environmental, social, and governance (ESG) principles into Sirma's operations, ensuring transparency, accountability, and long-term value creation. The corporate governance system has an impact on all stakeholders. The impact includes:

- integrating sustainability into existing corporate structures;
- aligning business strategies with environmental and social objectives;
- promoting transparency in decision-making processes;
- preventing any corrupt practices;
- providing opportunities and protection for whistleblowing;
- developing and harmonizing corporate culture and values;
- developing responsible procurement and payment practices;
- ensuring sustainable cybersecurity.

Effective governance frameworks enable Sirma to manage sustainability-related risks and comply with existing regulations and meet stakeholder expectations while driving innovation and operational efficiency. By establishing clear roles, responsibilities, and performance indicators throughout the organization, sustainable management not only supports ethical practices but also positions the company for sustainability and growth in a rapidly changing global landscape.

The due diligence identified the following **risks** associated with the corporate governance system:

- weak or wrong management decisions leading to financial losses;
- low employee morale and motivation;
- reputational risk;
- risks of cyber-attacks and breaches of digital security systems;
- difficult procurement.

At the same time, the development and improvement of the corporate governance system brings significant **opportunities**:

- harmonized corporate culture;
- high employee morale and motivation;
- digital security;
- rhythmic procurement;
- excellent reputation.

To mitigate potential risks and maximize opportunities, Sirma has taken the following actions:

- strict compliance with Sirma's corporate governance policies (see below);
- events to strengthen corporate culture and team cohesion;
- maintaining open channels for signals and communication in the Company and conducting regular attestations with two-way dialogue;
- certification according to ISO 9001:2015 - Quality Management System;
- certification according to ISO 27001:2022 - Information Security Management System;
- certification according to ISO 27018:2019 - Information Technology. Security Methods. Code of Good Practice for the Protection of Personal Data in Public Clouds Acting as Personal Data Administrators

## Applicable Governance Policies

Applicable governance policies	Description	Adoption	Available at	Responsible manager
<a href="#">Articles of Association</a>	The Articles of Association define the rules by which significant decisions are made in the Company.	2015	<a href="http://www.sirma.com">www.sirma.com</a>	BD
<a href="#">Decisions of the General Shareholders' Meeting</a>	Shareholders' decisions are fundamental to the Company's operations.	Minimum once per year	<a href="http://www.sirma.com">www.sirma.com</a>	GSM
<a href="#">Rules for operation of the Board of Directors</a>	Instructions and explanations on the duties and responsibilities of the members of the Board of Directors	2015	<a href="http://www.sirma.com">www.sirma.com</a>	Chairman of the BD
<a href="#">Remuneration policy</a>	Remuneration Policy for Members of the Board of Directors	2015	<a href="http://www.sirma.com">www.sirma.com</a>	Chairman of the BD
<a href="#">Program for good corporate governance</a>	A system of rules that protects the interests of shareholders and other stakeholders	2015	<a href="http://www.sirma.com">www.sirma.com</a>	CEO
<a href="#">Accounting policy</a>	Policy governing accounting and control	2015	<a href="http://www.sirma.com">www.sirma.com</a>	Chief Accountant
<a href="#">Anti-corruption policy</a>	Policy against corrupt practices and related phenomena	2015	<a href="http://www.sirma.com">www.sirma.com</a>	COO
<a href="#">Whistle-blowing policy</a>	Internal rules for reporting and protection of persons reporting or publicly disclosing information about violations – "whistleblowers"	2023	<a href="http://www.sirma.com">www.sirma.com</a>	COO
<a href="#">Ethical code of conduct for the employees</a>	The Code establishes the norms of ethical behavior of employees at Sirma	2020	<a href="http://www.sirma.com">www.sirma.com</a>	CTaO
<a href="#">Risk management policy</a>	A policy that outlines the methodology for managing different types of risk	2019	<a href="http://www.sirma.com">www.sirma.com</a>	CFO
<a href="#">Personal data protection policy</a>	Privacy Policy and Protection of Personal Data of Sirma clients	2021	<a href="http://www.sirma.com">www.sirma.com</a>	COO
<a href="#">Sustainability policy</a>	Policy for sustainable operation and development of the companies in Sirma	2021	<a href="http://www.sirma.com">www.sirma.com</a>	CFO

## Care for Shareholders

The first company in the Group – Sirma AI was established back in 1992. In 2015, "Sirma Group Holding" JSC – the holding company of the Group went public after a successful initial public offering of shares. Since then, Sirma has had a new and significant group of stakeholders – its shareholders. This was also proven by the due diligence conducted in 2024. Thus, the topic of „Care for shareholders” was determined to be doubly significant for Sirma.

Sirma has a strong impact on its shareholders:

- The Company distributes part of its annual profit as a cash dividend among its shareholders. Since 2022, Sirma has also had its „Dividend Policy” – a means by which shareholders have certainty about the amount of profit that will be distributed as a dividend;
- The value of the Company's shares directly affects the profitability of shareholders' investments;
- Providing reliable and timely information about the Company's development;
- Preventing unregulated leakage of inside information.

The **risks** associated with this topic are also significant:

- Misuse of inside information and harm to shareholders;
- Shareholder dissatisfaction and shrinking of their investments;
- Difficulties in raising additional capital from Sirma;
- Poorly informed shareholders who do not understand Sirma's activities;
- Regulatory sanctions and fines.

The topic of "Caring for shareholders" also provides significant **opportunities**:

- Building and maintaining shareholder trust through transparency of information about Sirma;
- Attracting new investors and increasing investments in Sirma;
- Informing and motivating existing shareholders to maintain and increase their investments in Sirma.

Recognizing the materiality of the topic, Sirma has taken significant **actions** to limit risks and seize opportunities:

- Creating a comprehensive corporate governance framework;
- Compliance with strict rules and policies for the dissemination of information about the company's activities in accordance with regulatory requirements;
- Prevention of abuse of inside information;
- Ensuring predictability of each corporate event;
- Ensuring excellent, timely, comprehensive, and transparent information about Sirma's activities;
- Strict compliance with the regulatory conditions, deadlines, and format of information about the company;
- Attracting an external PR consultant in order to correctly formulate the Company's messages.

## Applicable Governance Policies

Applicable governance policies	Description	Adoption	Available at	Responsible manager
<u>Decisions of the General Shareholders' Meeting</u>	Shareholders' decisions are fundamental to the Company's operations.	Minimum once per year	<a href="http://www.sirma.com">www.sirma.com</a>	GSM
<u>Divident policy</u>	Policy for distribution of dividends of the public company	2022	<a href="http://www.sirma.com">www.sirma.com</a>	CFO
<u>Insiders' instruction</u>	Instructions and explanations on the obligations and responsibilities when accessing and working with inside information	2015	<a href="http://www.sirma.com">www.sirma.com</a>	CEO
<u>Program for good corporate governance</u>	A system of rules that protects the interests of shareholders and other stakeholders	2015	<a href="http://www.sirma.com">www.sirma.com</a>	CEO
<u>Policy for information disclosure</u>	A policy that sets out the rules, restrictions and responsibilities for disclosing information	2016	<a href="http://www.sirma.com">www.sirma.com</a>	CEO



# Corporate Governance Goals for 2025

The first company in the Group – Sirma AI was established back in 1992. In 2015, “Sirma Group Holding” JSC – the holding company of the Group went public after a successful initial public offering of shares. Since then, Sirma has had a new and significant group of stakeholders – its shareholders. This was also proven by the due diligence conducted in 2024. Thus, the topic of „Care for shareholders” was determined to be doubly significant for Sirma.

Sirma has a strong impact on its shareholders:

### Corporate governance targets for 2025

1

Development and implementation of a system for bonuses with shares of employees with exceptional contribution

2

Development of the Sustainable Strategy of Sirma

3

Development of a digital platform for internal documents with access to it by each employee

4

Organizing and launch of a sustainability scoring system for the business partners of Sirma

5

Upgrade of the investment section of [www.sirma.com](http://www.sirma.com)

6

Launch of AI assistance for stakeholders for information about Sirma

# Achievements of Corporate Governance in 2024

## Results 2024

### Achievements of corporate governance in 2024

Sales Growth

23.91%

EBITDA Growth By

5,749 MILLION BGN

Incidents Linked to Corruption

0

Growth of the Price of Shares of SGH By

43.66%

Cases of Breaks in Cyber-Security

0

Cases of Mishandling of Internal Information

0

Cases of Penalties by Regulatory Authorities

0

## Consolidation

During the year, Sirma undertook and successfully completed a significant project in the field of corporate governance – consolidation of 6 of its subsidiaries into the parent company: “Sirma CI” EAD, “Sirma Insurtech” EAD, “Sirma Solutions” EAD, “Sirma Business Consulting” EAD, “Sciart” EAD and “HRM Solutions” EAD merged into “Sirma Group Holding” AD.



The consolidation enhances the positive **impact**, reduces **risks**, and realizes some of the opportunities on both essential themes for Sirma:

- The consolidation unites the management, culture, goals, and values of the merged companies, which enhances the positive impact of the theme “Governance, Values, Dialogue, and Culture”, reducing risks and realizing some of the opportunities;
- The consolidation concentrates the activity, ownership, capital, results, and profit from the activity and improves transparency and predictability, which is positive for the theme “Shareholder Care”.

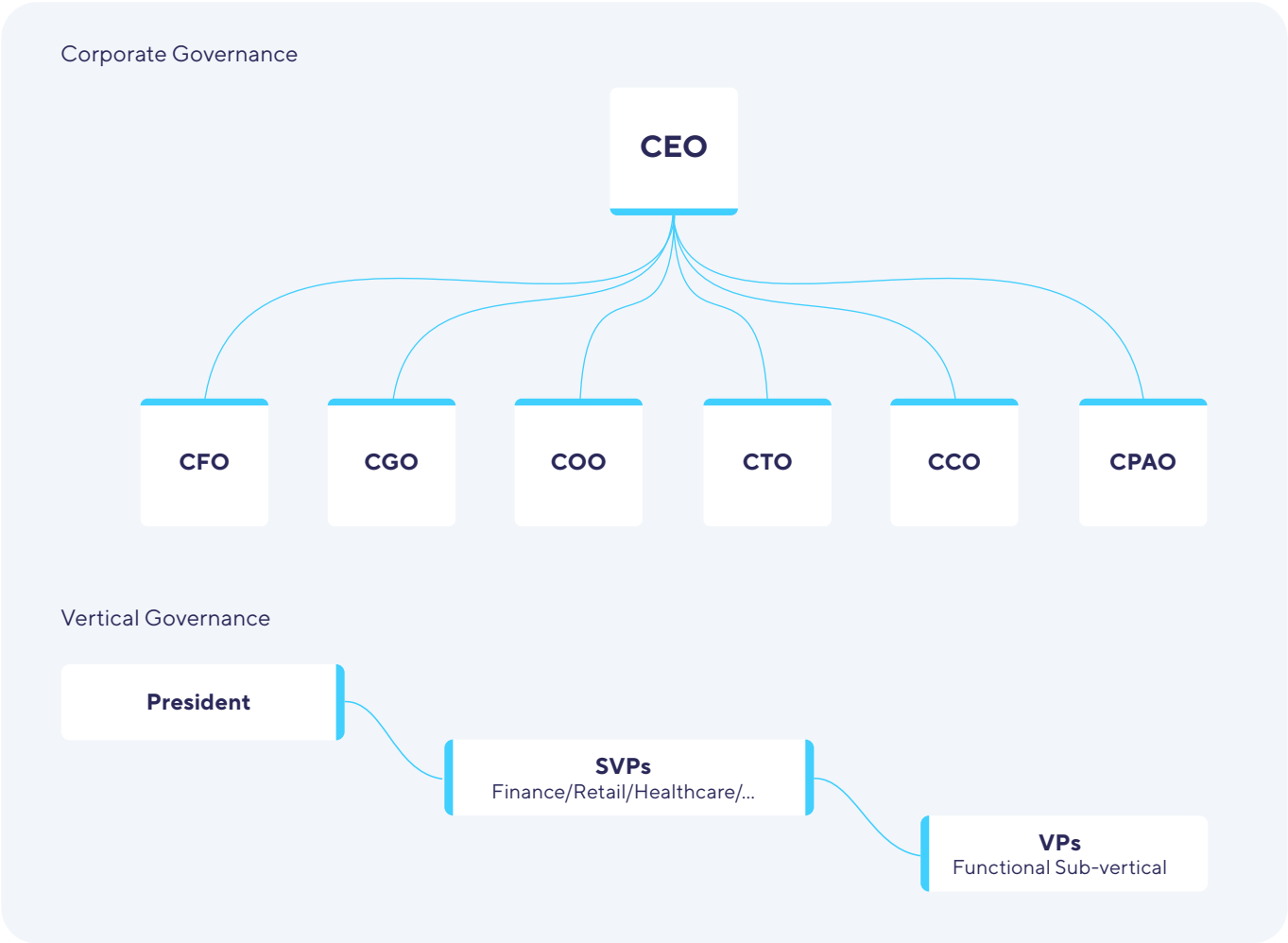
In the fourth quarter of 2024, the consolidation project was successfully completed after the entry of the merger of the companies in the Commercial Register. The effects of the consolidation are:

- alignment of the interests of minority shareholders in the subsidiaries with those in the SGH;
- consolidation of ownership, activities and profits;
- improved focus of operations;
- elimination of internal competition and improvement of cooperation;
- improving cross-selling;
- increasing transparency.

The consolidation project was positively received by both employees and shareholders – the two main stakeholders involved. A direct result of this approval is reflected in the controlled indicator of the appreciation of the shares of Sirma Group Holding AD. In 2024, the shares of SGH appreciated by 43.66%.

**New Management Structure**

The consolidation, carried out in 2024, was accompanied by the renewal of the management structure of the Group.



The new management structure is in line with Sirma’s strategic goals. The members of the Board of Directors are responsible for specific aspects of the company’s operations, while the vertical management focuses the Group’s activities in the various sectors of specialization and is responsible for achieving the business results of the respective vertical.



# Checking the Eligibility and Compliance of the Activity with the Taxonomy in 2024

## Legal Framework

In this section, we disclose information in relation to Article 8 of Regulation (EU) 2020/852 establishing a framework to facilitate sustainable investment (Taxonomy Regulation) and its supplementing Commission Delegated Regulation (EU) 2021/2178.

The [EU Taxonomy Compass](#) and [EU Taxonomy Calculator](#) were used in the verification and subsequently in the annual consolidated Sustainability Report.

An in-depth analysis of all economic activities carried out by the Company was carried out for eligibility under the taxonomy and for compliance with Annexes I and II to Delegated Regulation (EU) 2021/2139 (Climate Delegated Act). The Climate Delegated Act focuses on those economic activities and sectors that have the greatest potential to achieve the climate change mitigation objective – i.e., the need to avoid the production of greenhouse gas emissions, to reduce those emissions, or to increase removals of greenhouse gases and long-term carbon capture and storage.

## Activities of the Company

### Main activity: Activity in the field of information technologies

The main activity of all companies in Sirma Group Holding AD is the development and implementation of products and services in the field of information technology, IT consulting, and related activities.

Description of the activity: Provision of expert knowledge and skills in the field of information technology: writing, modifying, testing, and maintaining software products; planning, and designing computer systems that integrate hardware, software products and communication technologies; management and on-site operation of computer systems or data processing facilities of clients; and other professional and technical activities related to computers.

The economic activities of this category are assigned to code J62 under NACE – the statistical classification of economic activities established by Regulation (EC) No 1893/2006 and item 8.2 of Annex II to Delegated Regulation (EU) 2021/2139.

## Secondary activity: Ownership of real estate

Description of the activity: Purchase of real estate and exercise of ownership rights over it. The economic activities of this category are referred to as code L68 under NACE - the statistical classification of economic activities established by Regulation (EC) No. 1893/2006 and point 7.7 of Annex I to Commission Delegated Regulation (EU) 2021/2139. The activity - purchase of real estate and exercise of ownership rights is not a core activity for Sirma Group Holding AD and the companies in the holding. At the same time, Sirma Group Holding AD owns the building of its Head Office, as well as an office in the city of Plovdiv, where a large part of the subsidiaries are registered and operate.

## Eligibility of the Activity

### KPIs for the results of the activity

Key performance indicators (KPIs) include KPIs on turnover, KPIs related to capital expenditure (CAPEX) and KPIs related to operating expenditure (OPEX). For the reporting period 2024, KPIs must be disclosed in relation to the economic activities eligible under the taxonomy and the economic activities not eligible under the taxonomy (Article 10(2) of the Delegated Act referred to in Article 8).

The key performance indicators are determined in accordance with Annex I to the Delegated Act referred to in Article 8 of the Taxonomy Regulation. The Group determines the KPIs consistent with the taxonomy in accordance with the legal requirements and presents its accounting policy in this respect as follows:

### KPI linked to turnover

The share of turnover that results from products or services related to economic activities that qualify as environmentally sustainable, in accordance with Articles 3 and 9 of Regulation (EU) 2020/852, is calculated as the share of net turnover that results from products or services related to economic activities that comply with the taxonomy (numerator) divided by net turnover (denominator). The denominator of the turnover KPI is based on our net turnover determined in accordance with Article 2, point 5 of Directive 2013/34/EU (amounts received from the sale of products and the provision of services, after deducting trade discounts, value-added tax, and other taxes directly related to turnover) and including revenue included in the scope of IFRS 15 and IFRS 16. For more details on the accounting policies regarding the Company's net turnover, see note 4, Accounting policies, 4.10 Revenue, to the annual consolidated financial statements for 2024.

The Company's net turnover for the purpose of determining the KPI can be compared with the revenue stated in the annual consolidated financial statements by summing the revenue under items Revenue from contracts with customers (note 27) and Other revenue (note 28, line Other revenue) from the consolidated statement of profit or loss and other comprehensive income for 2024.

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)			
Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)							
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T			
A. TAXONOMY-ELIGIBLE ACTIVITIES			100%																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
Acquisition and ownership of buildings		0,00	0%														0%					
Computer programming, consultancy and related		0,00	0%														0%					
			0%														0%					
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%	0%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
Acquisition and ownership of buildings		307,00	0%																			
Computer programming, consultancy and related		100 422,00	100%																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		100 729,00	100%																			
Total (A.1+A.2)		100 729,00	100%																			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
Turnover of Taxonomy-non-eligible activities		0,00	0%																			
Total (A+B)		100 729,00	100%																			

## KPI linked to capital expenses

The capital expenditure-related KPI is defined as the capital expenditure attributable to economic activities in line with the taxonomy (numerator) divided by the total capital expenditure (denominator).

Total capital expenditure consists of the added values of acquisition of fixed tangible and intangible assets during the financial year, before depreciation, amortization, and any additional valuations, including those arising from revaluations and impairments. These include acquisition of property, plant, and equipment (IAS 16) and intangible assets (IAS 38). For more details on the accounting policies of “Sirma Group Holding” JSC regarding capital expenditure, see Note 4, Accounting policies, 4.14. Intangible assets, and 4.15. Property, plant, and equipment in the annual consolidated financial statements for 2024.

The Group’s total capital expenditure can be compared to the annual consolidated financial statements by determining the sum of the items for newly acquired assets under Note 11, Property, Plant, and Equipment and Note 12, Intangible Assets.

[illegible]



## KPI linked to operating expenses

The operating cost-related KPI is defined as the operating costs related to economic activities that comply with the taxonomy (numerator) divided by the total operating costs (denominator).

Total operating costs consist of direct non-capitalized costs related to research and development, building renovation and refurbishment costs, short-term leases, maintenance and repairs, and any other direct costs related to the day-to-day servicing of property, plant and equipment assets. This includes:

- The amount of costs related to non-capitalized leases determined in accordance with IFRS 16 includes costs for short-term leases and low-value leases (note 31, External service costs to the annual consolidated financial statements for 2023). Although low-value leases are not explicitly mentioned in the Delegated Act under Art. 8 of the Taxonomy Regulation, management interprets the legislation in a way that also includes these lease contracts.
- Costs related to maintenance, repairs, and other direct costs associated with the day-to-day operation of property, plant, and equipment assets, determined on the basis of maintenance and repair costs. The related expense items can be found in various lines in the annual consolidated statement of profit or loss and other comprehensive income, including costs of materials (note 305, Costs of materials) and costs of external services (note 31, Costs of external services). This also includes costs for renovation of buildings.

This does not include costs associated with the day-to-day operation and maintenance of property, plant, and equipment assets, such as: raw materials, costs of employees working with the assets, electricity, and others that are necessary for the operation of these assets.


## Minimum social requirements

As a Company with a core business in the services sector, employees are the Group's main asset. Accordingly, Sirma has an extremely strong social policy towards its employees. In its organizational framework for corporate governance, the Group applies all the recommendations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. These recommendations are reflected in Sirma's internal documents, which are available [online](#).

## Taxonomy Eligibility

The main activity ("Information and communication" and the sub-category "Computer programming, consultancy, and related activities") and the secondary activity (Management of owned buildings falls under the category "Construction and real estate activities" and the sub-category "Acquisition and ownership of buildings") are eligible under the EU taxonomy.

## Compliance of the Activity

### Main activity of Sirma

The analysis of Sirma's core business examined the data center and the cloud services it offers. The taxonomy compliance criteria were not met in 2024.

### Secondary activity of Sirma

Despite the progress of energy efficiency in Sirma's offices (which were built before 2020) and the start of its own renewable energy production in the Company's central building, the buildings that the Company owns are not yet certified with category A for energy efficiency. Accordingly, Sirma's secondary activity is not in line with the taxonomy.

## Perspective

Sirma expects to achieve taxonomy compliance in the coming years as we work to meet the technical criteria for this. An additional opportunity that may support Sirma's efforts are the regulatory changes expected in 2025 in the Omnibus Directive.